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

FORM 10-K

ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

Commission File No.: 001-32401

MANITEX INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Michigan **(State of incorporation)**	**42-1628978** **(I.R.S. Employer Identification No.)**
9725 Industrial Drive **Bridgeview, Illinois** **(Address of principal executive offices)**	**60455** **(Zip Code)**

Registrant's telephone number, including area code: (708) 430-7500

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**

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 (Section 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, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer" and "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 Act). Yes ☐ No ☒

The aggregate market value of the shares of common stock, no par value ("Common Stock"), held by non-affiliates of the registrant as of June 28, 2019 was approximately $88.2 million based upon the closing price for the Common Stock of $6.11 on the NASDAQ Stock Market on such date.

The number of shares of the registrant's common stock outstanding as of March 1, 2020 was 19,715,435.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates by reference information (to the extent specific sections are referred to herein) from the registrant's Proxy Statement for its 2020 Annual Meeting (the "2020 Proxy Statement") to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2019.

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PART I

References to the “Company,” “we,” “our” and “us” refer to Manitex International, Inc., together in each case with our subsidiaries and any predecessor entities unless the context suggests otherwise.

Forward-Looking Statements

When reading this Annual Report on Form 10-K, it is important that you also read the financial statements and related notes thereto. This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. All statements contained in this Annual Report on Form 10-K, other than statements that are purely historical, are forward-looking statements and are based upon management’s present expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding the future. We use words such as “anticipate,” “estimate,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “believe,” “intend,” “may,” “will,” “should,” “could,” and similar expressions to identify forward-looking statements. Forward-looking statements in this Annual Report on Form 10-K include, without limitation: (1) projections of revenue, earnings, capital structure and other financial items, (2) statements of our plans and objectives, (3) statements regarding the capabilities and capacities of our business operations, (4) statements of expected future economic conditions and the effect on us and on our customers, (5) expected benefits of our cost reduction measures, and (6) assumptions underlying statements regarding us or our business. Our actual results may differ from information contained in these forward-looking statements for many reasons, including those described below and in the section entitled “Item 1A. Risk Factors”:

(1) a future substantial deterioration in economic conditions, especially in the United States and Europe;

(2) government spending; fluctuations in the construction industry, and capital expenditures in the oil and gas industry;

(3) our level of indebtedness and our ability to meet financial covenants required by our debt agreements;

(4) our ability to negotiate extensions of our credit agreements and to obtain additional debt or equity financing when needed;

(5) the impact that the restatement of our previously issued financial statements could have on our business reputation and relations with our customers and suppliers;

(6) the cyclical nature of the markets we operate in;

(7) an increase in interest rates;

(8) our increasingly international operations expose us to additional risks and challenges associated with conducting business internationally;

(9) difficulties in implementing new systems, integrating acquired businesses, managing anticipated growth, and responding to technological change;

(10) our customers’ diminished liquidity and credit availability;

(11) the performance of our competitors;

(12) shortages in supplies and raw materials or the increase in costs of materials;

(13) potential losses under residual value guarantees;

(14) product liability claims, intellectual property claims, and other liabilities;

(15) the volatility of our stock price;

(16) future sales of our common stock;

(17) the willingness of our stockholders and directors to approve mergers, acquisitions, and other business transactions;

(18) currency transaction (foreign exchange) risks and the risk related to forward currency contracts;

(19) compliance with changing laws and regulations;

(20) 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;

(21) a substantial portion of our revenues are attributed to limited number of customers which may decrease or cease purchasing any time;

(22) a disruption or breach in our information technology systems;

(23) our reliance on the management and leadership skills of our senior executives;

(24) the cost of compliance with Section 404 of the Sarbanes-Oxley Act of 2002;

(25) impairment in the carrying value of goodwill could negatively affect our operating results;

(26) potential negative effects related to the SEC investigation into our Company; and

(27) other factors.

The risks described in our Annual Report on Form 10-K 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. All forward-looking statements are made only as of the date hereof. We do not undertake, and expressly disclaim, any obligation to update this forward-looking information, except as required under applicable law.

ITEM 1. BUSINESS

Our Business

The Company is a leading provider of engineered lifting solutions. The Company reports in a single business segment and has five operating segments. The Company designs, manufactures and distributes a diverse group of products that serve different functions and are used in a variety of industries.

Manitex, Inc. (“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 Equipment Company (“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.

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.

Manitex Sabre, Inc. (“Sabre”), which is located in Knox, Indiana, manufactures a comprehensive line of specialized mobile tanks for liquid and solid storage and containment solutions with capacities from 8,000 to 21,000 gallons. Its mobile tanks are sold to specialized independent tank rental companies and through the Company’s existing dealer network. The tanks are used in a variety of end markets such as petrochemical, waste management and oil and gas drilling.

Crane and Machinery, Inc. (“C&M”) is a distributor of the Company’s products as well as Terex Corporation’s (“Terex”) rough terrain and truck 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 rough terrain and truck cranes, C&M’s primary business is the distribution of products manufactured by the Company.

Consolidated Variable Interest Entity

Even though it had no ownership interest in SVW Crane & Equipment Company (together with its wholly owned subsidiary, Rental Consulting Service Company, “SVW”), the Company previously had the power to direct the activities that most significantly impact SVW’s economic performance. Additionally, the Company was the primary beneficiary of the SVW relationship. SVW obtained third party financing, which was effectively guaranteed by the Company, on specific cranes the Company manufactured and remitted the loan proceeds to the Company. Other than its business transactions described herein, SVW had no other substantial business operations. The Company determined that SVW was a Variable Interest Entity (“VIE”) that under current accounting guidance needed to be consolidated in the Company’s financial results. SVW was consolidated into the Company’s financial results beginning in the first quarter of 2016 through the fourth quarter of 2017. By December 31, 2017, SVW had ceased operations and is therefore not a consolidated VIE after December 31, 2017.

Recent Acquisitions

On March 12, 2015, the Company entered into inventory and equipment purchase agreements with Columbia Tanks, LLC. Financial results are included in the consolidated results beginning on March 12, 2015.

On January 15, 2015, the Company acquired PM which is based in San Cesario sul Panaro, Modena, Italy. PM's financial results are included in the consolidated results beginning on January 15, 2015.

Discontinued Operations

Prior to the quarter ended June 30, 2017, the Company owned a 51% interest in ASV Holdings, Inc., which was formerly known as A.S.V., LLC ("ASV" or "ASV Holdings"). ASV is located in Grand Rapids, Minnesota and manufactures a line of high-quality compact track and skid steer loaders. The products are used in site clearing, general construction, forestry, golf course maintenance and landscaping industries, with general construction being the largest.

On May 11, 2017, in anticipation of an initial public offering, ASV Holdings converted from an LLC to a C-Corporation and the Company's 51% interest was converted to 4,080,000 common shares of ASV. On May 17, 2017, in connection within its initial public offering, ASV Holdings sold 1,800,000 of its own shares and the Company sold 2,000,000 shares of ASV Holdings common stock and reduced its investment in ASV to a 21.2% interest. ASV was deconsolidated and was recorded as an equity investment starting with the quarter ended June 30, 2017. Periods ending before June 30, 2017 reflect ASV as a discontinued operation. In February 2018, the Company sold an additional 1,000,000 shares of ASV that it held which reduced the Company's stake in ASV to approximately 11%. The Company ceased accounting for its investment in ASV under the equity method and began accounting for its investment as a marketable equity security. In September 2019, in connection with the sale of ASV to Yanmar American Corporation the Company received cash merger consideration for its remaining 1,080,000 shares of ASV and no longer has an investment in ASV. See Notes 11 and 26 for additional discussion related to the accounting treatment of the investment in ASV after the sale of the additional shares.

General Corporate Information

Our predecessor company was formed in 1993 and was purchased in 2003 by Veri-Tek International, Corp., which changed its name to Manitex International, Inc. in 2008. Our principal executive offices are located at 9725 Industrial Drive, Bridgeview, Illinois 60455 and our telephone number is (708) 430-7500. Our website address is www.manitexinternational.com. Information contained on our website is not incorporated by reference into this report and such information should not be considered to be part of this report.

INFORMATION ABOUT OUR BUSINESS

Boom Trucks

A boom truck is a straight telescopic boom crane outfitted with a hook and winch which is mounted on a standard flatbed commercial (Class 7 or 8) truck chassis. Relative to other lifting equipment, boom trucks provide increased versatility and are capable of transporting relatively large payloads from site to site at highway speeds. A boom truck is usually sold with outriggers, pads and devices for reinforcing the chassis in order to improve safety and stability. Although produced in a wide range of models and sizes, boom trucks can be broadly distinguished by their normal lifting capability as light, medium, and heavy-cranes. Various models of medium or heavy-lift boom trucks can safely lift loads from 15 to 80 tons and operating radii can exceed 200 feet. Another advantage of the boom truck is the ability to provide occasional man lift capabilities at a very low cost to height ratio. While it is not uncommon to see a very old boom truck, most replacement cycles seem to trend to seven years. The market for boom trucks has historically been cyclical.

Although the Company offers a complete line of boom trucks from light to heavy capacity cranes much of our efforts have been devoted to the development of higher capacity boom trucks specifically designed to meet the particular needs of customers including those in energy production and electrical power distribution. We believe it is an advantage to be skewed towards the heavier lifting capacity, since the heavier capacity cranes have somewhat higher margins.

Markets that drive demand for boom trucks include power distribution, oil and gas recovery, infrastructure and new home, commercial and industrial construction. Historically, the new home construction market, which uses lower capacity cranes, has probably been the most cyclical. Over the past few years, demand from the energy sector has become more cyclical in part due to changes in oil prices.

The Company sells its boom trucks through a network of over forty full-service dealers in the United States, Canada, Mexico, South America, and the Middle East. A number of our dealers maintain a rental fleet of their own. Boom trucks can be rented for either short or long-term periods.

In 2019, the annualized order rate for straight-mast cranes was approximately 1,200 units, consistent with 2018 levels. The data that the Company has seen indicates that dealer rental utilization and United States commercial construction indices remain at healthy levels. During the third quarter of 2019, the Company launched the Manitex branded line of articulating cranes ("MAC") at a trade show in Louisville, Kentucky targeting roofing, concrete, general construction and supply industries. Based on current sales trends, the Company expects MAC sales to grow significantly in 2020. We also have expanded our North American distribution network with the addition of one new MAC dealer and three straight-mast dealers. While there is still work to do, both Gross Margin and EBITDA margin have bounced off our lows in the third quarter, and are trending higher as we head into 2020.

Knuckle Boom Cranes

PM 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. Through its consolidated subsidiaries, PM has locations in Modena, Italy; Arad, Romania; Chassieu, France; Buenos Aires, Argentina; Santiago, Chile; London, UK and Mexico City, Mexico.

PM knuckle boom cranes are hydraulic folding and articulating cranes, mounted on a commercial chassis, with lifting capacities that range from small (lifting capacity up to three-ton meter) to super heavy (lifting capacity two-hundred-and-ten-ton meter), often supplied with a jib for additional reach. With a compact design and footprint, the crane can be mounted to maximize the load carrying capability of the chassis onto which it is mounted. Combined with the crane's ability to operate in a compact footprint the ability to carry a payload provides a competitive advantage over other truck mounted cranes and makes the knuckle boom crane particularly attractive for a variety of end uses in the construction and product delivery sectors.

The knuckle boom crane market is a global market with a wide variety of end sector applications, but focused particularly on residential and non-residential construction, road and bridge and infrastructure development. Historically the knuckle boom crane has not had significant application in the energy sector. PM knuckle boom cranes are sold into a variety of geographies including West and East Europe, Central Asia, Africa, North and Central America, South America, the Middle East and the Far East and Pacific region. Historically, PM focused on its domestic and local Western European markets, but in recent years has expanded its sales and distribution efforts internationally. PM has twelve international sales and distribution offices located in several European countries as well as the Far East and Latin America. After acquisition by Manitex, the Company expanded its distribution capability with the existing Manitex dealer network in North America as well as expanding the number of independent service centers in the US.

The market for knuckle boom cranes has been growing in recent years as the acceptability of the product has grown and its advantages have been accepted. Growth in North America, where the straight-mast boom truck crane has been the more dominant product, has been more rapid in recent years in combination with the overall improvement in the North American construction sector. PM's share of the North American market has been historically low; however, this is an area of growth opportunity for the Company following its acquisition by Manitex.

PM aerial platforms are self-propelled or truck mounted and places an operator in a basket in the air in order to perform maintenance, repairs or similar activities. The equipment is used in a variety of applications including utilities, sign work and industrial maintenance and is often sold to rental operations.

PM group product serves in a number of geographies in West and East Europe but also the near and Far East and sells through dealers as well as its own sales and distribution offices. The market generally follows the domestic economic cycle for any particular country. Consequently, the market has shown a positive trend in the recent past.

In September of 2019, the Company appointed a new Chief Executive Officer ("CEO") with significant international crane experience with the goal of stimulating the PM business to much higher performance in this substantial market. The Company will be targeting cost reductions, improved dealer management and incentivization, revamping product designs, improving parts execution and fill rates and stressing a commitment to quality and safety. We believe there is potential for continued gains in 2020 through higher production efficiencies and the re-configuration of our articulating crane business, which generates the highest margins within our product portfolio. During the third quarter of 2019, PM was awarded a new $4.5 million revenue contract with a customer's option, to purchase an additional $4 million in additional deliveries to supply knuckle boom cranes to an international military company. We have also started shipping articulated cranes under the brand name PM-Tadano to customers in Asia; this was a key branding initiative we launched during the second half of 2019. Our partnership with Tadano is gaining traction in Asia, and now starting in the Middle East, through our PM-Tadano branding efforts and distribution expansion. We are proud to have Tadano as a partner and investor, and have greatly improved our focus over the past few months to drive gains in 2020 and beyond for our articulating crane business. PM now represents a substantial portion of our backlog.

Industrial Cranes

Badger sells specialized industrial cranes through a network of dealers. The Badger product line includes specialized 15- and 30-ton industrial cranes (which can be used by the railroads) as well as a 10 ton carry deck crane which are all sold under both the Badger and Manitex names. Additionally, Badger sells lattice cranes with 20 to 30 ton lifting capacity marketed under the Little Giant trade name. The Little Giant line has five lattice boom models, three of which are dedicated rail cranes. In addition, Badger also sells a 30-ton truck crane and a 25-ton crawler crane under the Little Giant name. Badger also has the capability to manufacture certain of our lower capacity boom trucks and provides expanded boom truck manufacturing capacity when needed.

The products are used by railroads, refineries, states, municipalities, and for general construction. The Company believes it has an advantage over its competitors in selling to railroads as it is the only crane manufacturer that has integrated the installation of rail gear into its production process. Competitors send their cranes to a third party to have rail gear added which both increases cost and delays deliveries.

Valla product line of industrial cranes is a full range of precision pick and carry cranes from 2 to 90 tons, 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. The product is sold internationally through dealers and into the rental distribution channel.

Mobile Tanks

Sabre manufactures a comprehensive line of specialized mobile tanks for liquid and solid storage and containment solutions with capacities from 8,000 to 21,000 gallons. Its mobile tanks are sold to specialized independent tank rental companies and through other direct customers.

The tanks have historically been used in a variety of end markets such as petrochemical, waste management and oil and gas drilling. However, when we purchased Sabre in 2013, its business heavily skewed towards the energy sector. Since early 2014, we have been working to diversify the products, customers, and applications. This includes expanding environmental applications and using our tanks to store deicer fluid at airports.

Equipment Distribution

C&M is a distributor of the Company’s products as well as Terex’s rough terrain and truck cranes.

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 rough terrain and truck cranes; C&M’s primary business is the distribution of products manufactured by the Company.

Part Sales

As part of our operations, we supply repair and replacement parts for our products. The parts business margins are higher than our overall margins. Part sales as a percentage of revenues tend to increase when there is a down-turn in the industry. Part sales as a percentage of revenues are approximately 13%, 12% and 12% for the years ended December 31, 2019, 2018 and 2017, respectively.

Total Company Revenues by Sources

The sources of the Company’s revenues are summarized below:

	2019	2018	2017
Boom trucks, knuckle boom & truck cranes	69%	73%	76%
Rough terrain cranes	4%	3%	3%
Mobile tanks	4%	5%	2%
Installation services	3%	2%	2%
Other equipment	7%	5%	5%
Part sales	13%	12%	12%
Total Revenue	100%	100%	100%

In 2019 and 2018, no customer accounted for 10% or more of the Company’s revenue. In 2017, one customer, Rush Truck Center, accounted for approximately 12.0% of the Company’s revenue.

Raw Materials

The Company purchases a variety of components used in the production of its products. The Company purchases steel and a variety of machined parts, components and subassemblies including weldments, winches, cylinders, frames, rims, axles, wheels, tires, suspensions, cables, booms and cabs, as well as engines, transmissions and cabs. Additionally, Manitex and PM mount their cranes on commercial truck chassis, which are either purchased by the Company or supplied by the customer. Lead times for these materials (including chassis) vary from several weeks to many months. The Company is vulnerable to a supply interruption in instances when only one supplier has been qualified and identifying and qualifying alternative suppliers can be very time consuming, and in some cases, could take longer than a year. The Company has been working on qualifying secondary sources of some products to assure supply consistency and to reduce costs. The degree to which our supply base can respond to changes in market demand directly affects our ability to increase production and the Company attempts to maintain some additional inventory in order to react to unexpected increases in demand. During 2019, 2018 and 2017, raw materials and components were generally available to meet our production schedules and had no significant impact on full year revenues. During the first part of 2018 delivery of chassis for our larger cranes had a modest impact on production, however this was alleviated during the year as manufacturers increased their production and demand also slowed compared to the first half of the year.

Any future supply chain issues that might impact the Company will in part depend on how fast the rate of growth is for a product as well as the rate of growth in the general economy. Strong general economic growth could put us in competition for parts with other industries. Additionally, events or circumstance at a particular supplier could impact the availability of a necessary component.

Patents and Trademarks

The Company protects its trade names and trademarks through registration. Its technology consists of bill of materials, drawings, plans, vendor sources and specifications and although the Company's technology has considerable value, it does not generally have patent protection. The Company has (on rare occasions) filed for patent protection on a specific feature. In the future, the Company will consider seeking patent protection on any new design features believed to present a significant future benefit.

The Company owns and uses several trademarks relating to its brands that have significant value and are instrumental to the Company's ability to market its products. The Company's most significant trademark is "Manitex" (presently registered with the United States Patent and Trademark Office until 2027). Badger Equipment Company markets its products under the "Little Giant" and Badger trade names. Sabre markets its products under the "Sabre" tradename. Valla markets its products under the "Valla" tradename. PM sells its products using the trademark "PM" and PM subsidiary, PM Oil & Steel S.p.A.; formerly known as PM Group S.p.A, sells its products using the "OIL & STEEL" trademark. The Manitex, Badger, Little Giant, PM and OIL & STEEL trademarks and trade names are important to the marketing and operation of the Company's business as a significant number of our products are sold under those names. PM has three patents. One is registered with the Italian Patents and Trademarks Office until 2028. PM has two additional patents registered with OHIM that are in force until 2031 and 2034, respectively.

Seasonality

Traditionally, the Company's peak selling periods for cranes are the second and third quarters of a calendar year as a result of the need for equipment in the spring, summer and fall construction seasons. A significant portion of cranes sold over the last several years have been deployed in specialized industries or applications, such as oil and gas production, power distribution and in the railroad industry. Sales in these markets are subject to significant fluctuations which correlate more with general economic conditions and the prices of commodities, including oil, and generally are not of a seasonal nature.

Sales of cranes from the Equipment Distribution division mirror the seasonality of the overall Company. However, the sale of parts is much less seasonal given the geographic breadth of the customer base. Crane repairs are performed by the Equipment Distribution division throughout the year but are somewhat affected by the slowdown in construction activity during the typically harsh winters in the Midwestern United States.

Competition

Lifting Equipment

The market for the Company's boom trucks and knuckle boom cranes, industrial cranes and trailers is highly competitive. The Company competes based on product design, quality of products and services, product performance, maintenance costs and price. Several competitors have greater financial, marketing, manufacturing and distribution resources than we do. The Company believes that it effectively competes with its competitors.

The Company's boom cranes compete with cranes manufactured by National Crane, Terex, Weldco Beales, Elliott and Altec. The Company's knuckle boom cranes compete with Palfinger, Fassi, Effer and HIAB. The Company competes primarily with Terex and Broderson in selling rough terrain and industrial cranes. The Company's mobile tanks compete with tanks sold by Dragon Tank and Pinnacle Mfg., LLC.

Equipment Distribution

The Equipment Distribution division's primary business is facilitation of sale of products manufactured by the Company. As such, it faces the same competition described above for products manufactured by the Company. Additionally, the Equipment Distribution division has a dealership arrangement with Terex and must compete against dealers of other rough terrain and truck crane manufacturers. Locally, the Equipment Distribution division competes against Runnion Equipment (dealer for National Crane), Power Equipment Leasing (dealer for Elliott) and Guiffre Cranes (dealer for Manitex and Terex boom trucks). Runnion is also authorized to sell Manitex boom trucks.

While no geographic limitations exist regarding the Equipment Distribution business's ability to sell cranes internationally, the lack of any barriers to entry and the heavy use of the Internet make this a highly active and competitive market in which to distribute cranes.

Competition for our Equipment Distribution repair business is even more intense since it is limited geographically due to the necessity of having physical access to the cranes. Most of the above referenced companies also compete in this aspect of the business, as do other types of crane and equipment dealers from nearby areas such as Indiana or Wisconsin.

Equipment Distribution parts sales are global in scope and benefit greatly from the Internet and the tenure and expertise of our employees. While competition in this area is extensive, we believe that the breadth of the products offered and our long history in this part of the business is a competitive advantage.

Our Equipment Distribution business competes based on the design, quality and performance of the products it distributes, price and the supporting repair and part services that it provides. Several competitors have greater financial, marketing and distribution resources than we do. The Company, however, believes that it effectively competes with its competitors.

Backlog

The backlog at December 31, 2019 was approximately $66.2 million, compared to a backlog of approximately $66.7 million at December 31, 2018. The December 31, 2019 backlog has increased by $8.6 million since September 30, 2019 when it was at $57.6 million. The backlog has continued to grow during the early part of 2020 and was $71.0 million at February 21, 2020. The Company expects to ship product to fulfill its existing backlog within the next twelve months.

Revenue Recognition and Long-Lived Assets

The information regarding revenue, the basis for attributing revenue from external customers to individual countries, and long-lived assets is found in Note 4 "Revenue Recognition" and Note 20 "Long-Lived Assets" to our consolidated financial statements, is hereby incorporated by reference into this Part I, Item 1.

Employees

As of December 31, 2019, the Company had 598 full time employees. The Company has not experienced any work stoppages and anticipates continued good employee relations. Twenty-three (23) of our employees are covered by collective bargaining agreements. Nineteen (19) of our employees at our Badger subsidiary are represented by International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America, ("UAW") and its local No. 316. The current union contract expires on January 21, 2023. Four employees are currently represented by Automobile Mechanics' Local 701. The union contract expires on September 30, 2020. The employees represented by the Automobile Mechanics' Local 701 are mechanics that work in our Equipment Distribution business. A number of our Equipment Distribution customers in the Chicago metropolitan area mandate union mechanics usage for any service / repair jobs.

Governmental Regulation

The Company is subject to various governmental regulations, such as environmental regulations, employment and health regulations, and safety regulations. We have various internal controls and procedures designed to maintain compliance with these regulations. The cost of compliance programs is not material but is subject to additions to or changes in federal, state or local legislation or changes in regulatory implementation or interpretation of government regulations.

Available Information

The Company makes available free of charge our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished as required by Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), through our Internet Website (www.manitexinternational.com) as soon as is reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC"). The SEC also maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Information contained in or incorporated into our Internet Website or the SEC's website is not incorporated by reference herein.

ITEM 1A. RISK FACTORS

You should carefully consider the following risks, together with the cautionary statement under the caption "Forward-Looking Statements" and the other information included in this report. The risks described below represent all of the material risks currently known to us; however, they are not the only ones the Company faces. Additional risks that are currently unknown to the Company or that the Company currently considers to be immaterial may also impair its business or adversely affect the Company's financial condition or results of operations. If any of the following risks actually occur, the Company's business, financial condition or results of operation could be adversely affected.

Significant deterioration in economic conditions, especially in the United States and Europe, has had and may again have negative effects on the Company's results of operations and cash flows

Significant deterioration in economic conditions, especially in the United States and Europe, has had and may again have negative effects on the Company's results of operations and cash flows. For example, the current outbreak of coronavirus, which began in China and has subsequently spread to other countries, could potentially have a significant negative impact on the global economy. Economic conditions affect the Company's sales volumes, pricing levels and overall profitability. Demand for many of the Company's products depends on end-use markets. Challenging economic conditions may reduce demand for our products and may also impair the ability of customers to pay for products they have purchased. As a result, the Company's reserves for doubtful accounts and write-offs for accounts receivable may increase.

A significant deterioration in economic conditions has caused and may again cause deterioration in the credit quality of our customers and the estimated residual value of our equipment. This could further negatively impact the ability of our customers to obtain the resources they need to make purchases of our equipment. Reduced credit availability will diminish our customers' ability to invest in their businesses, refinance maturing debt obligations, and meet ongoing working capital needs. If customers do not have sufficient access to credit, demand for the Company's products will likely decline. Reduced access to credit and the capital markets will also negatively affect the Company's ability to invest in strategic growth initiatives such as acquisitions.

Certain of the Company's products are significantly affected by the level of capital expenditures in the oil and gas industry and lower capital expenditures have affected and may continue to affect the results of the Company's operations.

The demand for our product in part depends on the condition of the oil and gas industry and, in particular, on the level of capital expenditures of companies engaged in the exploration, development, and production of oil and natural gas. Capital expenditures by these companies are influenced by the following factors:

- the oil and gas industry's ability to economically justify placing discoveries of oil and gas reserves in production;
- current and projected oil and gas prices;
- the oil and gas industry's need to clear all structures from the lease once the oil and gas reserves have been depleted;
- weather events, such as major tropical storms;
- the abilities of oil and gas companies to generate, access and deploy capital;
- exploration, production and transportation costs;
- the discovery rate of new oil and gas reserves;
- the sale and expiration dates of oil and gas leases and concessions;
- local and international political and economic conditions;
- the ability or willingness of host country government entities to fund their budgetary commitments; and
- technological advances.

Historically, prices of oil and natural gas and exploration, development and production have fluctuated substantially. A sustained period of substantially reduced capital expenditures by oil and gas companies will result in decreased demand for certain equipment produced by the Company, lower margins, and possibly net losses. Additionally, oil and gas companies may sell excess equipment into the general construction market which could further depress demand for certain of products.

The Company's level of indebtedness reduces financial flexibility and could impede our ability to operate.

As of December 31, 2019, the Company's total debt was $65 million, which includes: notes payable, convertible debt and capital lease obligations.

Our level of debt affects our operations in several important ways, including the following:

- a significant portion of our cash flow from operations is likely to be dedicated to the payment of the principal and interest on our indebtedness;
- our ability to obtain additional financing in the future for working capital, capital expenditures or acquisitions may be limited;
- we may be unable to refinance our indebtedness on terms acceptable to us or at all;
- our cash flow may be insufficient to meet our required principal and interest payments; and
- we may be unable to obtain additional loans as a result of covenants and agreements with existing debt holders.

The Company must comply with restrictive covenants in its outstanding debt agreements.

The Company's existing debt agreements contain a number of significant covenants which may limit its ability to, among other things, borrow additional money, make capital expenditures, pay dividends, dispose of assets and acquire new businesses. These covenants also require the Company to meet certain financial and non-financial tests. In 2018, the Company received waivers related to non-compliance with certain covenants and defaults under its U.S. credit facilities and its convertible notes. The Company also restructured certain debt arrangements which restructuring cured the defaults caused by the failed covenant. An additional default or other event of non-compliance, if not waived or otherwise permitted by the Company's lenders, could result in acceleration of the Company's debt and possibly bankruptcy.

The Company may require additional funding, which may not be available on favorable terms or at all.

Our future capital requirements will depend on the amount of cash generated or required by our current operations, as well as additional funds which may be needed to finance future acquisitions. Future cash needs are subject to substantial uncertainty.

Adequate funds may not be available when needed, and if we do not receive sufficient capital, we may be required to alter or reduce the scope of our operations or to forego making future acquisitions. If we raise additional funds by issuing equity securities, existing stockholders may be diluted.

The Company's business is affected by the cyclical nature of its markets.

A substantial portion of our revenues are attributed to a limited number of customers (none which are greater than 10%) which may decrease or cease purchasing any time, since the Company's products depends upon the general economic conditions of the markets in which the Company competes. The Company's sales depend in part upon its customers' replacement or repair cycles. Adverse economic conditions, including a decrease in commodity prices, may cause customers to forego or postpone new purchases in favor of repairing existing machinery. Downward economic cycles may result in reductions in sales of the Company's products, which may reduce the Company's profits. The Company has taken a number of steps to reduce its fixed costs and diversify its operations to decrease the negative impact of these cycles. However, these steps may not prevent the negative impact of poor economic conditions.

The Company's business is sensitive to increases in interest rates.

The Company is exposed to interest rate volatility with regard to future issuances of fixed rate debt and existing issuances of variable rate debt. Primary exposure includes movements in the U.S. prime rate, LIBOR and Italian short-term borrowing rates.

If interest rates rise, it becomes costlier for the Company's customers to borrow money to pay for the equipment they buy from the Company. Should the U.S. Federal Reserve Board decide to increase rates, prospects for business investment and manufacturing could deteriorate sufficiently and impact sales opportunities.

The Company's business is sensitive to changes in government spending.

Many of the Company's customers depend substantially on government spending, including highway construction and maintenance and other infrastructure projects by U.S. federal and state governments and governments in other nations. Any decrease or delay in government funding of highway construction and maintenance and other infrastructure projects could cause the Company's revenues and profits to decrease.

The Company's revenues are attributed to limited number of customers which may decrease or cease purchasing any time.

The Company's revenues are attributed to a limited number of customers. We generally do not have long-term supply agreements with our customers. Even if a multi-year contract exists, the customer is not required to commit to minimum purchases and can cease purchasing at any time. If we were to lose either a significant customer or several smaller customers our operating results and cash flows would be adversely impacted.

The Company is dependent upon third-party suppliers, making us vulnerable to supply shortages.

The Company obtains materials and manufactured components from third-party suppliers. Any delay in the ability of the Company's suppliers to provide the Company with necessary materials and components may affect the Company's capabilities at a number of our manufacturing locations, or may require the Company to seek alternative supply sources. Delays in obtaining supplies may result from a number of factors affecting the Company's suppliers including capacity constraints, labor disputes, the impaired financial condition of a particular supplier, suppliers' allocations to other purchasers, weather emergencies or acts of war or terrorism. Any delay in receiving supplies could impair the Company's ability to deliver products to customers and, accordingly, could have a material adverse effect on business, results of operations and financial condition.

In addition, the Company purchases material and services from suppliers on extended terms based on the Company's overall credit rating. Negative changes in the Company's credit rating may impact suppliers' willingness to extend terms and increase the cash requirements of the business.

Price increases in materials could reduce our profitability.

We use large amounts of steel and other items in the manufacture of our products. In the past, market prices of some of our key raw materials increased significantly. If we experience future significant increases in material costs, including steel, we may not be able to reduce product cost in other areas or pass future raw material price increases on to our customers and our margins could be adversely affected.

We provide credit guarantees or residual value guarantees for some of our customers.

The Company's customers, from time to time, may fund acquisitions of our products through third-party finance companies. In certain instances, the Company has in the past provided credit guarantees or residual value guarantees. With these guarantees, we must assess the probability of losses or non-performance in ways similar to the evaluation of accounts receivable. We establish reserves based upon our analysis of the current quality and financial position of our customers, past payment experience and collateral values. In circumstances where we believe it is probable that a specific customer will have difficulty meeting its financial obligations, a specific reserve is recorded to recognize a liability for a guarantee we expect to pay, taking into account any amounts that we would anticipate realizing if we are forced to repossess the equipment that supports the customer's financial obligations to us. During periods of economic weakness, collateral underlying our guarantees of indebtedness of customers or receivables can decline sharply, thereby increasing our exposure to losses. In the future, we may incur losses in excess of our recorded reserves if the financial condition of our customers were to deteriorate further or the full amount of any anticipated proceeds from the sale of the collateral supporting our customers' financial obligations is not realized. Historically, no losses related to guarantees have been realized; however, there can be no assurance that our historical experience with respect to guarantees will be indicative of future results.

The Company depends on its information technology systems. If its information technology systems do not perform in a satisfactory manner or if the security of them is breached, it could be disruptive and or adversely affect the operations and results of operations of the Company.

The Company depends on its information technology systems, some of which are managed by third parties, to process, transmit and store electronic information (including sensitive data such as confidential business information and personally identifiable data relating to employees, customers and other business partners), and to manage or support a variety of critical business processes and activities. If our information technology systems do not perform in a satisfactory manner, it could be disruptive and or adversely affect the operations and results of operations of the Company, including the ability of the Company to report accurate and timely financial results.

Furthermore, our information technology systems may be damaged, disrupted or shut down due to attacks by computer hackers, computer viruses, employee error or malfeasance, power outages, hardware failures, telecommunication or utility failures, catastrophes or other unforeseen events, and in any such circumstances our system redundancy and other disaster recovery planning may be ineffective or inadequate. A failure of or breach in information technology security could expose us and our customers, distributors and suppliers to risks of misuse of information or systems, the compromise of confidential information, manipulation and destruction of data, defective products, production downtimes and operations disruptions. In addition, such breaches in security could result in litigation, regulatory action and potential liability, as well as the costs and operational consequences of implementing further data protection measures, each of which could have a material adverse effect on our business or results of operations.

As noted in item 9A below, the Company did not maintain an effective control environment over the information technology general controls based upon the criteria established in the COSO framework, to enable identification and mitigation of risks of material accounting errors. The Company has developed and is implementing a remediation plan to address this issue. See Item 9A "Controls and Procedures" for further information.

The Company may face limitations on its ability to integrate acquired businesses.

The successful integration of new businesses depends on the Company's ability to manage these new businesses and cut excess costs. While the Company believes it has successfully integrated these acquisitions to date, the Company cannot ensure that these acquired companies will operate profitably or that the intended beneficial effect from these acquisitions will be realized.

If the Company is unable to manage anticipated growth effectively, the business could be harmed.

If the Company fails to manage growth, the Company's financial results and business prospects may be harmed. To manage the Company's growth and to execute its business plan efficiently, the Company will need to institute operational, financial and management controls, as well as reporting systems and procedures. The Company also must effectively expand, train and manage its employee base. The Company cannot assure you that it will be successful in any of these endeavors.

The Company relies on key management.

The Company relies on the management and leadership skills of Steve Filipov, its Chief Executive Officer. Mr. Filipov entered into an employment agreement commencing on September 1, 2019. Under the employment agreement, Mr. Filipov's employment terms automatically extends for successive periods of three years unless either the Company or Mr. Filipov gives written notice to the other party of non-renewal at least 90 days prior to the end of the then current employment term. The loss of his services could have a significant and negative impact on the Company's business. In addition, the Company relies on the management and leadership skills of other senior executives. The Company could be harmed by the loss of key personnel in the future.

The Company's success depends upon the continued protection of its trademarks and the Company may be forced to incur substantial costs to maintain, defend, protect and enforce its intellectual property rights.

The Company's registered and common law trademarks, as well as certain of the Company's licensed trademarks, have significant value and are instrumental to the Company's ability to market its products. The Company's marks "Manitex", "Badger", "Sabre", "Valla", "PM" and "O&S" are important to the Company's business as the majority of the Company's products are sold under those names. The Company has not registered all of its trademarks in the United States nor in the foreign countries where it does business. Third parties could assert claims against such intellectual property that the Company could be unable to successfully resolve. If the Company has to change the names of any of its products, it may experience a loss of goodwill associated with its brand names, customer confusion and a loss of sales.

In addition, international protection of the Company's intellectual property may not be available in some foreign countries to the same extent permitted by the laws of the United States. The Company could also incur substantial costs to defend legal actions relating to use of its intellectual property, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company may be required to record goodwill or other intangible impairment charges on all or a significant amount of the goodwill or intangibles on its Consolidated Balance Sheets.

As of December 31, 2019, the Company had approximately $32.6 million of goodwill and $17.0 million of net intangibles. The Company tests goodwill for impairment at least annually. If the carrying value of goodwill exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess, as occurred in both 2019 and 2018. An impairment of a significant portion of goodwill could materially negatively affect the Company's results of operations. For the year ended December 31, 2019, there was goodwill impairment of $3.2 million and intangibles impairment of $4.9 million.

The Company may be unable to effectively respond to technological change, which could have a material adverse effect on the Company's results of operations and business.

The markets served by the Company are not historically characterized by rapidly changing technology. Nevertheless, the Company's future success will depend in part upon the Company's ability to enhance its current products and to develop and introduce new products. If the Company fails to anticipate or respond adequately to competitors' product improvements and new production introductions, future results of operations and financial condition will be negatively affected.

The Company operates in a highly competitive industry and the Company is particularly subject to the risks of such competition.

The Company competes in a highly competitive industry and the competition which the Company encounters has an effect on its product prices, market share, revenues and profitability. Because certain competitors have substantially greater financial, production, research and development resources and substantially greater name recognition than the Company, the Company is particularly subject to the risks inherent in competing with them and may be put at a competitive disadvantage. To compete successfully, the Company's products must excel in terms of quality, price, product line, ease of use, safety and comfort, and the Company must also provide excellent customer service. The greater financial resources of the Company's competitors may put it at a competitive disadvantage. If competition in the Company's industry intensifies or if the Company's current competitors enhance their products or lower their prices for competing products, the Company may lose sales or be required to lower its prices. This may reduce revenue from the Company's products and services, lower its gross margins or cause the Company to lose market share. The Company may not be able to differentiate our products from those of competitors, successfully develop or introduce less costly products, offer better performance than competitors or offer purchasers of our products payment and other commercial terms as favorable as those offered by competitors.

The Company faces product liability claims and other liabilities due to the nature of its business.

In the Company's lines of business numerous suits have been filed alleging damages for accidents that have occurred during the use or operation of the Company's products. The Company is self-insured, up to certain limits, for these product liability exposures, as well as for certain exposures related to general, workers' compensation and automobile liability. Insurance coverage is obtained for catastrophic losses as well as those risks required to be insured by law or contract. Any material liabilities not covered by insurance could have an adverse effect on the Company's financial condition.

Our increasingly international operations expose us to additional risks and challenges associated with conducting business internationally.

The international expansion of our business may expose us to risks inherent in conducting foreign operations. These risks include:

- challenges associated with managing geographically diverse operations, which require an effective organizational structure and appropriate business processes, procedures and controls;
- the increased cost of doing business in foreign jurisdictions, including compliance with international and U.S. laws and regulations that apply to our international operations;
- currency exchange and interest rate fluctuations and the resulting effect on our revenue and expenses, and the cost and risk of entering into hedging transactions, if we continue to do so in the future;
- potentially adverse tax consequences;
- complexities and difficulties in obtaining protection and enforcing our intellectual property;
- compliance with additional regulations and government authorities in a highly regulated business; and
- general economic and political conditions internationally;
- public health concerns, including the recent outbreak of the coronavirus impacting China and elsewhere.

Additionally, changes to the United States' participation in, withdrawal from, renegotiation of certain international trade agreements or other major trade related issues including the non-renewal of expiring favorable tariffs granted to developing countries, tariff quotas, and retaliatory tariffs (including, but not limited to, the current United States administration's tariffs on China and China's retaliatory tariffs on certain products from the United States), trade sanctions, new or onerous trade restrictions, embargoes and other stringent government controls could have a material adverse effect on our business, results of operations and financial condition.

The risks that the Company faces in its international operations may continue to intensify if the Company further develops and expands its international operations.

The Company is subject to currency fluctuations.

Changes in exchange rates between various currencies have had, and will continue to have, an impact on our earnings. We regularly evaluate opportunities for, and at times engage in, hedging activities to mitigate the impact that changes in exchange rates for various currencies may have on our financial results. Our hedging activities are designed to reduce and delay, but not to eliminate, the effects of foreign currency fluctuations. Factors that could affect the effectiveness of our hedging activities include volatility of currency markets, and the availability of effective hedging instruments. Since the hedging activities are designed to reduce volatility, they may have the effect of reducing both the negative and positive impacts that changes in exchange rates may have. Our future financial results could be significantly affected by the value of the U.S. dollar versus the native currencies of our subsidiaries (primarily the Euro) as well as the native currencies of foreign subsidiaries and other currencies in which they conduct business. The degree to which our financial results are affected for any given time period will depend in part upon our hedging activities. There can be no assurance that our hedging activities will have the desired beneficial impact on our financial condition or results of operations. Moreover, no hedging activity can completely insulate us from the risks associated with changes in currency exchange rates. We currently have exposure to changes in exchange rates for a number of currencies including the Euro, the Chilean peso and the Argentinean peso.

Risks Relating to our Common Stock

The Company's principal shareholders, executive officers and directors hold a significant percentage of the Company's common stock, and these shareholders may take actions that may be adverse to your interests.

The Company's principal shareholders, executive officers and directors beneficially own, in the aggregate, approximately 28% of the Company's common stock as of February 14, 2020. As a result, these shareholders, acting together, will be able to significantly influence all matters requiring shareholder approval, including the election and removal of directors and approval of significant corporate transactions such as mergers, consolidations, sales and purchases of assets. They also could dictate the management of the Company's business and affairs. This concentration of ownership could have the effect of delaying, deferring or preventing a change in control or impeding a merger or consolidation, takeover or other business combination, which could cause the market price of our common stock to fall or prevent you from receiving a premium in such a transaction.

The cost of compliance with Section 404 of the Sarbanes-Oxley Act of 2002 may negatively impact the Company's income.

The Company is subject to the rules and regulations of the SEC, including those rules and regulations mandated by the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act requires all reporting companies to include in their annual report a statement of management's responsibilities for establishing and maintaining adequate internal control over financial reporting, together with an assessment of the effectiveness of those internal controls. Section 404 further requires that the reporting company's independent auditors attest to, and report on, this management assessment. The Company expects its expenses related to its internal and external auditors to be significant. In particular, we have incurred and continue to incur substantial expenses and costs, including audit, legal and other professional fees, in connection with our ongoing efforts to remediate material weaknesses in our internal control over financial reporting identified in 2017 and 2018. If we fail to successfully remediate these material weaknesses and establish and maintain a system of adequate controls, it could have an adverse effect on our business and stock price.

The price of our common stock is highly volatile.

The trading price of the Company's common stock is highly volatile and could be subject to wide fluctuations in price in response to various factors, many of which are beyond the Company's control, including:

- the degree to which the Company successfully implements its business strategy;
- actual or anticipated variations in quarterly or annual operating results;
- changes in recommendations by the investment community or in their estimates of the Company's revenues or operating results;
- failure to meet expectations of industry analysts;
- speculation in the press or investment community;
- strategic actions by the Company's competitors;
- announcements of technological innovations or new products by the Company or competitors;
- changes in business conditions affecting the Company and its customers; and
- potential to be delisted.

In the past, following periods of volatility in the market price of a company's securities, class action litigation has often been brought against companies. If a securities class action suit is filed against us, whether or not meritorious, we would incur substantial legal fees and our management's attention and resources would be diverted from operating our business in order to respond to the litigation.

Provisions of the Michigan Business Corporation Act and the Company's Articles of Incorporation, Amended and Restated Bylaws, and Rights Agreement may discourage or prevent a takeover of the Company.

Provisions of the Company's Articles of Incorporation and Amended and Restated Bylaws, Michigan law, and the Rights Agreement, as amended, between the Company and Broadridge Corporate Issuer Solution, Inc., as rights agent, could make it more difficult for a third party to acquire the Company, even if doing so would be perceived to be beneficial to you. These provisions could discourage potential takeover attempts and could adversely affect the market price of the Company's shares. Because of these provisions, you might not be able to receive a premium on your investment. These provisions:

- authorize the Company's Board of Directors, with approval by a majority of its independent directors but without requiring shareholder consent, to issue shares of "blank check" preferred stock that could be issued by the Company's Board of Directors to increase the number of outstanding shares and prevent a takeover attempt;
- limit our shareholders' ability to call a special meeting of the Company's shareholders;
- limit the Company's shareholders' ability to amend, alter or repeal the Company bylaws;
- may result in the issuance of preferred stock, which would significantly dilute the stock ownership percentage of certain shareholders and make it more difficult for a third party to acquire a majority of the Company's outstanding voting stock; and
- restrict business combinations with certain shareholders.

The provisions described above could prevent, delay or defer a change in control of the Company or its management.

The restatement of our previously issued financial statements was time-consuming and expensive and could expose us to additional risks that could have a negative effect on our Company.

We restated our previously issued audited financial statements for the year ended December 31, 2016 as well as the unaudited quarterly financial information included in our Annual Report on Form 10-K for the year ended December 31, 2016, the unaudited financial statements for the quarter ended March 31, 2017 included in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, and the unaudited financial statements for the six-month period ended June 30, 2017 included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017. In addition, our Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 and our Annual Report on Form 10-K for the year ended December 31, 2017 were not filed in a timely manner. The restatement process was time consuming and expensive and, along with the failure to make certain filings with the SEC in a timely manner, could expose us to additional risks that could have a negative effect on our Company. In particular, we incurred substantial unanticipated expenses and costs, including audit, legal and other professional fees, in connection with the restatement of our previously issued financial statements and the ongoing remediation of material weaknesses in our internal control over financial reporting. Certain remediation actions were recommended and we are in the process of implementing them (see Item 9A "Controls and Procedures" of this Form 10-K for a description of these remediation measures). To the extent these steps are not successful, we could be forced to incur additional time and expense. Our management's attention had also been diverted from the operation of our business in connection with the restatement and these ongoing remediation efforts. In addition, as a result of these restatements and failure to timely make certain filings with the SEC, we could be subject to governmental, regulatory or other actions. Any such proceedings could, regardless of the outcome, consume a significant amount of management's time and attention and could result in additional legal, accounting and other costs and liabilities.

ITEM 1B. UNRESOLVED STAFF COMMENTS

The Company continues to comply with the SEC investigation regarding the Company's restatement of prior financial statements, which was completed in April 2018.

ITEM 2. PROPERTIES

The Company's executive offices are located at 9725 Industrial Drive, Bridgeview, Illinois 60455. The Company has seven principal operating plants. The Company's Lifting Equipment business operates from the facilities described in this paragraph. The Company builds boom trucks and sign cranes in its 188,000 sq. ft. leased facility located in Georgetown, Texas. The Company manufactures its knuckle boom cranes in two owned facilities, the 542,000 sq. ft. plant located in S. Cesario sul Panaro, Italy and the 213,000 sq. ft. facility located in Arad, Romania. The Romania facility also produces sub-assemblies that are incorporated into PM products manufactured in Italy. The Company manufactures its precision pick and carry cranes in a 58,000 sq. ft. facility located in Piacenza, Italy. The Company builds specialized rough terrain cranes and material handling product in its 170,000 sq. ft. owned facility located in Winona, Minnesota. The Company builds its specialized mobile tanks for liquid and solid storage and containment solutions in its 100,000 sq. ft. leased facility located in Knox, Indiana.

The Company operates its crane distribution business from a 39,000 sq. ft. leased facility located in Bridgeview, Illinois. The Bridgeview facility also houses our corporate offices.

All our facilities are used exclusively by the Company. The Company believes that its facilities are suitable for its business and will be adequate to meet our current needs.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, including product liability and workers' compensation matters which have arisen in the normal course of operations. The Company has product liability insurance with self-insurance retention that ranges from $50 thousand to $0.5 million. The Company has a $250 thousand per claim deductible on worker compensation claims and aggregates of $1.0 million to $1.9 million depending on the policy year. 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. Reserves have been established for several liability cases related to PM acquisitions. 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 or the minimum amount of a range of estimates when it is not possible to estimate the amount within the range that is most likely to occur.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for the Company's Common Stock

The Company's common stock is listed on The NASDAQ Capital Market trading under the symbol MNTX.

Number of Common Stockholders

As of February 13, 2020, there were 156 record holders of the Company's common stock.

Dividends

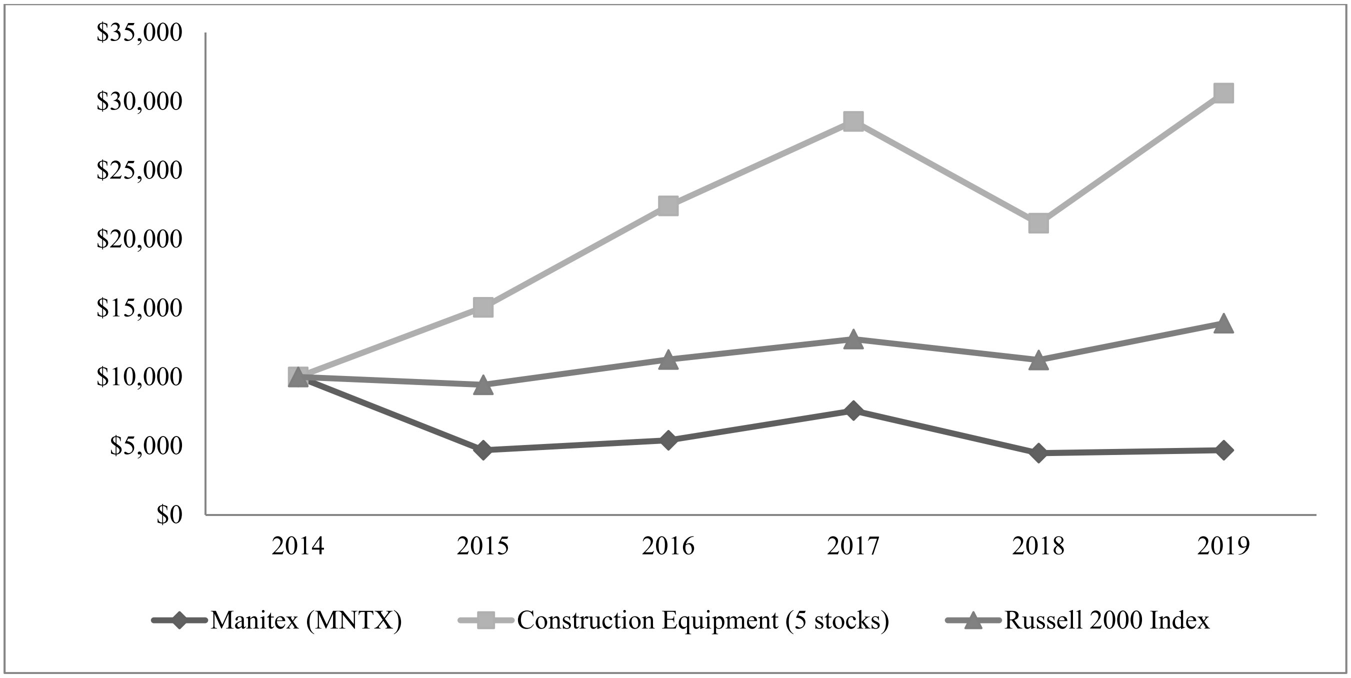
During the fiscal years ended December 31, 2019, 2018 and 2017, the Company did not declare or pay any cash dividends on its common stock and the Company does not intend to pay any cash dividends in the foreseeable future. Furthermore, the terms of our credit facility do not allow us to declare or pay dividends without the prior written consent of the lender.

Performance Graph

The following stock performance graph is intended to show our stock performance compared with that of comparable companies. The stock performance graph shows the change in market value of ten thousand dollars invested in our Common Stock, the Russell 2000 Index and a peer group of comparable companies ("Peer Group") for the five-year period commencing December 31, 2014 through December 31, 2019. The cumulative total stockholder return of the peer group and Russell 2000 Index assumes dividends are reinvested. The stockholder return shown on the graph below is not indicative of future performance. The companies in the Peer Group are weighted by market capitalization.

The Peer Group consists of the following companies, which are in similar lines of business to Manitex International Inc.; Lindsay Corporation (LNN), Gencor Industries Inc. (GENC), Astec Industries, Inc. (ASTE), Columbus McKinnon Corporation (CMCO) and Alamo Group, Inc. (ALG). The companies in the Peer Group generally have market capitalizations that are significantly greater than the Company's market capitalization. It was necessary to select companies with higher market capitalizations to find companies with similar lines of business. Our competitors are most often either small privately-owned companies with a narrow product line or a segment of a very large company. In selecting our Peer Group, we intentionally excluded the companies that had the largest market capitalization even when their product lines were similar to ours.

CUMULATIVE TOTAL RETURN
Based upon an initial investment of $10,000 on December 31, 2014
with dividends reinvested



	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Manitex International, Inc.	$ 10,000	$ 4,681	$ 5,397	$ 7,553	$ 4,669	$ 4,681
Russell 2000 Index	$ 10,000	$ 9,429	$ 11,265	$ 12,746	$ 11,232	$ 13,896
Construction Equipment (5 stocks)	$ 10,000	$ 15,050	$ 22,411	$ 28,542	$ 21,152	$ 30,588

Issuer Purchases of Equity Securities

The following table provides information about the Company’s purchases of equity securities during the quarter ended December 31, 2019:

Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number or approximate dollar value of shares that may yet be purchased under the plans or programs
October 1 through October 31, 2019	—	—	—	—
November 1 through November 30, 2019	—	—	—	—
December 1 through December 31, 2019	1,658	$ 5.66	—	—
Total	1,658	$ 5.66	—	—

(1) The Company purchased and cancelled 1,658 shares of its common stock on December 31, 2019. The shares were purchased from employees on December 14, 2019 at the market closing price of $5.66 on that date. The employees used the proceeds from the sale of shares to satisfy their withholding tax obligations that arose when restricted shares vested on that date.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with our financial statements and the related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this report.

The Company's results include the results for companies acquired from their respective effective dates of acquisition: December 16, 2014 for Lift Ventures, December 20, 2014 for ASV, January 15, 2015 for the PM Group and March 12, 2015 for Columbia Tanks.

The below financial data reflects the following entities as discontinued operations from 2015 through the year in which the entity was disposed: 2015 for Manitex Load King, LLC, and 2016 for Manitex Liftking, ULC, and CVS Ferrari S.r.L. In addition, the data for the years 2015 to 2017 presents ASV as a discontinued operation.

(In thousands except share information)

	2019	2018	2017	2016	2015
Summary of Operations:					
Net revenues	$ 224,776	$ 242,107	$ 213,112	$ 173,197	$ 202,747
Operating loss	(5,985)	(235)	(265)	(9,974)	(288)
Net loss from continuing operations	(8,492)	(13,177)	(7,067)	(23,189)	(5,325)
Net loss from continuing operations attributable to shareholders of Manitex International, Inc.	$ (8,492)	$ (13,177)	$ (7,067)	$ (23,189)	$ (5,325)
Loss per share from continuing operations attributable to shareholders of Manitex International, Inc.					
Basic	$ (0.43)	$ (0.72)	$ (0.43)	$ (1.44)	$ (0.33)
Diluted	$ (0.43)	$ (0.72)	$ (0.43)	$ (1.44)	$ (0.33)
Shares used to calculate earnings per share:					
Basic	19,687,414	18,409,296	16,548,444	16,133,284	15,970,074
Diluted	19,687,414	18,409,296	16,548,444	16,133,284	15,970,074
Total assets	$ 195,402	$ 217,249	$ 225,188	$ 326,954	$ 401,423
Total debt for continuing operations	$ 64,801	$ 73,011	$ 95,253	$ 106,295	$ 109,437
Total shareholders' equity attributed to shareholders of Manitex International, Inc.	$ 79,550	$ 88,004	$ 70,845	$ 72,465	$ 107,012

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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.

When reading this section of this Annual Report on Form 10-K, it is important that you also read the financial statements and related notes thereto. This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. See "Forward-Looking Statements".

OVERVIEW

The Company is a leading provider of engineered lifting solutions. The Company reports in a single business segment and has five operating segments. The Company designs, manufactures and distributes a diverse group of products that serve different functions and are used in a variety of industries.

Manitex, Inc. ("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 Equipment Company ("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"), 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. Its largest subsidiary, Oil & Steel ("O&S"), is a manufacturer of truck-mounted aerial platforms with a diverse product line and an international client base.

Valla product line of industrial cranes is a full range of precision pick and carry 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.

Manitex Sabre, Inc. ("Sabre"), which is located in Knox, Indiana, manufactures a comprehensive line of specialized mobile tanks for liquid and solid storage and containment solutions with capacities from 8,000 to 21,000 gallons. Its mobile tanks are sold to specialized independent tank rental companies and through the Company's existing dealer network. The tanks are used in a variety of end markets such as petrochemical, waste management and oil and gas drilling.

Crane and Machinery, Inc. ("C&M") is a distributor of the Company's products as well as Terex Corporation's ("Terex") rough terrain and truck 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 rough terrain and truck cranes, C&M's primary business is the distribution of products manufactured by the Company.

Consolidated Variable Interest Entity

Even though it had no ownership interest in SVW Crane & Equipment Company (together with its wholly owned subsidiary, Rental Consulting Service Company, "SVW"), the Company had the power to direct the activities that most significantly impact SVW's economic performance. Additionally, the Company was the primary beneficiary of the SVW relationship. SVW obtained third party financing, which was effectively guaranteed by the Company, on specific cranes the Company manufactured and remitted the loan proceeds to the Company. Other than its business transactions described herein, SVW had no other substantial business operations. The Company had determined that SVW is a Variable Interest Entity ("VIE") that under current accounting guidance needed to be consolidated in the Company's financial results. SVW was consolidated into the Company's financial results beginning in the first quarter of 2016 through the fourth quarter of 2017. By December 31, 2017, SVW had ceased operations and is therefore not a consolidated VIE after December 31, 2017.

Income and losses related to VIE's are typically shown in a company's financial statements as being attributed to a non-controlling interest. Other than its transactions between SVW and the Company, SVW had no other substantial business operations. Furthermore, the Company exercised control and absorbed all losses and received all the income from SVW operations. Therefore, the Company has concluded that income and losses related to the VIE are attributable to the Shareholders of the Company.

Business Overview

In 2019, the annualized order rate for straight-mast cranes was approximately 1,200 units, consistent with 2018 levels. The data that the Company has seen indicates that dealer rental utilization and United States commercial construction indices remain at healthy levels. During the third quarter of 2019, the Company launched the Manitex branded line of articulating cranes (“MAC”) at a trade show in Louisville, Kentucky targeting roofing, concrete, general construction and supply industries. Based on current sales trends, the Company expects MAC sales to grow significantly in 2020. We also have expanded our North American distribution network with the addition of one new MAC dealer and three straight-mast dealers. While there is still work to do, both Gross Margin and EBITDA margin have bounced off our lows in the third quarter, and are trending higher as we head into 2020.

In September of 2019, the Company appointed a new Chief Executive Officer (“CEO”) with significant international crane experience with the goal of stimulating the PM business to much higher performance in this substantial market. The Company will be targeting cost reductions, improved dealer management and incentivization, revamping product designs, improving parts execution and fill rates and stressing a commitment to quality and safety. We believe there is potential for continued gains in 2020 through higher production efficiencies and the re-configuration of our articulating crane business, which generates the highest margins within our product portfolio. During the third quarter of 2019, PM was awarded a new $4.5 million revenue contract with a customer’s option, to purchase an additional $4 million in additional deliveries to supply knuckle boom cranes to an international military company. We have also started shipping articulated cranes under the brand name PM-Tadano to customers in Asia; this was a key branding initiative we launched during the second half of 2019. Our partnership with Tadano is gaining traction in Asia, and now starting in the Middle East, through our PM-Tadano branding efforts and distribution expansion. We are proud to have Tadano as a partner and investor, and have greatly improved our focus over the past few months to drive gains in 2020 and beyond for our articulating crane business. PM now represents a substantial portion of our backlog.

Factors Affecting Revenues and Gross Profit

The Company derives most of its revenue from purchase orders from dealers and distributors. The demand for the Company’s products depends upon the general economic conditions of the markets in which the Company competes. The Company’s sales depend in part upon its customers’ replacement or repair cycles. Adverse economic conditions, including a decrease in commodity prices, may cause customers to forego or postpone new purchases in favor of repairing existing machinery.

Gross profit varies from period to period. Factors that affect gross profit include product mix, production levels and cost of raw materials. Margins tend to increase when production is skewed towards larger capacity cranes.

The following table sets forth certain financial data for the three years ended December 31, 2019, 2018 and 2017:

Results of Consolidated Operations

MANITEX INTERNATIONAL, INC.

(In thousands, except share data)

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017
Net revenues	$ 224,776	$ 242,107	$ 213,112
Cost of sales	184,320	198,060	176,266
Gross profit	40,456	44,047	36,846
Operating expenses			
Research and development costs	2,714	2,839	2,564
Selling, general and administrative expenses	35,615	35,707	34,547
Impairment of intangibles	8,112	5,736	—
Total operating expenses	46,441	44,282	37,111
Operating loss	(5,985)	(235)	(265)
Other income (expense)			
Interest expense	(4,603)	(5,508)	(6,498)
Interest income	229	168	—
Changes in fair value of securities held	5,454	(5,494)	—
Foreign currency transaction loss	(844)	(814)	(1,149)
Other income (loss)	20	(374)	367
Total other income (expense)	256	(12,022)	(7,280)
Loss before income taxes and loss in non-marketable equity interest from continuing operations	(5,729)	(12,257)	(7,545)
Income tax expense (benefit) from continuing operations	2,763	511	(118)
(Loss) income in non-marketable equity interest, net of taxes	—	(409)	360
Loss from continuing operations	(8,492)	(13,177)	(7,067)
Discontinued operations:			
Loss from discontinued operations, net of income tax benefit of $23 in 2017	—	—	(737)
Net loss	$ (8,492)	$ (13,177)	$ (7,804)
Loss attributable to noncontrolling interest	—	—	(274)
Loss attributable to shareholders of Manitex International, Inc.	$ (8,492)	$ (13,177)	$ (8,078)

Year Ended December 31, 2019 from Continuing Operations Compared to Year Ended December 31, 2018 from Continuing Operations

Net loss from continuing operations

For the year ended December 31, 2019, net loss was $8.5 million, which consists of revenue of $224.8 million, cost of sales of $184.3 million, research and development costs of $2.7 million, SG&A costs of $43.7 million, interest expense of $4.6 million, interest income of $0.2 million, a gain in the change in fair value of securities held of $5.5 million, foreign currency transaction loss of $0.8 million, other income of $0.02 million, and income tax expense of $2.8 million.

For the year ended December 31, 2018, net loss was $13.2 million, which consists of revenue of $242.1 million, cost of sales of $198.1 million, research and development costs of $2.8 million, SG&A costs of $41.5 million, interest expense of $5.5 million, interest income of $0.2 million, a loss in the change in fair value of securities held of $5.5 million, foreign currency transaction loss of $0.8 million, other loss of $0.4 million, loss in non-marketable equity interest of $0.4 million and income tax expense of $0.5 million.

Net revenue and gross profit —For the year ended December 31, 2019, net revenue and gross profit were $224.8 million and $40.5 million, respectively. Gross profit as a percent of net revenues was 18.0% for the year ended December 31, 2019. For the year ended December 31, 2018, net revenue and gross profit were $242.1 million and $44.0 million, respectively. Gross profit as a percent of sales was 18.2% for the year ended December 31, 2018.

For 2019, revenues decreased $17.3 million or 7.1% from $242.1 million for 2018 to $224.8 million for 2019. The decreases are primarily due to decreases in sales of straight-mast and knuckle boom cranes and specialized mobile tank revenues. The revenues for the year ended December 31, 2019 were also unfavorably impacted by a weaker Euro, which accounted for approximately $5.0 million of the decrease in revenue.

Gross profit as a percent of net revenues was 18.0% for the year ended December 31, 2019, which decreased from 18.2% for the year ended December 31, 2018. The decrease in gross profit is attributable to a decrease in revenues and increases in inventory reserves and increases in chassis sales with low margins.

Research and development —Research and development for the year ended December 31, 2019 was $2.7 million compared to $2.8 million for the comparable period in 2018. Research and development expenditures were relatively consistent with the prior period. The Company's research and development spending continues to reflect our commitment to develop and introduce new products that give the Company a competitive advantage.

Selling, general and administrative expense —Selling, general and administrative expense for the year ended December 31, 2019 was $43.7 million compared to $41.5 million for the comparable period in 2018, an increase of $2.2 million. Approximately $2.4 million of the increase was related to impairment charges to intangible assets compared to 2018; other increases included roof repair at Badger, trade shows, salaries to support new product launch, PM restructuring costs, audit and consulting fees and bad debt reserves. These increases were partially offset by decreases in restatement fees and a favorable impact on foreign currency translation adjustments resulting from a weaker Euro.

Operating loss —The Company had an operating loss of $6.0 million for the year ended December 31, 2019 compared to an operating loss of $0.2 million in the prior year. Operating loss increased due to changes in revenue, cost of sales and operating expenses explained above.

Interest expense —Interest expense was $4.6 million and $5.5 million for the years ended December 31, 2019 and 2018, respectively. The decrease in interest expense was primarily attributed to a decrease in outstanding debt, which was partially offset by higher interest rates.

Foreign currency transaction loss — Foreign currency loss was $0.8 million for the years ended December 31, 2019 and 2018. As stated in the past, the Company attempts to purchase 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 will be offset by the changes in the market value of the forward currency exchange contracts it holds. Currency risks can be reduced but not eliminated in part because the Company has not been able to identify a strategy to effectively hedge the currency risks related to the Argentinian peso. The Company records at the balance sheet date the forward currency exchange contracts at their market value with any associated gain or loss being recorded in current earnings as a currency gain or loss.

A substantial portion of the 2019 loss is attributable to exchange losses related to the Argentinian peso. As previously stated, the Company has not been able to identify a strategy to effectively hedge currency risks related to the Argentinian peso.

Other income (loss) — For the years ended December 31, 2019 and 2018, the Company had other income of $0.02 million and other loss of $0.4 million, respectively. For the year ended December, 31, 2018, the other loss was related to the increase in the fair market value of a contingent liability associated with the PM acquisition based on a revaluation that used updated information.

Change in fair value of securities held— For the year ended December 31, 2019, the Company had a gain of $5.5 million. Income for the year ended December 31, 2019 were due to a change in the fair value of securities held in ASV. For the year ended December 31, 2018, the Company had losses of $5.5 million. Losses for the year ended December 31, 2018 were due to a change in the fair value of securities held in ASV (see Notes 11 and 26 in the accompanying Consolidated Financial Statements).

Income tax — Based on the weighting of all available positive and negative evidence, most notably significant negative evidence of three-year cumulative losses and a decline in sales during the third quarter of 2019, which led to a triggering event where goodwill is impaired, we determined that it is appropriate to establish a valuation allowance against the deferred tax assets of PM. The Company considered and weighed positive evidence including our existing backlog and how the backlog might enhance future earnings. However, because the accounting guidance for income taxes considers a projection of future earnings inherently subjective, it does not carry significant weight to overcome the objectively verifiable evidence of cumulative losses in recent years. Although the recognition of the valuation allowance is a non-cash charge of approximately $2.6 million to income tax expense, it did have a negative impact on earnings for the 12 months ended December 31, 2019. If these estimates and assumptions change in the future, the Company may be required to reduce its valuation allowance resulting in less income tax expense. The Company evaluates the likelihood of realizing its deferred tax assets quarterly.

The calculation of the overall income tax provision for the 12 months ended December 31, 2019 primarily consists of a domestic income tax provision resulting from state and local taxes, foreign income taxes, the change in unrecognized tax benefits and an increase in the valuation allowance for foreign deferred tax assets and state tax credits.

The Company's effective rate was an income tax provision of 48.24% on a pretax loss of $5.7 million compared to an income tax provision of 4.04% on a pretax loss of $12.7 million from prior year. The increase in the effective tax rate is due primarily to the tax effects related to the mix of domestic and foreign earnings, nondeductible permanent differences, domestic losses for which the Company is not recognizing an income tax benefit, the change unrecognized tax benefits and the increase in the valuation allowance for foreign deferred tax assets and state tax credits.

Loss in equity investments —The Company had a loss related to its equity investment of $0.4 million for the year ended December 31, 2018. Loss for the year ended December 31, 2018 was from sale of shares of ASV Holdings stock and loss on equity investment in ASV Holdings compared to income from equity investment in ASV Holdings.

Net loss from continuing operations —Net loss for the years ended December 31, 2019 and 2018 was $8.5 million and $13.2 million, respectively. The change is explained above.

Year Ended December 31, 2018 from Continuing Operations Compared to Year Ended December 31, 2017 from Continuing Operations

For discussion regarding the comparison of the results of operations for the year ended December 31, 2018 to the year ended December 31, 2017, refer to Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for fiscal year 2018, which was filed with the Securities and Exchange Commission on March 15, 2019, and is incorporated by reference.

Liquidity and Capital Resources

Cash, cash equivalents and restricted cash were $23.6 million and $22.3 million at December 31, 2019 and December 31, 2018, respectively. In addition, the Company has a U.S. revolving credit facility with a maturity date of July 20, 2023. At December 31, 2019 the Company had approximately $27.6 million available to borrow under its revolving credit facility.

At December 31, 2019, the PM Group had established working capital facilities with five Italian banks, one Spanish bank and eight South American banks. Under these facilities, the PM Group can borrow $24.0 million against orders, invoices and letters of credit. These facilities are divided into two types: working capital facilities and cash facilities. At December 31, 2019, the PM Group had received advances of $13.3 million. Future advances are dependent on having available collateral.

Our subsidiary in Argentina ("PM Argentina") began accounting for their operations as highly inflationary effective July 1, 2018, as required by GAAP. 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 December 31, 2019, PM Argentina had a small net peso monetary position. Net sales of PM Argentina were less than 5 percent of our consolidated net sales for the years ended December 31, 2019 and 2018, respectively.

Significant Transactions Affecting Company Liquidity

In September 2019, ASV was acquired by Yanmar American Corporation resulting in the Company receiving $7.05 per share in cash, or $7.6 million, for its remaining 1,080,000 shares of ASV.

During 2018, the Company entered into two transactions that had a significant beneficial impact on the Company's liquidity. In February 2018, the Company sold 1.0 million shares of ASV common stock it held for $7.0 million and on May 29, 2018 Tadano Ltd. purchased approximately 2.9 million shares of the Company's common stock, which generated cash of approximately $32.0 million, net of expenses. A portion of the proceeds raised in these two transactions were used to support an increase in working capital, the result of increased revenues. The remaining proceeds are the principal reason cash has increased by $16.9 million and debt has decreased by $22.9 million since year end.

Nevertheless, because our availability under our credit lines is limited, it is important that we manage our working capital. The Company may need to raise additional capital through debt or equity financings to support our long-term growth strategy, which may include additional acquisitions. There is no assurance that such financing will be available or, if available, on acceptable terms.

Outstanding borrowings and required payments

The following is a summary of our outstanding borrowings at December 31, 2019:

(In millions)

	Outstanding Balance	Interest Rate	Interest Paid	Principal Payment
U.S. Revolver	$ —	N/A	Monthly	July 20, 2023 maturity
Convertible note—Terex	7.3	7.5%	Semi-Annual	December 19, 2020 maturity
Convertible note—Perella	14.9	7.5%	Semi-Annual	January 7, 2021 maturity
Capital lease—cranes for sale	0.3	5.5%	Monthly	January 13, 2021 maturity
Capital lease—Georgetown facility	4.8	12.50%	Monthly	$0.06 million monthly payment includes interest. April 30, 2028 maturity
Note payable—Winona Facility	0.3	8.0%	Monthly	$0.01 million monthly
PM unsecured borrowings	11.7	3.5%	Annual	Annual installments starting December 2019 through December 2025
PM Autogru term loan #1	0.1	3.00%	Monthly	$0.01 million monthly through October 2020
PM Autogru term loan #2	0.2	2.50%	Monthly	$0.01 monthly through March 2020
PM Autogru term loan #3	0.3	2.75%	Monthly	Monthly through June 2023
PM term loans with related accrued interest, interest rate swaps and FMV adjustments	10.2	0 to 3.5%	Annual	Annual installments starting December 2019 and a balloon payment in December 2026
PM short-term working capital borrowings	14.4	1.75 to 65.0%	Monthly	Upon payment of invoice
Valla note payable	0.1	4.36%	Quarterly	Over 14 quarterly payments ending January 2021
Valla short-term working capital borrowings	0.3	1.67 to 4.75%	Monthly	Upon payment of invoice or letter of credit
	64.9			
Debt issuance costs	(0.1)			
Debt net of issuance costs	$ 64.8			

The debt has various maturity dates. See Notes 13 through 15 to the financial statements for additional details.

Change in outstanding debt

At December 31, 2019, our total debt was reduced by $8.2 million to $64.8 from $73.0 million at December 31, 2018. The primary difference is attributed to a decrease in the PM debt of $8.3 million which was paid off during the year.

The following is a summary of changes in debt related to continuing operations:

(In millions)

		Increase/ (decrease)
Capital leases—buildings		(0.2)
Capital leases—equipment		(0.2)
Convertible note—Terex		0.1
Convertible note—Perella		0.2
Badger notes payable		(0.1)
Valla notes payable		0.3
PM		(8.4)
		(8.3)
Debt issuance costs		0.1
	$	(8.2)

Cash Flows for 2019 and 2018

Operating Activities

For 2019, operating activities provided $3.2 million in cash compared to $1.0 million cash provided during 2018. Cash used by working capital was $1.0 million and $5.1 million for 2019 and 2018, respectively. Effective accounts receivable management generated $9.3 million cash in 2019 compared to the use of $0.3 million cash in 2018, partially offset by $7.6 million cash that was used to pay down accounts payable in 2019 compared to $2.8 million provided by accounts payable in 2018. Inventory represented a cash outflow of $2.4 million and $7.3 million for 2019 and 2018, respectively.

Investing Activities

Cash provided from investing activities was $5.8 million in 2019 which included $7.6 million in proceeds from the sale of an interest in an equity investment. Cash provided from investing activities was $5.8 million in 2018 which included $7.0 million proceeds from the sales of a partial interest in an equity investment. Cash payments for plant, property and equipment were $1.8 million in 2019 compared to payments of $1.2 million in 2018, an increase of $0.6 million.

Financing Activities

Cash flow from financing activities was an outflow of $8.0 million for the year ended December 31, 2019 which included principal loan payments of $3.0 million and a reduction in working capital borrowing of $3.9 million. Cash flow from financing activities was an inflow of $11.0 million for the year ended December 31, 2018 which included net proceeds of $31.9 million in connection with the sale of stock to Tadano, partially offset by a reduction in borrowing under the U.S. credit facility of $12.9 million and decrease in working capital borrowing of $5.6 million.

Contingencies

The Company is involved in various legal proceedings, including product liability and workers' compensation matters which have arisen in the normal course of operations. Certain cases are at a preliminary stage, and it is not possible to estimate the amount or timing of any cost to the Company.

The Company does not believe that these contingencies in aggregate will have a material adverse effect on the Company.

Additionally, 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 to claims.

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 or the minimum amount of a range of estimates when it is not possible to estimate the amount within the range that is most likely to occur. The Company established reserves for several PM lawsuits in conjunction with the purchase accounting for this acquisition.

As described in Note 16 to the Company's consolidated financial statements, included in the unrecognized tax benefits is a liability for the Romania income tax audit for tax years 2012-2018 and Italy for tax year 2016. Depending upon the final resolution of these audits, the liability could be higher or lower than the amount recorded at December 31, 2019.

Residual Value Guarantees

The Company issues partial residual value guarantees to support a customer's financing of equipment purchased from the Company. A residual value guarantee involves a guarantee that a piece of equipment will have a minimum fair market value at a future date if certain conditions are met by the customer. The Company has issued partial residual guarantees that have maximum exposure of approximately $1.6 million as of December 31, 2019. The Company, however, does not have any reason to believe that any exposure from such a guarantee is probable at this time and accordingly, no liability has been recorded. The Company's liability from its guarantees may be affected by economic conditions in used equipment markets at the time of loss.

Income Taxes

The Company records accrued interest related to income tax matters in the provision for income taxes in the accompanying consolidated statement of income. For the years ended December 31, 2019, 2018 and 2017, interest and penalties recognized on unrecognized tax benefits were $0.1, $0.3 and $0.01 million, respectively. The accrued balance as of December 31, 2019 and 2018 was $0.8 and $0.6 million, respectively. Included in the unrecognized tax benefits is a liability for the Romania income tax audit for tax years 2012-2018 and Italy for 2016. Depending upon the final resolution of the audit, the uncertain tax position liability could be higher or lower than the amount recorded at December 31, 2019. We believe that it is reasonably possible that a decrease of up to $0.4 million in unrecognized tax benefits within 12 months of the reporting date as a result of a lapse in the statute of limitations in various jurisdictions and for the resolution of the Italy tax audit.

The Company files income tax returns in the United States, Italy, Romania and Argentina as well as various state and local tax jurisdictions with varying statutes of limitations. With a few exceptions, the Company is no longer subject to examination by the tax authorities for U.S. federal or state for the years before 2016, or foreign examinations for years before 2012.

SEC Investigation

The Company continues to comply with the SEC investigation regarding the Company's restatement of prior financial statements, which was completed in April 2018.

Off Balance Sheet Arrangements

CIBC has issued 2 standby letters of credit at December 31, 2019. The first standby letter of credit is $0.5 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, this letter of credit was reduced by $0.075 million in January 2020. The second standby letter of credit is $20 thousand in favor of a governmental agency to secure obligations which may arise in connection with worker's compensation claims.

During the fourth quarter of 2015 and first quarter of 2016, the Company entered into four 60-month equipment operating leases in sales and lease back transactions. In connection with these transactions, the Company received $6.7 million, i.e., $2.6 million for the one executed in 2015 and a total of $4.1 million for the three executed in 2016. In February 2019, the Company came to an agreement with the bank to purchase the remaining equipment for $1.4 million.

The Company has issued partial residual value guarantees to support a customer's financing. A residual value guarantee involves a guarantee that a piece of equipment will have a minimum fair market value at a future date if certain conditions are met by the customer. The Company has issued partial residual guarantees that have maximum exposure of approximately $1.6 million in aggregate as of December 31, 2019. The Company, however, does not have any reason to believe that any exposure from any such guarantees is either probable or estimable at this time, as such, no liability has been recorded.

See Note 24 – "Legal Proceedings and Other Contingencies" in the Notes to the Consolidated Financial Statements for further information regarding our guarantees.

Contractual Obligations

The following is a schedule as of December 31, 2019 of our long-term contractual commitments, future minimum lease payments under non-cancelable operating lease arrangements and other long-term obligations.

(In thousands)

	Payments due by period				
	Total	2020	2021-2022	2023-2024	Thereafter
Working capital borrowings (3)	$ 14,666	$ 14,666	$ —	$ —	$ —
Term loans (4)	47,438	12,197	22,207	6,405	6,629
Operating lease obligations	5,557	1,305	1,501	832	1,919
Finance lease obligations (3)	5,063	478	762	1,054	2,769
Legal settlement (see Note 24) (3)	1,140	95	190	190	665
Purchase obligations (1)	21,014	21,014	—	—	—
Total	$ 94,878	$ 49,755	$ 24,660	$ 8,481	$ 11,982

(1) Except for a very insignificant amount, purchase obligations are for inventory items. Purchase obligations not for inventory would include research and development materials, supplies and services.

(2) At December 31, 2019, the Company had a reserve for unrecognized tax benefits of $4.3 million for which the Company is unable to make reasonably reliable estimates of the period of cash settlement with the respective tax authority. Thus, these liabilities (reserves) have not been included in the contractual obligations table. (See Note 16).

(3) PM working capital borrowing. Capital lease obligations and legal settlement includes imputed interest.

(4) Long-term debt obligations

Related Party Transactions

For a description of the Company’s related party transactions, please see Note 23 to the Company’s consolidated financial statements entitled “Transactions between the Company and Related Parties.”

Critical Accounting Policies and Estimates

The preparation of our financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect our reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that our estimates and assumptions are reasonable under the circumstances; however, actual results may vary from these estimates and assumptions under different future circumstances. We have identified the following critical accounting policies that affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Principals of Consolidation. The Company consolidates all entities that we control by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation (ownership of a majority voting interest) does not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which we have the variable interest is referred to as a "VIE." An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Although the Company did not have an ownership interest in S.V.W. Crane & Equipment Company and its wholly owned subsidiary Rental Consulting Service Company (collectively “SVW”), the Company had the power to direct the activities of SVW that most significantly impacted its economic performance and is absorbing the losses. SVW had obtained financing and had remitted the proceeds to the Company using inventory (cranes) owned by the Company as collateral. The finance companies that held the loans had a perfected security interest in the inventory and therefore had recourse against this specific inventory. Furthermore, the debt taken on by SVW was effectively guaranteed by the Company pursuant to certain related agreements.

Income and losses related to VIEs are typically shown in a company's financial statements as being attributed to a non-controlling interest. Other than its transactions between SVW and the Company, SVW had no other substantial business operations. Furthermore, the Company exercised control and absorbed all losses and received all the income from SVW operations. Therefore, the Company had concluded that income and losses related to the VIE are attributable to the Shareholders of the Company. By December 31, 2017, SVW had ceased operations and is therefore not a consolidated VIE after December 31, 2017.

The Company eliminates from our financial results all significant intercompany transactions, including the intercompany transactions with consolidated SVW.

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 through C&M. 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. Revenue and related costs are recognized when title passes and risk of loss passes to our customers which generally occurs upon shipment depending upon the terms of the contract. Under certain contracts with our customers title passes to the customers when the units are completed. The units are segregated from our inventory and identified as belonging to the customer, the customer is notified that the units are complete and awaiting pick up or delivery as specified by the customer before income is recognized. Additionally, the customer is requested to sign an "Invoice Authorization Form" which acknowledges the contract terms and acknowledges that the customer has economic ownership and control over the unit. It also acknowledges that we are going to invoice the unit per terms of the contract. The Company insures any custodial risk that it may retain.

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.

Interest Rate Swap Contracts. The Company enters into derivative instruments to manage its exposure to interest rate risk related to certain foreign term loans. Derivatives are initially recognized at fair value at the date the contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in current earnings immediately unless the derivative is designated and effective as a hedging instrument, in which case the effective portion of the gain or loss is recognized and is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedging instrument affects earnings (date of sale). As part of the acquisition of PM Group, which was acquired on January 15, 2015, the Company acquired interest rate swap contracts, which manage the exposure to interest rate risk related to term loans with certain financial institutions in Italy. These contracts have been determined not to be hedge instruments under ASC 815-10. Further details of derivative financial instruments are disclosed in Notes 6 and 7 to the Company's consolidated financial statements.

Allowance for Doubtful Accounts. Accounts Receivable is reduced by an allowance for amounts that may become uncollectible in the future. The Company's estimate for the allowance for doubtful accounts related to trade receivables includes evaluation of specific accounts where we have information that the customer may have an inability to meet its financial obligations.

Guarantees. The Company has issued partial residual guarantees to financial institutions related to a customer financing of equipment purchased by the customer. The Company must assess the probability of losses if the fair market value is less than the guaranteed residual value.

A residual value guarantee involves a guarantee that a piece of equipment will have a minimum fair market value at a future date. The Company will record a liability for the estimated fair value of guarantees issued pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 460, "Guarantees" ("ASC 460"). We recognize a loss under a guarantee when the obligation to make payment under the guarantee is probable and the amount of the loss can be estimated. If the expected equipment value is less than its guaranteed residual value, the Company would recognize a liability for the amount of the short-fall up to the amount of its partial guarantee. The Company is not responsible for any short-fall in excess of its partial guarantee.

Inventories and Related Reserve for Obsolete and Excess Inventory. Inventories are valued at the lower of cost or net realizable value and are reduced by a reserve for excess and obsolete inventories. The estimated reserve is based upon specific identification of excess or obsolete inventories.

Other Intangible Assets. The Company accounts for Other Intangible Assets under the guidance of ASC 350, "Intangibles—Goodwill and Other". 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.

Goodwill. Goodwill, representing the difference between the total purchase price and the fair value of assets (tangible and intangible) and liabilities at the date of acquisition, is reviewed for impairment annually, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets exceed their fair value. The Company does not amortize goodwill in accordance with Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC") 350, "Intangibles—Goodwill and Other" ("ASC 350"). The Company performed its annual impairment assessment as of September 30, 2019, prior to its October 1, 2019 annual measurement date. In 2019, due to a triggering event, the valuation analysis was performed at September 30, 2019. In 2018, the valuation was performed at October 1, 2018 and December 31, 2018.

For 2019 and 2018, the Company evaluated goodwill using the quantitative step one approach. In 2019 and 2018, goodwill is tested for impairment at the reporting unit level, which is defined as an operating segment or a component of an operating segment that constitutes a business for which discrete financial information with similar economic characteristics is available and operating results are regularly reviewed by our chief operating decision maker. For 2019 and 2018, the Company has five operating segments: Manitex, Badger, PM/Valla, Sabre and C&M. All operating segments are aggregated into one reporting segment. Only Manitex, PM/Valla and Sabre are tested for goodwill impairment as Badger and C&M have no goodwill. In 2019, goodwill was impaired at PM of $0.3 million and Sabre of $2.9 million. In 2018, goodwill was impaired at our PM/Valla operating segment of $3.2 million.

For 2017, goodwill was tested at the fully consolidated level excluding discontinued operations, as the Company was operating in a single operating segment.

Under "ASC 350", entities are provided with the option of first performing a qualitative assessment on none, some, or all of its reporting units to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If after completing a qualitative analysis, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value a quantitative analysis is required.

The Company evaluates its consolidated goodwill using the quantitative two step approach. The first step used to identify potential impairment involves comparing the reporting unit's estimated fair value to its carrying value, including goodwill. During the first step testing, the Company evaluates goodwill for impairment using a business valuation method, which is calculated as of a measurement date by determining the present value of debt-free, after-tax projected future cash flows, discounted at the weighted average cost of capital of a hypothetical third-party buyer. The market approach was also considered in evaluating the potential for impairment by calculating fair value based on multiples of earnings before interest, taxes, depreciation and amortization (EBITDA) of comparable, publicly traded companies. The Company also observed implied EBITDA multiples from relatively recent merger and acquisition activity in the industry, which was used to test the reasonableness of the results.

The second step of the process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated impairment. The implied fair value of goodwill is determined by measuring the excess of the estimated fair value of the reporting unit over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. An impairment loss cannot exceed the carrying value of goodwill assigned to a reporting unit and the subsequent reversal of goodwill impairment losses is not permitted.

For 2017, the first step did not indicate any impairment of goodwill.

The determination of fair value requires the Company to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to, revenue growth and operating earnings projections, discount rates, terminal growth rates, and required capital expenditure projections. Our projections make certain assumptions including expanding PM market share in North America, a normalization of energy markets over time and a continued expansion of dealer networks. If our progress in meeting these and other assumptions is slower or different than what was anticipated, it may impact our ability to meet the projections. Due to the inherent uncertainty involved in making these estimates, actual results could differ materially from those estimates. Deterioration in the market or actual results as compared with the projections (including not meeting near term projections) may result in impairment in the near term. In the event the Company determines that goodwill is impaired in the future the Company would need to recognize a non-cash impairment charge.

Impairment of Long-Lived Assets. The Company's policy is to assess the realizability of its long-lived assets, including intangible assets, and to evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (or group of assets) may not be recoverable. Impairment is determined to exist if the estimated future undiscounted cash flows are less than the carrying value. Future cash flow projections include assumptions for future sales levels, the impact of cost reduction programs, and the level of working capital needed to support each business. The amount of any impairment then recognized would be calculated as the difference between the estimated fair value and the carrying value of the asset. The Company recognized $8.1 million in impairment related to tradenames, goodwill and customer relationships for the year ended December 31, 2019. The Company recognized $5.7 million in net impairments related to goodwill and trademarks for the year ended December 31, 2018 but did not have any impairment for the year ended December 31, 2017.

Warranty Expense. The Company establishes reserves for future warranty expense at the point when revenue is recognized by the Company and is based on a percentage of revenues. The provision for estimated warranty claims, which is included in cost of sales, is based on sales.

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).

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 make an estimate of the amount of liability based, in part, on the advice of outside 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 16 to our Consolidated Financial Statements 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. Reporting "Comprehensive Income" requires reporting and displaying comprehensive income and its components. Comprehensive income includes, in addition to net earnings, other items that are reported as direct adjustments to stockholder's equity. Currently, the comprehensive income adjustment required for the Company is a foreign currency translation adjustment, the result of consolidating its foreign subsidiaries.

Business Combinations. The Company accounts for acquisitions in accordance with guidance found in ASC 805, Business Combinations. The guidance requires consideration given, including contingent consideration, assets acquired and liabilities assumed to be valued at their fair market values at the acquisition date. The guidance further provides that: (1) in-process research and development will be recorded at fair value as an indefinite-lived intangible asset; (2) acquisition costs will generally be expensed as incurred, (3) restructuring costs associated with a business combination will generally be expensed subsequent to the acquisition date; and (4) changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense.

ASC 805 requires that any excess of purchase price over fair value of assets acquired, including identifiable intangibles and liabilities assumed be recognized as goodwill. In accordance with ASC 805, any excess of fair value of acquired net assets, including identifiable intangibles assets, over the acquisition consideration results in a bargain purchase gain. Prior to recording a gain, the acquiring entity must reassess whether all acquired assets and assumed liabilities have been identified and recognized and perform re-measurements to verify that the consideration paid, assets acquired and liabilities assumed have been properly valued.

Recently Issued Pronouncements – Not Yet Adopted

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 will be the first quarter of fiscal year 2021 and early adoption is permitted. Adoption of Topic 740 is not expected to have a material effect on the Company’s consolidated financial statements.

In April 2019, the FASB issued ASU 2019-04, “Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments” (“ASU 2019-04”). ASU 2019-04 provides narrow scope amendments for Topics 326, 815 and 825. The effective date will be the first quarter of fiscal year 2020 and early adoption is permitted. The standard requires a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company adopted the new credit loss standard effective January 1, 2020 and determined it will not have a material effect on the Company’s financial statements.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” (“ASU 2016-13”). ASU 2016-13 sets forth a “current expected credit loss” model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable supportable forecasts. The guidance in this standard replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. Subsequently, the FASB issued the following standards related to ASU 2016-13: ASU 2018-19, “Codification Improvements to Topic 326, Financial Instruments - Credit Losses,” ASU 2019-05, “Financial Instruments-Credit Losses (Topic 326) Targeted Transition Relief,” and ASU 2019-11, “Codification Improvements to Topic 326, Financial Instruments-Credit Losses,” which provided additional guidance and clarity to ASU 2016-13 (collectively, the “Credit Loss Standard”). The effective date will be the first quarter of fiscal year 2020 and early adoption is permitted. The Credit Loss Standard will be applied using a modified retrospective approach. The Company adopted the new credit loss standard effective January 1, 2020 and determined it will not have a material effect on the Company’s financial statements.

Recently Adopted Accounting Guidance

In February 2018, the FASB issued ASU 2018-02, “Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income” (“ASU 2018-2”). ASU 2018-02 allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the “Jobs Act”. The Company has adopted this guidance as of January 1, 2019. The adoption of this guidance did not have a significant impact on our operating results.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)” (“ASU 2016-02”), which requires lessees to recognize assets and liabilities for leases with lease terms of more than 12 months and disclose key information about leasing arrangements. Consistent with current U.S. GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. Subsequently, the FASB issued the following standards related to ASU 2016-02: ASU 2018-01, “Land Easement Practical Expedient for Transition to Topic 842,” ASU 2018-10, “Codification Improvements to Topic 842, Leases”, ASU 2018-11, “Leases (Topic 842): Targeted Improvements” (“ASU 2018-11”) and ASU 2018-20, “Narrow-Scope Improvements for Lessors”, which provided additional guidance and clarity to ASU 2016-02 (collectively, the “New Lease Standard”). The Company adopted this guidance as of January 1, 2019. The transition method allows an entity to initially apply the requirements of the New Lease Standard at the adoption date, versus at the beginning of the earliest period presented, and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The New Lease Standard provides a number of optional practical expedients in transition. The Company elected the transition package of practical expedients, the practical expedient to not separate lease and non-lease components for all of its leases, and the short-term lease recognition exemption for all of its leases that qualify for it. The adoption of this guidance resulted in an addition of $3.2 million of total operating assets and $3.2 million of total operating lease liabilities with no income statement impact as of January 1, 2019.

Except as noted above, the guidance issued by the FASB is not expected to have a material effect on the Company’s consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to certain market risks that exist as part of our ongoing business operations and the Company uses derivative financial instruments, where appropriate, to manage our foreign exchange risks. As a matter of policy, the Company does not engage in trading or speculative transactions. For further information on accounting policies related to derivative financial instruments, refer to Note 7 - “Derivative Financial Instruments” in our Consolidated Financial Statements.

Foreign Exchange Risk

The Company is exposed to fluctuations in foreign currency cash flows related to third-party purchases and sales, intercompany product shipments and intercompany loans. The Company is also exposed to fluctuations in the value of foreign currency investments in subsidiaries and cash flows related to repatriation of these investments. Additionally, the Company is exposed to volatility in the translation of foreign currency earnings to U.S. Dollars. Primary exposures include the U.S. Dollar when compared to functional currencies of our major foreign subsidiaries, primarily the Euro. The Company assesses foreign currency risk based on transactional cash flows, identifies naturally offsetting positions and purchases hedging instruments to partially offset anticipated exposures. At December 31, 2019, the Company had no outstanding foreign currency exchange contracts being used to hedge future sale that would qualify as cash flow hedges. The Company, however, has foreign currency exchange contract to sell 3.02 billion Chilean pesos. This contract is intended to hedge an intercompany receivable that PM has from its Chilean subsidiary. This forward currency exchange contract has been determined not to be considered a hedge under ASC 815-10, as such aggregate changes in the translation effect of foreign currency exchange rate changes would have on our operating income. At December 31, 2019, the Company performed a sensitivity analysis on the effect that exchange rate changes would have on the Company. Based on this sensitivity analysis, we have determined that a change in the value of the U.S. Dollar relative to currencies outside the U.S. by 10% to amounts already incorporated in the financial statements for the year ended December 31, 2019 would have $0.1 million impact on the translation effect of foreign currency exchange rate changes already included in our reported operating income for the period.

Interest Rate Risk

The Company is exposed to interest rate volatility with regard to future issuances of fixed rate debt and existing issuances of variable rate debt. Primary exposure includes movements in the U.S. prime rate and EURIBOR. At December 31, 2019, the Company had approximately $59.9 million of variable interest debt with average weighted average interest rate at year end of approximately 4.6%. PM subsidiary had interest rate swaps on €0.001 million of its debt. The fair value of the interest rate swaps, which represents the cost to settle these arrangements at December 31, 2019 was approximately $0.001 million. At December 31, 2019, the Company performed a sensitivity analysis to determine the impact of an increase in interest rates. Based on this sensitivity analysis, the Company has determined that an increase of 10% in our average floating interest rates at December 31, 2019 would increase interest expense by approximately $0.3 million.

Commodities Risk

Principal materials and components that the Company uses in our various manufacturing processes include steel, castings, engines, tires, hydraulics, cylinders, drive trains, electric controls and motors, and a variety of other commodities and fabricated or manufactured items. Extreme movements in the cost and availability of these materials and components may affect the Company's financial performance. Changes to input costs did not have a significant effect on the Company's operating performance in 2019. During 2019, raw materials and components were generally available to meet our production schedules and had no significant impact on 2019 revenues.

In the absence of labor strikes or other unusual circumstances, substantially all materials and components are normally available from multiple suppliers. However, certain businesses receive materials and components from a single source supplier, although alternative suppliers of such materials may be generally available. Current and potential suppliers are evaluated on a regular basis on their ability to meet our requirements and standards. The Company actively manages our material supply sourcing, and may employ various methods to limit risk associated with commodity cost fluctuations and availability. The inability of suppliers, especially any single source suppliers for a particular business, to deliver materials and components promptly could result in production delays and increased costs to manufacture the Company's products. To mitigate the impact of these risks, the Company continues to search for acceptable alternative supply sources and less expensive supply options on a regular basis, including improving the globalization.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The report of the Company's independent registered public accounting firm and the Company's Consolidated Financial Statements are filed pursuant to this Item 8 and are included in this report. See the Index to Financial Statements.

Index to Financial Statements

The financial statements of the registrant required to be included in Item 8 are listed below:

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Manitex International, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Manitex International, Inc. and subsidiaries (the “Company”) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, shareholders’ equity, and cash flows for each of the two years ended December 31, 2019 and 2018, and the related notes and financial statement schedules included under Item 15(a) (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the two years in the periods ended December 31, 2019 and 2018, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) “PCAOB”), the Company’s internal control over financial reporting as of December 31, 2019 based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated March 10, 2020 expressed an adverse opinion.

Change in accounting principle

As discussed in Note 22 to the consolidated financial statements, the Company has changed its method of accounting for operating leases as of January 1, 2019 due to the adoption of ASU 2016-02, *Leases* (Topic 842).

Basis for opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2018.

Chicago, Illinois
March 10, 2020

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Manitex International, Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Manitex International, Inc. and subsidiaries (the "Company") as of December 31, 2019, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, because of the effect of the material weaknesses described in the following paragraphs on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2019, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

A material weakness is a deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment:

(1) The Company did not maintain adequate entity-level controls with respect to ensuring adequate supporting documentation for journal entries and review procedures with respect to journal entries and disbursements that were unusual in nature and of significant amounts.

(2) The Company did not maintain a formal and consistent policy for establishing inventory reserves for excess and obsolete inventory.

(3) The Company 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.

(4) The Company historically has grown through acquisition 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. The Company has 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) the Company's 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.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2019. The material weaknesses identified above were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2019 consolidated financial statements, and this report does not affect our report dated March 10, 2020, which expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other information

We do not express an opinion or any other form of assurance on management's remediation activities related to the material weaknesses in internal control over financial reporting as of December 31, 2019.

/s/ GRANT THORNTON LLP

Chicago, Illinois
March 10, 2020

Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Shareholders of Manitex International, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Manitex International, Inc. and Subsidiaries (the Company) as of December 31, 2017, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for the year ended December 31, 2017, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations and its cash flows for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

We served as the Company's auditor from 2006 through April 2018.

/s/ UHY LLP

Sterling Heights, Michigan
April 10, 2018

MANITEX INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	As of December 31, 2019	As of December 31, 2018
ASSETS		
Current assets		
Cash	$ 23,360	$ 22,103
Cash - restricted	217	245
Marketable equity securities	—	2,160
Trade receivables (net)	35,232	45,448
Other receivables	1,033	1,327
Inventory (net)	58,734	58,024
Prepaid expense and other	4,841	3,993
Total current assets	123,417	133,300
Total fixed assets, net of accumulated depreciation of $16,818 and $14,826, at December 31, 2019 and 2018, respectively	19,348	20,249
Operating lease assets	2,274	—
Intangible assets (net)	17,032	24,773
Goodwill	32,635	36,298
Other long-term assets	281	263
Deferred tax asset	415	2,366
Total assets	$ 195,402	$ 217,249
LIABILITIES AND EQUITY		
Current liabilities		
Notes payable	$ 18,212	$ 22,706
Convertible note-related party (net)	7,323	—
Current portion of finance lease obligations	476	422
Current portion of operating lease obligations	920	—
Accounts payable	29,974	36,896
Accounts payable related parties	228	1,371
Accrued expenses	9,325	9,249
Customer deposits	1,618	2,310
Total current liabilities	68,076	72,954
Long-term liabilities		
Notes payable (net)	19,446	23,134
Finance lease obligations (net of current portion)	4,584	5,061
Non-current operating lease obligations	1,361	—
Convertible note-related party (net)	—	7,158
Convertible note (net)	14,760	14,530
Deferred gain on sale of property	667	842
Deferred tax liability	1,045	92
Other long-term liabilities	5,913	5,474
Total long-term liabilities	47,776	56,291
Total liabilities	115,852	129,245
Commitments and contingencies		
Equity		
Preferred Stock—Authorized 150,000 shares, no shares issued or outstanding at December 31, 2019 and 2018	—	—
Common Stock—no par value 25,000,000 shares authorized, 19,713,185 and 19,645,773 shares issued and outstanding at December 31, 2019 and 2018, respectively	130,710	130,260
Paid in capital	2,793	2,674
Retained deficit	(50,253)	(41,761)
Accumulated other comprehensive loss	(3,700)	(3,169)
Total equity	79,550	88,004
Total liabilities and equity	$ 195,402	$ 217,249

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)

	For the years ended December 31, 2019	2018	2017
Net revenues	$ 224,776	$ 242,107	$ 213,112
Cost of sales	184,320	198,060	176,266
Gross profit	40,456	44,047	36,846
Operating expenses			
Research and development costs	2,714	2,839	2,564
Selling, general and administrative expenses	35,615	35,707	34,547
Impairment of intangibles	8,112	5,736	—
Total operating expenses	46,441	44,282	37,111
Operating loss	(5,985)	(235)	(265)
Other income (expense)			
Interest expense	(4,603)	(5,508)	(6,498)
Interest income	229	168	—
Change in fair value of securities held	5,454	(5,494)	—
Foreign currency transaction loss	(844)	(814)	(1,149)
Other income (loss)	20	(374)	367
Total other income (expense)	256	(12,022)	(7,280)
Loss before income taxes and loss in non-marketable equity interest from continuing operations	(5,729)	(12,257)	(7,545)
Income tax expense (benefit) from continuing operations	2,763	511	(118)
(Loss) income in equity investments, net of taxes	—	(409)	360
Loss from continuing operations	(8,492)	(13,177)	(7,067)
Discontinued operations: (Note 26)			
Loss from operations of discontinued operations (including loss on disposal of $1,302 in 2017)	—	—	(742)
Income tax benefit	—	—	(5)
Loss on discontinued operations	—	—	(737)
Net loss	(8,492)	(13,177)	(7,804)
Loss attributable to noncontrolling interest	—	—	(274)
Loss attributable to shareholders of Manitex International, Inc.	$ (8,492)	$ (13,177)	$ (8,078)
Earnings (loss) Per Share			
Basic			
Loss from continuing operations attributable to shareholders of Manitex International, Inc.	$ (0.43)	$ (0.72)	$ (0.43)
Loss from discontinued operations attributable to shareholders of Manitex International, Inc.	$ —	$ —	$ (0.06)
Loss attributable to shareholders of Manitex International, Inc.	$ (0.43)	$ (0.72)	$ (0.49)
Diluted			
Loss from continuing operations attributable to shareholders of Manitex International, Inc.	$ (0.43)	$ (0.72)	$ (0.43)
Loss from discontinued operations attributable to shareholders of Manitex International, Inc.	$ —	$ —	$ (0.06)
Loss attributable to shareholders of Manitex International, Inc.	$ (0.43)	$ (0.72)	$ (0.49)
Weighted average common shares outstanding			
Basic	19,687,414	18,409,296	16,548,444
Diluted	19,687,414	18,409,296	16,548,444

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	For the year ended December 31,		
	2019	2018	2017
Net loss:	$ (8,492)	$ (13,177)	$ (7,804)
Other comprehensive loss			
Foreign currency translation adjustments	(531)	(2,134)	3,237
Total other comprehensive (loss) income	(531)	(2,134)	3,237
	(9,023)	(15,311)	(4,567)
Comprehensive income attributable to noncontrolling interest	—	—	(274)
Total comprehensive loss attributable to shareholders of Manitex International, Inc.	$ (9,023)	$ (15,311)	$ (4,841)

The accompanying notes are an integral part of these financial statements

(In thousands, except per share data)

	For the year ended December 31, 2019	2018	2017
Number of common shares outstanding			
Balance at beginning of the year	19,645,773	16,617,932	16,200,294
Employee 2004 incentive plan grant	72,834	122,820	124,151
Repurchase to satisfy withholding and cancelled	(5,422)	(13,521)	(22,820)
Shares issued under ATM program	—	—	294,524
Stock issued in connection with asset purchase	—	—	21,783
Shares issued to Tadano (see Note 21)	—	2,918,542	—
Balance end of year	19,713,185	19,645,773	16,617,932
Common Stock			
Balance at beginning of the year	$ 130,260	$ 97,661	$ 94,324
Employee 2004 incentive plan grant	484	981	925
Repurchase to satisfy withholding and cancelled	(34)	(125)	(168)
Shares issued under ATM program	—	—	2,426
Shares issued to pay rent	—	—	154
Shares issued to Tadano	—	31,743	—
Balance end of year	$ 130,710	$ 130,260	$ 97,661
Paid in Capital			
Balance at beginning of the year	$ 2,674	$ 2,802	$ 2,918
Proportional share of increase in equity investments paid in capital	—	14	11
Employee 2004 incentive plan grant	119	(142)	(127)
Balance end of year	$ 2,793	$ 2,674	$ 2,802
Retained Deficit			
Balance deficit at beginning of the year	$ (41,761)	$ (28,583)	$ (20,505)
Net loss attributable to shareholders of Manitex International, Inc.	(8,492)	(13,177)	(8,078)
Deficit end of year	$ (50,253)	$ (41,761)	$ (28,583)
Accumulated Other Comprehensive Loss			
Deficit at beginning of the year	$ (3,169)	$ (1,035)	$ (4,272)
(Loss) gain on foreign currency translation	(531)	(2,134)	3,237
Deficit end of year	$ (3,700)	$ (3,169)	$ (1,035)
Equity Attributable to Noncontrolling Interest			
Balance at beginning of the year	$ —	$ —	$ 25,164
Deconsolidation of ASV	—	—	(25,438)
Net income attributable to noncontrolling interest	—	—	274
Balance end of year	$ —	$ —	$ —

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)

	For the years ended December 31, 2019	2018	2017
Cash flows from operating activities:			
Net loss	$ (8,492)	$ (13,177)	$ (7,804)
Adjustments to reconcile net loss to cash provided by operating activities:			
Depreciation and amortization	4,702	4,989	5,107
Changes in allowances for doubtful accounts	646	10	20
Loss on disposal of assets	34	4	90
Changes in inventory reserves	1,253	2,539	1,089
Changes in deferred income taxes	2,285	(1,210)	(1,509)
Amortization of deferred financing cost	221	208	632
Revaluation of contingent acquisition liability	—	345	(346)
Write down of goodwill	3,165	3,192	—
Write down of trademark	2,310	2,544	—
Write down of customer relationships	2,637	—	—
Amortization of debt discount	421	(85)	446
Change in value of interest rate swaps	(2)	(3)	(428)
Loss (income) in equity investments	—	204	(360)
Change in value of securities held	(5,454)	5,494	—
Share-based compensation	603	639	798
Deferred gain on sale and lease back	(95)	(47)	(9)
Reserves for uncertain tax provisions	45	357	49
Loss on sale of discontinued operations	—	87	1,290
Rent paid in stock	—	—	154
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable	9,282	(296)	(11,130)
(Increase) decrease in inventory	(2,395)	(7,277)	17,068
(Increase) decrease in prepaid expenses	(624)	373	2,641
(Increase) decrease in other assets	125	(241)	99
(Decrease) increase in accounts payable*	(7,567)	2,764	(2,619)
Increase (decrease) in accrued expense	185	(277)	(412)
(Decrease) increase in other current liabilities	(519)	(875)	679
Increase in other long-term liabilities	471	742	24
Discontinued operations - cash provided by operating activities	—	—	3,508
Net cash provided by operating activities	3,237	1,003	9,077
Cash flows from investing activities:			
Proceeds from the sale of equity investment	7,614	7,000	—
Proceeds from the sale of fixed assets	—	8	15
Purchase of property and equipment	(1,778)	(1,196)	(1,023)
Investment in intangibles other than goodwill	(7)	(21)	(65)
Proceeds from the sale of discontinued operations	—	—	12,892
Discontinued operations - cash provided by investing activities	—	—	(84)
Net cash provided by investing activities	5,829	5,791	11,735
Cash flows from financing activities:			
Net proceeds from stock offering	—	31,942	2,426
Payments on revolving term credit facilities	—	(134,993)	(134,614)
Borrowings on revolving credit facility	—	122,100	127,550
Net (repayments) borrowings on working capital facilities	(3,852)	(5,568)	3,397
New borrowings- other	588	7	2,600
Note payments	(4,110)	(1,922)	(16,465)
Bank fees and cost related to new financing	(141)	(50)	(50)
Shares repurchased for income tax withholding on share-based compensation	(34)	(124)	(168)
Proceeds from sale and leaseback	—	—	896
Payments on capital lease obligations	(422)	(378)	(1,381)
Discontinued operations - cash used for financing activities	—	—	(5,058)
Net cash (used for) provided by financing activities	(7,971)	11,014	(20,867)
Net increase (decrease) in cash and cash equivalents	1,095	17,808	(55)
Effect of exchange rate changes on cash	134	(826)	107
Cash and cash equivalents at the beginning of the year	22,348	5,366	5,314
Cash and cash equivalents at end of period	$ 23,577	$ 22,348	$ 5,366

(See Note 17 for other supplemental cash flow information)

*Includes related party activities, see Note 23.

The accompanying notes are an integral part of these financial statements

Note 1. Nature of Operations

The Company is a leading provider of engineered lifting solutions. The Company operates in a single reportable segment and five operating segments.

The Company designs, manufactures and distributes a diverse group of products that serve different functions and are used in a variety of industries. Through its Manitex, Inc. ("Manitex") subsidiary it 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 Equipment Company ("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 is a leading Italian manufacturer of truck mounted hydraulic knuckle boom cranes and a product range spanning more than 50 models. Through its consolidated subsidiaries, PM has locations in Modena, Italy; Arad, Romania; Chassieu, France; Buenos Aires, Argentina; Santiago, Chile; London, UK and Mexico City, Mexico.

Valla is located in Piacenza, Italy and 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. The product is sold internationally through dealers and into the rental distribution channel.

Manitex Sabre, Inc., ("Sabre") which is located in Knox, Indiana, manufactures a comprehensive line of specialized mobile tanks for liquid and solid storage and containment solutions with capacities from 8,000 to 21,000 gallons. Its mobile tanks are sold to specialized independent tank rental companies and through the Company's existing dealer network. The tanks are used in a variety of end markets such as petrochemical, waste management and oil and gas drilling.

C&M and C&M Leasing are located in Bridgeview, Illinois. C&M is a distributor of new and used Manitex branded products as well as Terex rough terrain and truck cranes. C&M also provides repair services in Chicago and supplies repair parts for a wide variety of medium to heavy duty construction equipment. C&M Leasing rents equipment that is manufactured by the Company as well as a limited amount of equipment manufactured by third parties.

Consolidated Variable Interest Entity

Even though it had no ownership interest in SVW Crane & Equipment Company (together with its wholly owned subsidiary, Rental Consulting Service Company, "SVW"), the Company had the power to direct the activities that most significantly impacted SVW's economic performance. Additionally, the Company was the primary beneficiary of the SVW relationship. SVW obtained third party financing, which was effectively guaranteed by the Company, on specific cranes the Company manufactured and remitted the loan proceeds to the Company. Other than its business transactions described herein, SVW had no other substantial business operations. The Company has determined that SVW is a Variable Interest Entity ("VIE") that under current accounting guidance needs to consolidate in the Company's financial results. SVW was consolidated into the Company's financial results beginning in the first quarter of 2016 through the fourth quarter of 2017. By December 31, 2017, SVW had ceased operations and is therefore not a consolidated VIE after December 31, 2017.

Discontinued Operations

ASV (as defined below) is located in Grand Rapids, Minnesota manufactures a line of high-quality compact track and skid steer loaders. The products are used in site clearing, general construction, forestry, golf course maintenance and landscaping industries, with general construction being the largest. ASV's financial results are included in the Company's consolidated results beginning on December 20, 2014.

Prior to the quarter ended June 30, 2017, the Company owned a 51% interest in ASV Holdings, Inc., which was formerly known as A.S.V., LLC ("ASV" or "ASV Holdings"). On May 11, 2017, in anticipation of an initial public offering, ASV converted from an LLC to a C-Corporation and the Company's 51% interest was converted to 4,080,000 common shares of ASV. On May 17, 2017, in connection with its initial public offering, ASV sold 1,800,000 of its own shares and the Company sold 2,000,000 shares of ASV common stock and reduced its investment in ASV to a 21.2% interest. ASV was deconsolidated and was recorded as an equity investment starting with the quarter ended June 30, 2017. Periods ending before June 30, 2017 reflect ASV as a discontinued operation. In February 2018, the Company sold an additional 1,000,000 shares of ASV that it held which reduced the Company's investment in ASV to approximately 11.0%. The Company ceased accounting for its investment in ASV under the equity method and began accounting for its investment as a marketable equity security. In September 2019, in connection with the sale of ASV to Yanmar American Corporation, the Company received cash merger consideration for its remaining 1,080,000 shares of ASV and no longer has an investment in ASV. Financial information (related to periods before June 2017) included in this 10-K reflect ASV Holdings as a discontinued operation.

Note 2. Basis of Presentation

The consolidated financial statements, included herein, have been prepared by the Company pursuant to the rules and regulations of the United States Securities and Exchange Commission. Pursuant to these rules and regulations, the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Financial statements are presented in thousands of dollars except for share and per share amounts.

Note 3. Summary of Significant Accounting Policies

The summary of significant accounting policies of Manitex International, Inc. 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.

Principals of Consolidation—The Company consolidates all entities that we control by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation (ownership of a majority voting interest) does not apply. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which we had this interest is referred to as a Variable Interest Entity ("VIE"). An enterprise must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary had both (1) the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses or the right to receive benefits from the VIE that would potentially be significant to the VIE.

Although the Company did not have an ownership interest in S.V.W. Equipment Crane Company and its wholly owned subsidiary Rental Consulting Services Corporation (collectively "SVW"), the Company had the power to direct the activities of SVW that most significantly impacted its economic performance and is absorbing the losses. As such, the Company had determined that SVW was a VIE that required consolidation. SVW had obtained financing and had remitted the proceeds to the Company using inventory (cranes) owned by the Company as collateral. The finance companies that held the loans had a perfected security interest in the inventory and therefore had recourse against this specific inventory. Furthermore, the debt taken on by the SVW was effectively guaranteed by the Company pursuant to certain related agreements. By December 31, 2017, SVW ceased operations and is not a consolidated VIE after December 31, 2017.

The Company eliminated from the Company's financial results all significant intercompany transactions, including the intercompany transactions with consolidated VIEs.

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.

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 $217 and $245 at December 31, 2019 and 2018, 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 through Crane & Machinery, Inc. 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.

Investment—Equity Method of Accounting — Beginning with the quarter ended June 30, 2017, the Company accounted for its 21.2% investment in ASV under the equity method of accounting. Under the equity method, the Company's share of the net income (loss) of ASV was recognized as income (loss) in the Company's statement of operations and added to the investment account, and dividends received from ASV were treated as a reduction of the investment account. The Company reports ASV's earnings on a one quarter lag as ASV may not report earnings in time to be included in the Company's financial statements for any given reporting period.

On May 17, 2017 (the date ASV became an equity investment), the Company's investment in ASV exceeded the proportional share of ASV's net assets. Under current applicable guidance, assets and liabilities of the investee (ASV) were valued at fair market value on the date of the investment. The Company's investment, however, was not adjusted for the difference between the Company's proportional share of the net assets and the fair value of the assets that existed on the date that the investment was made. The differences were accounted for on a memo basis. The differences can be either of temporary nature or permanent differences. Adjustment to inventory and identifiable intangible assets with finite lives are temporary differences. Fair market adjustments to land and goodwill are examples of permanent differences. Differences related to temporary items are amortized over their lives. Earnings recognized are the proportional share of investee's income for the period adjusted for reversal of any timing differences or additional amortization related to the memo fair market adjustments of identifiable intangible assets that have finite lives.

Between February 26 and 28, 2018, the Company sold 1,000,000 shares of ASV stock reducing the Company's investment in ASV to approximately 11.0%. See Notes 11 and 26. During the quarter ended March 31, 2018, the Company:

- Recognized its proportional share of ASV loss for the three months ended December 31, 2017,
- Recorded a loss on the sale of shares,
- Ceased accounting for ASV as an equity investment, and
- Valued its remaining investment in ASV at its current market value.

In addition, our non-marketable equity investments are investments we have made in privately-held companies accounted for under the equity method. We periodically review our non-marketable equity investments for impairment. In September 2019, in connection with the sale of ASV to Yanmar American Corporation, the Company received cash merger consideration for its remaining 1,080,000 shares of ASV and no longer has an investment in ASV.

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 $686 and $37 at December 31, 2019 and 2018, respectively. The Company also has in some instances a security interest in its accounts receivable until payment is received.

Guarantees — The Company has issued partial residual guarantees to financial institutions related to a customer financing of equipment purchases by the customer. The Company must assess the probability of losses if the fair market value is less than the guaranteed residual value.

A residual value guarantee involves a guarantee that a piece of equipment will have a minimum fair market value at a future date. The Company will record a liability for the estimated fair value of guarantees issued pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 460, "Guarantees" ("ASC 460"). We recognize a loss under a guarantee when the obligation to make payment under the guarantee is probable and the amount of the loss can be estimated. If the expected equipment value is less than its guaranteed residual value, the Company would recognize a liability for the amount of the short-fall up to the amount of its partial guarantee. The Company is not responsible for any short-fall in excess of its partial guarantee.

Property, Equipment and Depreciation —Property and equipment are stated at cost or the fair market value at date of acquisition for property and equipment acquired in connection with the acquisition of a company. Depreciation of property and equipment is provided over the following useful lives:

Asset Category	Depreciable Life
Buildings	12 –33 years
Machinery and equipment	3 – 15 years
Furniture and fixtures	2 – 10 years
Leasehold improvements	5 – 7 years
Motor Vehicles	3 – 7 years
Computer software	3 – 5 years

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 years ended December 31, 2019, 2018 and 2017 was $2,248, $2,220 and $2,380, respectively.

Other Intangible Assets —The Company accounts for Other Intangible Assets under the guidance of ASC 350, "Intangibles—Goodwill and Other". 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. For the year ended December 31, 2019, there was impairment of $2,310 to indefinite lived trademarks and $2,637 to customer relationships. For the year ended December 31, 2018 there was impairment of $2,544 related to an indefinite lived trademark. For the year ended December 31, 2017, there was no impairment.

Goodwill — Goodwill, representing the difference between the total purchase price and the fair value of assets (tangible and intangible) and liabilities at the date of acquisition, is reviewed for impairment annually, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets exceed their fair value. The Company does not amortize goodwill in accordance with Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC") 350, "Intangibles—Goodwill and Other" ("ASC 350"). The Company selected September 30 as the date for the required annual impairment test. In 2019, due to a triggering event related to declining revenue and profitability along with missed projections compared to budget, the valuation analysis was performed at September 30, 2019. In 2018, the valuation analysis was performed at December 31, 2018.

For 2019 and 2018, the Company evaluated goodwill using the quantitative step one approach. In 2019 and 2018, goodwill is tested for impairment at the reporting unit level, which is defined as an operating segment or a component of an operating segment that constitutes a business for which discrete financial information with similar economic characteristics is available and operating results are regularly reviewed by our chief operating decision maker. For 2019 and 2018, we have five operating segments: Manitex, Badger, PM/Valla, Sabre and C&M. All operating segments are comprised of one reporting unit. Only Manitex, PM/Valla and Sabre were tested for goodwill impairment as Badger and C&M have no goodwill. In 2019, goodwill was impaired at PM of $315 and Sabre of $2,850. In 2018, the Company had net impairment of $3,192 million at our PM/Valla operating segment.

For 2017, goodwill was tested at the fully consolidated level excluding discontinued operations, as the Company was operating in a single operating segment.

Under ASC350, entities are provided with the option of first performing a qualitative assessment on none, some, or all of its reporting units to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If after completing a qualitative analysis, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value a quantitative analysis is required.

For 2017, the Company evaluated its consolidated goodwill using the quantitative two step approach. The first step used to identify potential impairment involves comparing the reporting unit's estimated fair value to its carrying value, including goodwill. During the first step testing, the Company evaluates goodwill for impairment using a business valuation method, which is calculated as of a measurement date by determining the present value of debt-free, after-tax projected future cash flows, discounted at the weighted average cost of capital of a historical third-party buyer. The market approach was also considered in evaluating the potential for impairment by calculating fair value based on multiples of earnings before interest, taxes, depreciation and amortization (EBITDA) of comparable, publicly traded companies. The Company also observed implied EBITDA multiples from relatively recent merger and acquisition activity in the industry, which was used to test the reasonableness of the results.

The second step of the process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated impairment. The implied fair value of goodwill is determined by measuring the excess of the estimated fair value of the reporting unit over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. An impairment loss cannot exceed the carrying value of goodwill assigned to a reporting unit and the subsequent reversal of goodwill impairment losses is not permitted.

For 2017, the first step did not indicate any impairment of goodwill.

The determination of fair value requires the Company to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to, revenue growth and operating earnings projections, discount rates, terminal growth rates, and required capital expenditure projections. Our projections make certain assumptions including expanding PM market share in North America, a normalization of energy markets over time and a continued expansion of dealer networks. If our progress in meeting these and other assumptions is slower or different than what was anticipated, it may impact our ability to meet the projections. Due to the inherent uncertainty involved in making these estimates, actual results could differ materially from those estimates. Deterioration in the market or actual results as compared with the projections (including not meeting near term projections) may result in impairment in the near term. In the event the Company determines that goodwill is impaired in the future the Company would need to recognize a non-cash impairment charge.

Impairment of Long-Lived Assets —The Company's policy is to assess the realizability of its long-lived assets, including intangible assets, and to evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (or group of assets) may not be recoverable. Impairment is determined to exist if the estimated future undiscounted cash flows are less than the carrying value. Future cash flow projections include assumptions for future sales levels, the impact of cost reduction programs, and the level of working capital needed to support each business. The amount of any impairment then recognized would be calculated as the difference between estimated fair value and the carrying value of the asset. The Company considered declining revenue and profitability along with missed projections compared to budget along with actual results to be triggering events and as such a valuation analysis was performed. For the year ended December 31, 2019, there was impairment of $2,310 to an indefinite lived trademark and $2,637 to customer relationships. The Company recognized $2,544 of impairment charges on trademark for the year ended December 31, 2018 but did not have any impairment for the year ended December 31, 2017.

Inventory —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 of excess or obsolete inventories. Selling, general and administrative expenses are expensed as incurred and are not capitalized as a component of inventory.

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 in relationship such that the exchange gains and losses on the assets and liabilities that are being hedged which are 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 at the balance sheet date 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 Statement of Operations in the other income expense section on the line titled foreign currency transaction gain (loss).

The forward currency contracts to hedge future sales are designated as cash flow hedges under ASC 815-10. As required, forward currency contracts are recognized as an asset or liability at fair value on the Company's Consolidated Balance Sheet. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings (date of sale). Gains or losses on cash flow hedges when recognized into income are included in net revenues.

Interest Rate Swap Contracts—The Company enters into derivative instruments to manage its exposure to interest rate risk related to certain foreign term loans. Derivatives are initially recognized at fair value at the date the contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in current earnings immediately unless the derivative is designated and effective as a hedging instrument, in which case the effective portion of the gain or loss is recognized and is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedging instrument affects earnings (date of sale). As part of the acquisition of PM Group, which was acquired on January 15, 2015, the Company acquired interest rate swap contracts, which manage the exposure to interest rate risk related to term loans with certain financial institutions in Italy. These contracts have been determined not to be hedge instruments under ASC 815-10.

Credit Risk Concentrations — Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash, trade receivables and payables. The Company maintains its cash balances principally at a bank located in Chicago, Illinois as well as several separate Italian banks. At December 31, 2019 and 2018, the Company had uninsured balances of $23,327 and $22,098, respectively. Revenues for the year ended December 31, 2017 included one customer, Rush Truck Center that represented approximately 12.0% of total revenue. No other customer represented more than 10% of revenues for the year ended December 31, 2017. In 2019 and 2018, no one customer accounted for 10% or more of total company's revenues.

For the years ended December 31, 2019 and 2018, no customers accounted for 10% or more of total Company's accounts receivable.

For 2019, 2018 and 2017 purchases from any single supplier did not exceed 10% of total purchases.

Research and Development Expenses— The Company expenses research and development costs, as incurred. For the periods ended December 31, 2019, 2018 and 2017 expenses were $2,714, $2,839 and $2,564, respectively.

Advertising —Advertising costs are expensed as incurred and were $983, $572 and $994 for the years ended December 31, 2019, 2018 and 2017, 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).

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 outside legal counsel.

Accounting for Marketable Equity Securities— Marketable equity securities are valued at fair market value based on the closing price of the stock on the date of the balance sheet. Gains and loss related fair value adjustments related to marketable equity securities are recorded into income each reporting period.

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.

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. In the second quarter of 2018, published inflation indices indicated that the three-year cumulative inflation in Argentina exceeded 100 percent, and as of July 1, 2018, we elected to adopt highly inflationary accounting for our subsidiary in Argentina ("PM Argentina"). 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 December 31, 2019, PM Argentina had a small net peso monetary position. Net sales of PM Argentina were less than 5 percent of our consolidated net sales for the years ended December 31, 2019 and 2018, respectively.

Use of Estimates —The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 16, 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.

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. The Equipment Distribution segment does not accrue for warranty costs at the time of sales, as they are reimbursed by the manufacturers for any warranty that they provide to their customers.

A liability for estimated warranty claims is accrued at the time of sale. The liability is established using historical warranty claim experience. Historical warranty experience is, however, reviewed by management. 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. Warranty reserves are reviewed to ensure critical assumptions are updated for known events that may impact the potential warranty liability.

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 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 other long-term assets on the Company's balance sheet.

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

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 ("EPS") is based on the "Treasury Stock Method" prescribed in ASC 260-10, Earnings per Share. This method assumes 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, warrants, restricted stock, convertible debt 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 consolidated statement of income over the service period (generally the vesting period).

Comprehensive Income — "Reporting Comprehensive Income" requires reporting and displaying comprehensive income and its components. Comprehensive income includes, in addition to net earnings, other items that are reported as direct adjustments to shareholder's equity. Currently, the comprehensive income adjustment required for the Company is a foreign currency translation adjustment, the result of consolidating its foreign subsidiary.

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings (date of sale). See Note 7 for additional details.

Reclassifications —A reclassification was made to properly reflect certain accounts as prepaid expenses which were previously recorded in other receivables and deferred financing fees. This resulted in reclasses of $1,047 out of other receivables and $1,307 out of deferred financing fees into prepaid expenses in 2018 to align with 2019.

Business Combinations —The Company accounts for acquisitions in accordance with guidance found in ASC 805, Business Combinations. The guidance requires consideration given, including contingent consideration, assets acquired and liabilities assumed to be valued at their fair market values at the acquisition date. The guidance further provides that: (1) in-process research and development will be recorded at fair value as an indefinite-lived intangible asset; (2) acquisition costs will generally be expensed as incurred, (3) restructuring costs associated with a business combination will generally be expensed subsequent to the acquisition date; and (4) changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense.

ASC 805 requires that any excess of purchase price over fair value of assets acquired, including identifiable intangibles and liabilities assumed be recognized as goodwill. In accordance with ASC 805, any excess of fair value of acquired net assets, including identifiable intangibles assets, over the acquisition consideration results in a bargain purchase gain. Prior to recording a gain, the acquiring entity must reassess whether all acquired assets and assumed liabilities have been identified and recognized and perform re-measurements to verify that the consideration paid, assets acquired and liabilities assumed have been properly valued.

Note 4. 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 through Crane & Machinery, Inc. 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.

The following table disaggregates our sources of revenues for the years indicated (ended December 31):

	2019	2018
Boom trucks, knuckle boom & truck cranes	$ 155,562	$ 175,895
Rough terrain cranes	10,077	7,384
Mobile tanks	9,100	11,413
Installation services	6,295	4,134
Other equipment	15,344	14,547
Part sales	28,398	28,734
Total Revenue	$ 224,776	$ 242,107

	2019	2018
Equipment sales	$ 190,083	$ 209,239
Part sales	28,398	28,734
Installation services	6,295	4,134
Total Revenue	$ 224,776	$ 242,107

The Company attributes revenue to different geographic areas based on where items are shipped to or services are performed. The following table provides details of revenues by geographic area for the years ended December 31, 2019, 2018 and 2017, respectively.

	2019	2018	2017
United States	$ 116,788	$ 124,060	$ 102,718
Canada	17,604	24,516	18,205
Italy	25,819	20,402	18,759
France	7,614	9,826	6,085
Other	9,506	8,158	2,708
Chile	10,099	8,297	7,919
Argentina	6,272	8,214	16,101
United Kingdom	6,089	8,117	6,985
Spain	4,693	5,226	4,243
Germany	3,402	4,805	3,166
Finland	2,709	3,623	2,793
Czech Republic	1,425	2,352	1,431
Netherlands	1,073	1,413	893
Mexico	2,760	1,372	1,642
Peru	1,629	1,102	439
Malaysia	403	875	804
Qatar	1	807	—
United Arab Emirates	339	749	773
Israel	907	711	3,660
Hong Kong	1,502	708	871
Indonesia	179	534	615
Denmark	171	505	681
Ukraine	97	464	693
Ireland	537	464	410
Romania	1,233	406	362
Martinique	304	402	304
Kuwait	1	357	173
South Africa	20	214	1,082
Turkey	294	211	202
Singapore	843	195	1,138
Saudi Arabia	64	188	683
Morocco	302	162	425
Russia	38	158	554
Bahrain	59	145	—
Thailand	—	56	267
Australia	—	48	157
Uzbekistan	—	—	1,387
Switzerland	—	—	429
Trinidad and Tobago	—	—	425
Columbia	—	—	348
Guadeloupe	—	—	312
Hungry	—	—	307
Greece	—	—	303
Sweden	—	634	261
Taiwan	—	501	229
Oman	—	750	163
Portugal	—	—	156
Estonia	—	—	151
Poland	—	—	151
Bulgaria	—	380	125
Norway	—	—	125
Lebanon	—	—	88
New Zealand	—	—	81
Brazil	—	—	74
Algeria	—	—	56
	$ 224,776	$ 242,107	$ 213,112

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 revenue that 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 year ended December 31, 2019 and 2018:

	2019	2018
Customer deposits at January 1,	$ 2,310	$ 2,242
Revenue recognized from customer deposits	(7,151)	(10,547)
Additional customer deposits received where revenue has not yet been recognized	6,614	10,839
Effect of change in exchange rates	(155)	(224)
Customer deposits at December 31,	$ 1,618	$ 2,310

Note 5. Earnings 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. Diluted earnings per share reflects the potential dilution of restricted stock units. Details of the calculations are as follows:

	For the Years Ended December 31, 2019	2018	2017
Net loss attributable to shareholders of Manitex International, Inc.			
Loss from continuing operations	$ (8,492)	$ (13,177)	$ (7,067)
Discontinued operations:			
Income from operations of discontinued operations, net of income taxes	—	—	553
Loss attributable to noncontrolling interest	—	—	(274)
Income from operations of discontinued operations, net of income taxes attributable to shareholders of Manitex International, Inc.	—	—	279
Loss on sale of discontinued operations, net of income taxes	—	—	(1,290)
Loss from discontinued operations attributable Shareholders of Manitex International, Inc.	—	—	(1,011)
Loss attributable to shareholders of Manitex International, Inc.	$ (8,492)	$ (13,177)	$ (8,078)
Loss per share			
Basic			
Loss from continuing operations attributable to shareholders of Manitex International, Inc.	$ (0.43)	$ (0.72)	$ (0.43)
Earnings from operations of discontinued operations attributable to shareholders of Manitex International, Inc., net of income taxes	$ —	$ —	$ 0.02
Loss on sale of discontinued operations attributable to shareholders of Manitex International, Inc., net of income taxes	$ —	$ —	$ (0.08)
Loss attributable to shareholders of Manitex International, Inc.	$ (0.43)	$ (0.72)	$ (0.49)
Diluted			
Loss from continuing operations attributable to shareholders of Manitex International, Inc.	$ (0.43)	$ (0.72)	$ (0.43)
Earnings from operations of discontinued operations attributable to shareholders of Manitex International, Inc., net of income taxes	$ —	$ —	$ 0.02
Loss on sale of discontinued operations attributable to shareholders of Manitex International, Inc., net of income taxes	$ —	$ —	$ (0.08)
Loss attributable to shareholders of Manitex International, Inc.	$ (0.43)	$ (0.72)	$ (0.49)
Weighted average common shares outstanding			
Basic	19,687,414	18,409,296	16,548,444
Diluted			
Basic	19,687,414	18,409,296	16,548,444
Dilutive effect of warrants	—	—	—
Dilutive effect of restricted stock units	—	—	—
	19,687,414	18,409,296	16,548,444

There are 177,706, 136,035 and 204,072 restricted stock units which are anti-dilutive and therefore are not included in the average number of diluted shares shown above for the years ended December 31, 2019, 2018 and 2017, respectively.

The following securities were not included in the computation of diluted earnings per share as their effect would have been antidilutive:

	For the Years Ended December 31,		
	2019	2018	2017
Unvested restricted stock units	198,717	72,874	168,763
Options to purchase common stock	97,437	47,437	—
Convertible subordinated notes	1,549,451	1,549,451	1,549,451
	1,845,605	1,669,762	1,718,214

Note 6. Fair Value Measurements

The following tables set forth the Company's financial assets and liabilities that were accounted for at fair value by level with 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. Except as noted the below assets and liabilities are valued at fair market on a recurring basis.

The following is a summary of items that the Company measured at fair value during the periods:

	Fair Value at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Liabilities:				
PM contingent liabilities	$ —	$ —	$ 314	$ 314
Valla contingent consideration	—	—	205	205
Forward currency exchange contracts	—	99	—	99
Total liabilities at fair value	$ —	$ 99	$ 519	$ 618

	Fair Value at December 31, 2018			
Asset:				
Marketable securities	$ 2,160	$ —	$ —	$ 2,160
Forward currency exchange contracts	—	91	—	91
Total current assets at fair value	$ 2,160	$ 91	$ —	$ 2,251
Liabilities:				
PM contingent liabilities	$ —	$ —	$ 321	$ 321
Valla contingent consideration	—	—	210	210
Interest rate swap contracts	—	2	—	2
Total liabilities at fair value	$ —	$ 2	$ 531	$ 533

	Fair Value Measurements Using Significant Unobservable Inputs (level 3)		
Liabilities:	PM Contingent Liability	Valla Contingent Consideration	Total
Balance at December 31, 2018	$ 321	$ 210	$ 531
Effect of change in exchange rates	(7)	(5)	(12)
Balance at December 31, 2019	$ 314	$ 205	$ 519

In 2018, the fair value of PM contingent liabilities a Level 3 item was based on an option pricing framework, more specifically, a Monte Carlo simulation. The original fair value of Valla contingent consideration was also determined was using an option pricing framework more specifically a Monte Carlo simulation at the acquisition date.

The Company has qualitatively evaluated the Valla contingent liability from the date of acquisition.

The carrying value of the amounts reported in the Consolidated Balance Sheets for cash, accounts receivable, accounts payable and short-term variable debt, including any amounts outstanding under the Company's revolving credit facilities and working capital borrowing, approximate fair value due to the short periods during which these amounts are outstanding.

The book and fair value of the Company's term debt was $22,931 and $22,931 for the year ended December 31, 2019, respectively, and $26,871 and $26,871 for the year ending December 31, 2018, respectively. The book and fair value of the Company's capital leases was $5,060 and $6,295 for the year ended December 31, 2019, respectively and $5,482 and $6,925 for the year ending December 31, 2018, respectively. There is no difference between the book value and the fair value for amount recorded in connection with a long-term legal settlement, which was $809 and $851 for the years ending December 31, 2019 and 2018, respectively.

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.

Note 7. 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

When the Company receives a significant order in other than the operating unit's functional currency, management may evaluate different options that are available to mitigate future currency exchange risks. The decision to hedge future sales is not automatic and is decided case by case. The Company only uses hedge instruments to hedge firm existing sales orders and not estimated exposure, when management determines that exchange risks exceed desired risk tolerance levels. The forward currency contracts used to hedge future sales are designated as cash flow hedges under ASC 815-10 provided certain criteria are met. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings (date of sale). Gains or losses on cash flow hedges when recognized into income are included in net revenues. Gains and losses on the derivative instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. The Company expects minimal ineffectiveness as the Company has hedged only firm sales orders and has not hedged estimated exposures. As of December 31, 2019, the Company had no outstanding forward currency contracts that were in place to hedge future sales. Therefore, there are currently no unrealized pre-tax gains or loss which will reclassified from other comprehensive income into earnings during the next 12 months.

In addition, the Company enters into forward currency exchange contracts in relationship 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 at the balance sheet date 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 Statement of Income in the other income expense section on the line titled foreign currency transaction gains (losses). 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 December 31, 2019, the Company had entered into two forward currency exchange contracts that matures on February 14, 2020. Under the contract the Company is obligated to sell 2,900,000 Chilean pesos for 3,349 euros. The Company has a second contract which obligates the Company to sell 120,000 Chilean pesos for $153. 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.

Interest Rate Swap Contracts

The Company uses financial instruments available on the market, including derivatives, solely to minimize its cost of borrowing and hedge the risk of interest rate and exchange rate fluctuation. In January 2009, prior to the January 15, 2015 acquisition date, PM Group entered into contracts in order to hedge the interest rate risk related to its term loans.

A contract was signed by PM Group, for an original notional amount of € 482 (€ 85 at December 31, 2019), maturing on October 1, 2020 with interest paid monthly. PM pays interest at a rate of 3.90% and receives from the counterparty's interest at the "Euribor" rate for the period in question if greater than 0.90%.

As of December 31, 2019, the Company had the following forward currency contracts and interest rate swaps:

Nature of Derivative	Currency	Amount	Type
Forward currency sales contracts	Chilean peso	3,020,000	Not designated as hedge instrument
Interest rate swap contracts	Euro	85	Not designated as hedge instrument

The following table provides the location and fair value amounts of derivative instruments that are reported in the Consolidated Balance Sheet as of December 31, 2019 and 2018:

Total derivatives not designated as a hedge instrument

		Fair Value As of December 31,	
	Balance Sheet Location	2019	2018
Asset Derivatives			
Foreign currency exchange contracts	Prepaid expense and other	$ —	$ 91
Total derivative assets		$ —	$ 91
Liabilities Derivatives			
Foreign currency Exchange Contracts	Accrued expense	$ 99	$ —
Interest rate swap contracts	Notes payable-Short term	—	2
Total derivative liabilities		$ 99	$ 2

The following tables provide the effect of derivative instruments on the Consolidated Statement of Income for 2019, 2018 and 2017:

Derivatives not designated as Hedge Instrument	Location of gain or (loss) recognized in Income Statement	Years ended December 31, 2019	2018	2017
Forward currency contracts	Foreign currency transaction (losses) gains	$ (191)	$ (205)	$ 15
Interest rate swap contracts	Interest (expense) income	2	(4)	1
Total derivatives (loss) gain		$ (189)	$ (209)	$ 16

During 2019, 2018 and 2017, there were no forward currency contracts designated as cash flow hedges. As such, all gains and loss related to forward currency contracts during 2019 and 2018 were recorded in current earnings and did not impact other comprehensive income.

Note 8. Inventory

The components of inventory at December 31, are summarized as follows:

	2019	2018
Raw materials and purchased parts	$ 35,978	$ 38,192
Work in process	5,870	5,360
Finished goods and replacement parts	16,886	14,472
Inventories, net	$ 58,734	$ 58,024

The Company has established reserves for obsolete and excess inventory of $8,158 and $5,967 as of December 31, 2019 and 2018, respectively.

Note 9. Property, Plant and Equipment

Property, plant and equipment consist of the following at December 31, 2019 and 2018, respectively:

	2019	2018
Land	$ 4,131	$ 4,216
Buildings	14,041	14,231
Machinery and equipment	12,290	11,648
Furniture and fixtures	2,146	1,704
Leasehold improvements	1,445	1,122
Computer software & equipment	1,342	1,240
Motor vehicles	426	777
Construction in progress	345	137
Totals	36,166	35,075
Less: accumulated depreciation	(16,818)	(14,826)
Net property and equipment	$ 19,348	$ 20,249

Depreciation expense was $2,248 (net of $80 amortization of deferred gain on building), $2,220 (net of $80 amortization of deferred gain on building), and $2,380 (net of $80 amortization of deferred gain on building) in 2019, 2018 and 2017, respectively. See Note 14 for information regarding capital leases.

Note 10. Goodwill and Other Intangible Assets

The Company accounts for Other Intangible Assets under the guidance in ASC 350, Intangibles—Goodwill and Other. Under the guidance intangible assets with definite lives are amortized over their estimated useful lives. Indefinite lived intangible assets are subject to annual impairment testing. For the year ended December 31, 2019 there was impairment charge of $2,310 related to an indefinite lived trademark, impairment charge of $2,637 related to customer relationship, and $3,165 net impairment charge to goodwill. For the year ended December 31, 2018, there was an impairment charge of $2,544 related to an indefinite lived trademark and $3,192 net impairment charge to goodwill. For the year ended December 31, 2017, there was no impairment charge. 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. The intangibles acquired in acquisitions have been valued using a discounted cash flow approach. Intangibles, except goodwill, are being amortized over their estimated useful lives.

Intangible assets were comprised of the following as of December 31:

	2019	2018	Useful Lives
Patented and unpatented technology	$ 17,963	$ 18,111	10 years
Amortization	(13,499)	(12,762)	
Customer relationships	18,602	23,301	5-20 years
Amortization	(10,968)	(11,419)	
Trade names and trademarks	7,415	9,828	25 years - Indefinite
Amortization	(2,481)	(2,286)	
Non-competition agreements	50	50	2-5 years
Amortization	(50)	(50)	
Customer backlog	370	370	< 1 year
Amortization	(370)	(370)	
Total Intangible assets	$ 17,032	$ 24,773	

Amortization expense was $2,454, $2,769 and $2,727 for the periods ended December 31, 2019, 2018 and 2017, respectively. The weighted average amortization period for definite lived intangibles was 7 years for patented and unpatented technology, 6 years for customer relationships, and 12 years for trade names and trademarks.

Estimated amortization expense for the next five years and subsequent is as follows:

	Amount
2020	$ 2,108
2021	2,108
2022	2,108
2023	2,100
2024	2,052
And subsequent	3,970
Total intangibles currently to be amortized	14,446
Intangibles with indefinite lives not amortized	2,586
Total intangible assets	$ 17,032

Changes in the Company's goodwill are as follows:

	Goodwill
Balance December 31, 2017	$ 43,569
Goodwill impairment	(3,212)
Reclass to deferred tax liability	(2,557)
Effects of change in exchange rate	(1,502)
Balance December 31, 2018	$ 36,298
Goodwill impairment	$ (3,165)
Effects of change in exchange rate	(498)
Balance December 31, 2019	$ 32,635

The Company performed its annual impairment assessment as of September 30, 2019, prior to its annual October 1, 2019 measurement date. The Company's policy is to assess the realizability of its intangible assets, and to evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (or group of assets) may not be recoverable. Impairment is determined to exist if the estimated future undiscounted cash flows are less than the carrying value. Future cash flow projections include assumptions for future sales levels, the impact of cost reduction programs, and the level of working capital needed to support each business. The amount of any impairment then recognized would be calculated as the difference between the estimated fair value and the carrying value of the asset. At September 30, 2019, the Company considered declining revenue and profitability along with missed projections and a decrease in its market capitalization to be a triggering event and as such a valuation analysis was performed and goodwill and intangible assets were determined to be impaired, and as such non-cash impairment charges were made to selling, general and administrative expense and shown separately on the income statement as impairment of intangibles. Goodwill was impaired at Sabre and PM/Valla in the amount of $2,850 and $315, respectively. At September 30, 2019, intangible assets were impaired at Sabre and PM/Valla in the amount of $3,723 and $1,224, respectively. During the fourth quarter of 2018, there was a significant decline in the U.S. stock markets and specifically our stock declined from a closing price of $9.64 at October 1, 2018 to a closing price of $5.68 at December 31, 2018. Subsequent to December 31, stock markets in general rebounded from the December lows. The Company's stock priced increased as well, but not to the same levels as the general market or our previous averages for the year. The Company considered this sustained market capitalization decrease to be a triggering event and as such reevaluated goodwill impairment at December 31, 2018. In order to more closely align the estimated fair values of our reporting units to our overall market capitalization, an increase to our risk premium utilized within our discounted cash flows analysis was applied, resulting in an impairment charge of $3,212, to our PM reporting unit.

11. Equity Method Investments

The Company accounted for its investment in ASV during the period (May 17, 2017 to February 26, 2018) that it owned 21.2% of ASV as an equity method investment. Under the equity method, the Company's share of the net income (loss) of ASV was recognized as income (loss) in the Company's statement of operations and added to investment account, and dividends received from ASV were treated as a reduction of the investment account. The Company reported ASV's earnings on a one quarter lag as ASV may not report earnings in time to be included in the Company's financial statements for any given reporting period. During the quarter ended March 31, 2018, the Company recorded its proportional share of ASV's loss for the quarter ended December 31, 2017 and recorded amortization related temporary differences.

The following tables present ASV summary income statement information:

	For the three months ended December 31, (2) 2017
Net sales	$ 30,455
Gross profit	4,146
Net income	(796)
Net income attributable to the Company (1)	(169)
Amortization of FMV adjustment	(35)
Income recognized by the Company	$ (204)

(1) Represents 21.2% of ASV Holdings loss for the quarter ended December 31, 2017.

(2) The Company's policy is to record our earnings based on a one quarter lag.

Between February 26 and 28, 2018, the Company sold 1,000,000 shares of ASV stock, reducing the Company's investment to approximately 11.0%, and ceased accounting for its investment in ASV as an equity method investment. In September 2019, in connection with the sale of ASV to Yanmar American Corporation, the Company received cash merger consideration for its remaining 1,080,000 shares of ASV and no longer has an investment in ASV. See Note 26, Discontinued Operations.

Note 12. Accrued Expenses

	As of December 31, 2019	As of December 31, 2018
Accrued payroll	$ 961	$ 1,195
Accrued employee benefits	831	951
Accrued bonuses	797	146
Accrued vacation expense	1,262	1,274
Accrued interest	932	723
Accrued commissions	366	424
Accrued expenses—other	685	1,038
Accrued warranty	1,624	2,004
Accrued taxes other than income taxes	1,333	1,243
Accrued product liability and workers compensation claims	534	251
Total accrued expenses	$ 9,325	$ 9,249

Note 13. Revolving Term Credit Facilities and Debt

U.S. Credit Facilities

At December 31, 2019, the Company and its U.S. subsidiaries have a Loan and Security Agreement, as amended, (the "Loan Agreement") with CIBC Bank USA ("CIBC"), formerly known as "The Private Bank and Trust Company". The Loan Agreement provides a revolving credit facility extending the maturity date from July 20, 2021 to July 20, 2023. The aggregate amount of the facility increased from $25,000 to $30,000.

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 $20,000 limit; plus (3) 80% of eligible used equipment, as defined, valued at the lower of cost or market subject to a $2,000 limit; plus (4) 50% of eligible Mexico receivables (as defined) valued at the lower of cost or net realizable value subject to a $400 limit. At December 31, 2019 and 2018, the maximum the Company could borrow based on available collateral was $27,600 and $24,500, respectively. At December 31, 2019 and 2018, the Company had no borrowings under this 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 spread ranges from 0.00% to 0.50% depending on the Borrower's Adjusted Excess Availability (as defined in the Loan Agreement). The LIBOR spread ranges from 1.75% to 2.25% also 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, CIBC assesses a 0.375% unused line fee that is payable monthly.

The Loan Agreement subjects the Company and its domestic subsidiaries to a quarterly EBITDA covenant (as defined). The minimum quarterly EBITDA covenant (as defined) is $2,000 for all quarters starting with the quarter ended September 30, 2017 through the end of the agreement. Additionally, the Company and its domestic subsidiaries are subject to a Fixed Charge Coverage ratio of 1.10 to 1.00 measured on an annual basis beginning September 30, 2019 (based on a trailing twelve-month basis), through the term of the agreement. At the end of a quarter, if there is $15,000 of availability and outstanding borrowings of less than $5,000, covenant testing is waived. The Loan Agreement contains customary affirmative and negative covenants, including covenants that limit or restrict the Company's ability to, among other things, incur additional indebtedness, grant liens, merge or consolidate, dispose of assets, make investments, make acquisitions, pay dividends or make distributions, repurchase stock, in each case subject to customary exceptions for a credit facility of this size. The Company was not required to calculate covenant compliance calculations due to undrawn balance at December 31, 2019.

The Loan Agreement has a Letter of Credit facility of $3,000, which is fully reserved against availability.

Note Payable—Winona Facility Purchase

At December 31, 2019 and 2018, Badger has balance on note payable to Avis Industrial Corporation of $283 and $378, 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 is guaranteed by the Company.

PM Debt Restructuring

On March 6, 2018, PM Group and Oil & Steel S.p.A. (PM Group's subsidiary) entered into a Debt Restructuring Agreement (the "Restructuring Agreement") with Banca Monte dei Paschi di Siena S.p.A., Banca Nazionale del Lavoro S.p.A., BPER Banca S.p.A., Cassa di Risparmio in Bologna S.p.A. and Unicredit S.p.A. (collectively the "Lenders"), and Loan Agency Services S.r.l. (the "Agent"). The Restructuring Agreement, which replaces the previous debt restructuring agreement with the Lenders entered into in 2014, provides for, among other things:

- The provision of subordinated shareholders' loans by the Company to PM Group, consisting of (i) conversion of an existing trade receivable in the amount of €3.1 million into a loan; (ii) an additional subordinated shareholders' loan in the aggregate maximum amount of up to €2.4 million, to be made currently; and (iii) a further loan of €1.8 million to be made by December 31, 2018, in each case to be used to repay a portion of PM Group's outstanding obligations to the Lenders;
- Amendments to the 2014 put and call options agreement with BPER to, among other things, extend the exercise of the options until the approval of PM Group's financial statements for the 2021 fiscal year and permit the assignment of certain subordinated receivables to the Company. The fair market value of this liability is subject to revaluation on a recurring basis;

- New amortization and repayment schedules for amounts owed by PM Group to the Lenders under the various outstanding tranches of indebtedness, along with revised interest rates and financial covenants. Under the Debt Restructuring Agreement term debt is repaid over a nine-year period starting in 2018 and ending in 2026 (2022 prior to Debt Restructuring Agreement); and
- The effect of PM not meeting its December 31, 2017 financial covenants was cured by the Debt Restructuring Agreement.

PM Group Short-Term Working Capital Borrowings

At December 31, 2019 and 2018, respectively, PM Group had established demand credit and overdraft facilities with five Italian banks, one Spanish bank and eight banks in South America. Under the facilities, as of December 31, 2019 and 2018 respectively, PM Group can borrow up to approximately €21,337 ($23,955) and €21,990 ($25,192) for advances against invoices, and letter of credit and bank overdrafts. These facilities are divided into two types: working capital facilities and cash facilities. For the year ended December, 31, 2019, 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 Spanish bank working capital facility is charged at 3.75%. Interest on the South American facilities is charged at a flat rate of points for advances on invoices ranging from 8% - 55%. For the year ended December 31, 2018, Interest on the Italian working capital facilities was charged at the 3-month Euribor plus 175 or 200 basis points and a 3-month Euribor plus 350 basis points, respectively. Interest on the Spanish bank working capital facility is charged at 3.75%. Interest on the South American facilities is charged at a flat rate of points for advances on invoices ranging from 9% - 65%.

At December 31, 2019, the Italian banks had advanced PM Group €11,877 ($13,334), at variable interest rates, which currently range from 1.75% to 2.00%. At December 31, 2019, there were no advances to PM Group from the Spanish bank. At December 31, 2019, the South American banks had advanced PM Group €971 ($1,090). Total short-term borrowings for PM Group were €12,848 ($14,424) at December 31, 2019. At December 31, 2018, the Italian banks had advanced PM Group €15,796 ($18,096), at variable interest rates, which currently range from 1.75% to 2.00%. At December 31, 2018, there were no advances to PM Group from the Spanish bank. At December 31, 2018, the South American banks had advanced PM Group €715 ($820). Total short-term borrowings for PM Group were €16,511 ($18,916) at December 31, 2018.

PM Group Term Loans

At December 31, 2019 and 2018 respectively, PM Group has a €9,484 ($10,659) and €10,451 ($11,973) term loan with two Italian banks, BPER and Unicredit. The term loan is split into a note and a balloon payment and is secured by PM Group's common stock as of December 31, 2019 and 2018.

At December 31, 2019, the note and balloon payment have an outstanding principal balance of €6,492 ($7,289) and €3,002 ($3,370), respectively. Both are charged interest at a fixed rate of 3.5%, with an effective rate of 3.5% at December 31, 2019. The note is payable in annual installments of principal €991 for 2020, €1,026 for 2021, €1,062 for 2022, €1,099 for 2023, €1,137 for 2024, and €1,177 for 2025. The balloon payment is payable in a single payment of €3,002 in 2026. See above for restructuring.

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 December 31, 2019, and 2018 respectively, the remaining balance was €281 ($315) and €391 ($448) and has been offset to the debt.

At December 31, 2019, PM Group has unsecured borrowings with three Italian banks totaling €10,385 ($11,659). Interest on the unsecured notes is charged at a stated and effective rate of 3.5% at December 31, 2019. Annual payments of €1,731 are payable beginning in 2019 and ending in 2025. At December 31, 2018 PM Group had unsecured borrowings with three Italian banks totaling €12,115 ($13,879). Interest on the unsecured notes was charged at the 3-month Euribor plus 250 basis points, effective rate of 3.5% at December 31, 2018.

PM Group is subject to certain financial covenants as defined by the debt restructuring agreement 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 beginning on December 31, 2018. Covenants were met at December 31, 2019 and 2018.

At December 31, 2019 and 2018, respectively, Autogru PM RO, a subsidiary of PM Group, had three and three notes. The first note is payable in 60 monthly principal installments of €8 ($9), plus interest at the 1-month Euribor plus 300 basis points, effective rate of 3.00% at December 31, 2019 and 2018, maturing October 2020. At December 31, 2019 and 2018 respectively, the outstanding principal balance of the note was €84 ($94) and €186 ($213).

The second note is payable in monthly installments of €9 ($10) starting from September 2019 and ending in March 2020, and one final payment of €190 ($213) in March 2020. The note is charged interest at the 1-month Euribor plus 250 basis points, effective rate of 2.50% at December 31, 2019. At December 31, 2019 and 2018, the outstanding principal balance of the note was €218 ($245) and €320 ($367).

The third 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, effective rate of 2.75% at December 31, 2019, maturing 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, effective rate of 2.75% at December 31, 2019, maturing 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, effective rate of 2.75% at December 31, 2019, maturing June 2023. At December 31, 2019 and 2018, respectively, the outstanding principal balance of the note was €234 ($263) and €304 ($348).

PM has interest rate swaps with a fair market value at December 31, 2019 and 2018, respectively of €0 ($0) and €2 ($2) which has been included in debt.

At December 31, 2018 PM Argentina Sistemas de Elevacion, a subsidiary of PM Group had a note payable. The note was payable in fifteen monthly installments of €13 ($15) starting from March 2018 and ending in May 2019, the note was charged interest at 28.50% at December 31, 2018. At December 31, 2018, the outstanding principal balance of the note was €68 ($78).

Valla Short-Term Working Capital Borrowings

At December 31, 2019 and 2018, respectively, Valla had established demand credit and overdraft facilities with two Italian banks. Under the facilities, Valla can borrow up to approximately €660 ($741) and €870 ($997) 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% - 4.75% and 4.50% - 4.75 % at December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, the Italian banks had advanced Valla €269 ($302) and €40 ($46).

Valla Term Loans

At December 31, 2019 and 2018, Valla had a term loan with Carisbo. The note is payable in quarterly principal installments beginning on October 30, 2017 of €8 ($10), plus interest at the 3-month Euribor plus 470 basis points, effective rate of 4.36% at December 31, 2019 and 2018, respectively. The note matures on January 2021. At December 31, 2019 and 2018, respectively, the outstanding principal balance of the note was €39 ($44) and €71 ($81).

Schedule of Debt Maturities

Scheduled annual maturities of the principal portion of debt outstanding at December 31, 2019 in the next five years and the remaining maturity in aggregate are summarized below. Amounts shown include the debt described above in this footnote and the convertible notes disclosed in Note 15—Convertible Notes at their face amount of $22,500.

	North America	Italy	Total
2020	$ 7,603	$ 18,235	$ 25,838
2021	15,111	3,182	18,293
2022	69	3,214	3,283
2023	—	3,204	3,204
2024	—	3,220	3,220
Thereafter	—	6,635	6,635
	22,783	37,690	60,473
Debt discount related to non-interest-bearing debt	—	(315)	(315)
Debt issuance cost	(98)	—	(98)
Debt discounts related to convertible notes	(319)	—	(319)
Total	$ 22,366	$ 37,375	$ 59,741

Note 14. 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; we recognize 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 4 and 7 years, respectively. The weighted average discount rate for operating and finance leases was 4.7% and 12.5% respectively.

Leases (thousands)	**Classification**		**12/31/2019**
Assets			
Operating lease assets	Operating lease assets	$	2,274
Finance lease assets	Fixed assets, net		3,906
Total leased assets			6,180
Liabilities			
Current			
Operating	Current liabilities	$	920
Financing	Current liabilities		476
Noncurrent			
Operating	Noncurrent liabilities		1,361
Financing	Noncurrent liabilities		4,584
Total lease liabilities		$	7,341

Lease Cost (thousands)	**Classification**		**For the year ended December 31, 2019**
Operating lease costs	Operating lease assets	$	992
Finance lease cost			
Depreciation/Amortization of leased assets	Depreciation or Inventory reserve		454
Interest on lease liabilities	Interest expense		622
Lease cost		$	2,068

Other Information (thousands)		**For the year ended December 31, 2019**
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$	1,104
Operating cash flows from finance leases	$	418
Financing cash flows from finance leases	$	622

		Operating Leases		**Capital Leases**
2020	$	999	$	1,066
2021		555		913
2022		338		828
2023		194		932
2024		80		960
And subsequent		319		3,411
Total undiscounted lease payments		2,485		8,110
Less interest		(204)		(3,050)
Total liabilities	$	2,281	$	5,060
Less current maturities		(920)		(476)
Non-current lease liabilities	$	1,361	$	4,584

Disclosures related to periods prior to the adoption of ASC 842- Lease Standard

Capital leases

Georgetown facility

The Company leases its Georgetown facility under capital lease that was amended and extended on September 1, 2015. The amended lease expires on April 28, 2028. The monthly rent is currently $66 and is increased by 3% annually on September 1 during the term of the lease.

The present value of the future minimum lease payments (including the annual increase) was determined using a 12.5% discount rate (the discount rate used to record the original lease which was signed in April 2006). At December 31, 2018, the outstanding capital lease obligation is $5,025.

Capital Items—as of or for the year ended December 31, 2018	Cost	Accumulated Depreciation	Depreciation Expense	Interest Expense
Building—Georgetown, TX	$ 4,831	$ 1,212	$ 382	$ 640
Other Capitalized leases	896	—	—	10
Totals	$ 5,727	$ 1,212	$ 382	$ 650

Sales and Leaseback—In accordance with ASC 840-40 Sales- Leaseback Transaction, at December 31, 2018 and 2017, the Company has deferred gain of $842 and $969, respectively, related to the sale and leaseback of Georgetown operating facilities and certain equipment. The deferred gain is being amortized over the life of the leases which reduces depreciation expense $80 annually through April 2028 and will also increase revenue by $37 for the next four years.

Equipment

The Company has entered into a lease agreement with a bank pursuant to which the Company is permitted to borrow 100% of the cost of new equipment with 44-month repayment periods, respectively. At the conclusion of the lease period, for each piece of equipment the Company is required to purchase that piece of leased equipment for one dollar.

The equipment, which is acquired in ordinary course of the Company's business, is available for sale and rental prior to sale.

Under the lease agreement the Company can elect to exercise an early buyout option at any time, and pay the bank the present value of the remaining rental payments discounted by a specified Index Rate established at the time of leasing. The early buyout option results in a prepayment penalty which progressively decreases during the term of the lease. Alternatively, the Company under the like-kind provisions in the agreement can elect to replace or substitute different equipment in place of equipment subject to the early buyout without incurring a penalty.

The following is a summary of amounts financed under equipment capital lease agreements:

	Amount Borrowed	Repayment Period	Amount of Monthly Payment	Balance As of December 31, 2018
New equipment	$ 896	44	$ 18	$ 453

Future Minimum Lease Payments are:

Years	Operating Leases	Capital Leases
2019	$ 1,950	$ 1,043
2020	1,169	1,066
2021	1,169	896
2022	408	904
2023	408	932
Subsequent	1,803	4,371
Total Minimum Lease Payments	$ 6,907	9,212
Less: imputed interest		(3,729)
Present value of minimum lease payment		$ 5,483
Less: current portion		(422)
Long-term capital lease obligations		$ 5,061

Operating Leases

The Company leases office and production space under various non-cancellable operating leases that expire no later than 2023. Certain real estate leases include one or more options to renew. The exercise of lease renewal options is at the Company's sole discretion. Options to extend the lease are included in the lease term when it is reasonably certain the Company will exercise the option. The Company also has production equipment, office equipment and vehicles under operating leases. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option that is reasonably certain of exercise. Certain leases include rental payments adjusted periodically for inflation. The lease agreements do not contain any material residual value guarantee or material restrictive covenants.

Bridgeview Facility

The Company leases its 40,000 sq. ft. Bridgeview facility from an entity controlled by Mr. David Langevin, the Company's Chairman and CEO. See note 23 Transactions between the Company and Related Parties for further information.

The Company leases certain office and warehouse space as well as certain machinery and equipment under non-cancellable operating leases. Total rent expense under these additional leases was $43 and $107 for the years ended December 31, 2018 and 2017, respectively.

Note 15. Convertible Notes

Related Party

On December 19, 2014, the Company issued a subordinated convertible debenture with a $7,500 face amount payable to Terex, a related party. The convertible debenture is subordinated, carries a 5% per annum coupon, and is convertible into Company common stock at a conversion price of $13.65 per share or a total of 549,451 shares, subject to customary adjustment provisions. The debenture has a December 19, 2020 maturity date.

From and after the third anniversary of the original issuance date, the Company may redeem the convertible debenture in full (but not in part) at any time that the last reported sale price of the Company's common stock equals at least 130% of the Conversion Price (as defined in the debenture) for at least 20 of any 30 consecutive trading days. Following an election by the holder to convert the debenture into common stock of the Company in accordance with the terms of the debenture, the Company has the discretion to deliver to the holder either (i) shares of common stock, (ii) a cash payment, or (iii) a combination of cash and stock.

In accounting for the issuance of the note, the Company separated the note into liability and equity components. The carrying amount of the liability component was calculated by measuring the estimated fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the face value of the Note as a whole. The excess of the principal amount of the liability component over its carrying amount ("debt discount") is amortized to interest expense over the term of the note using the effective interest method with an effective interest rate of 7.5 percent per annum. The equity component is not remeasured as long as it continues to meet the conditions for equity classification.

On December 19, 2014, the components of the note were as follows:

Liability component	$	6,607
Equity component (a component of paid in capital)		893
	$	7,500

Additionally, in connection with the transaction a $321 deferred tax liability was established and was recorded as a deduction to paid in capital. The deferred tax liability was recognized as the excess of the principal amount being amortized and charged to interest expenses is not tax deductible.

As of December 31, 2019, the note had a remaining principal balance of $7,323 and an unamortized discount of $177. The difference between this amount and the amount initially recorded represents $716 of discount amortization.

The Terex agreements included obligations on the part of the Company to timely file with the SEC its reports that are required to be filed pursuant to the Exchange Act. Effective March 29, 2018, the Company has obtained waivers from the Holders with respect to any breaches, defaults or events of default that may have been or may be triggered in connection with the Company's failure to timely file its reports with the SEC.

Perella Notes

On January 7, 2015, the Company entered into a Note Purchase Agreement (the "Perella Note Purchase Agreement") with MI Convert Holdings LLC (which is owned by investment funds constituting part of the Perella Weinberg Partners Asset Based Value Strategy) and Invemed Associates LLC (together, the "Investors"), pursuant to which the Company agreed to issue $15,000 in aggregate principal amount of convertible notes due January 7, 2021 (the "Perella Notes") to the Investors. The Notes are subordinated, carry a 6.50% per annum coupon, and are convertible, at the holder's option, into shares of Company common stock, based on an initial conversion price of $15.00 per share, subject to customary adjustments. Following an election by the holder to convert the debenture into common stock of the Company in accordance with the terms of the debenture, the Company has the discretion to deliver to the holder either (i) shares of common stock, (ii) a cash payment, or (iii) a combination of cash and stock. Upon the occurrence of certain fundamental corporate changes, the Perella Notes are redeemable at the option of the holders of the Perella Notes. The Perella Notes are not redeemable at the Company's option prior to the maturity date, and the payment of principal is subject to acceleration upon an event of default. The issuance of the Perella Notes by the Company was made in reliance upon the exemptions from registration provided by Rule 506 and Section 4(2) of the Securities Act of 1933.

In connection with the issuance of the Perella Notes, on January 7, 2015, the Company entered into a Registration Rights Agreement with the Investors (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, the Company agreed to register the resale of the shares of common stock issuable upon conversion of the Perella Notes. The Company filed a Registration Statement on Form S-3 to register the shares with the Securities and Exchange Commission, which was declared effective on February 23, 2015.

In accounting for the issuance of the note, the Company separated the note into liability and equity components. The carrying amount of the liability component was calculated by measuring the estimated fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the face value of the Note as a whole. The excess of the principal amount of the liability component over its carrying amount ("debt discount") is amortized to interest expense over the term of the note using the effective interest method with an effective interest rate of 7.5 percent per annum. The equity component is not remeasured as long as it continues to meet the conditions for equity classification.

On January 7, 2015, the components of the note were as follows:

Liability component	$	14,286
Equity component (a component of paid in capital)		714
	$	15,000

Additionally, in connection with the transaction a $257 deferred tax liability was established and was recorded as a deduction to paid in capital. The deferred tax liability was recognized as the excess of the principal amount being amortized and charged to interest expense and is not tax deductible.

As of December 31, 2019, the note had a remaining principal balance of $14,858 (less $98 debt issuance cost for a net debt $14,760) and an unamortized discount of $142. The difference between this amount and the amount initially recorded represents $572 of discount amortization.

Effective January 2020, the Company has obtained consent from the Noteholders to make prepayments on the Notes in accordance with the terms of the Note purchase Agreement. As of February 28, 2020, $2 million in principal prepayments on the Notes has been paid.

The Perella agreements included obligations on the part of the Company to timely file with the SEC its reports that are required to be filed pursuant to the Exchange Act. Effective March 28, 2018, the Company has obtained waivers from the Holders with respect to any breaches, defaults or events of default that may have been or may be triggered in connection with the Company's failure to timely file its reports with the SEC.

Note 16. Income Taxes

The Jobs Act 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.

Approximately $3.0 million of the Company's undistributed foreign earnings have been subject to US federal taxation in connection with the one-time mandatory transition tax on accumulated earnings of foreign subsidiaries as required by the Jobs Act. The Company's assertion to indefinitely reinvest its foreign earnings remains unchanged despite the US taxation of its undistributed foreign earnings and new tax law, which includes a 100% dividend received deduction. This means that future distributions of foreign earnings will generally not be taxable in the US. However, upon remittance of these earnings, the Company would be subject to withholding tax, US tax on foreign currency gains and losses related to previously taxed earnings, and some state income tax. It is not practicable to estimate the tax impact of the reversal of the outside basis difference, or the repatriation of cash due to the complexity associated with these calculations.

Information pertaining to the Company's income before income taxes from continuing operations is as follows:

	Years ended December 31,		
	2019	**2018**	**2017**
Loss before income taxes:			
Domestic	$ (1,714)	$ (5,313)	$ (6,289)
Foreign	(4,015)	(7,353)	(896)
Total net loss before income taxes	$ (5,729)	$ (12,666)	$ (7,185)

Information pertaining to the Company's provision (benefit) for income taxes for continuing operations is as follows:

	Years ended December 31,		
	2019	**2018**	**2017**
Expense (benefit) for income taxes:			
Current:			
Federal	$ (33)	$ (106)	$ 262
State and local	1	74	79
Foreign	510	1,753	448
	478	1,721	789
Deferred:			
Federal	22	49	(389)
State and local	158	573	(954)
Foreign	2,105	(1,832)	436
	2,285	(1,210)	(907)
Total expense (benefit) for income taxes	$ 2,763	$ 511	$ (118)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Deferred tax assets:		
Accrued expenses	$ 906	$ 965
Inventory	2,326	2,410
Other liabilities	930	696
Deferred gain	172	208
Net operating loss carryforwards	4,859	5,374
Tax credit carryforwards	1,317	1,785
Capital loss carryforwards	440	442
Unrealized foreign currency loss	97	238
Interest expense	3,538	2,517
Restructuring cost	—	266
Property, plant and equipment	688	1,777
Total deferred tax asset	15,273	16,678
Deferred tax liabilities:		
Intangibles	2,926	5,047
Discount on convertible notes	73	139
Deferred State Income Tax	425	407
Debt	2,197	2,260
Investments	—	(1,092)
Total deferred tax liability	5,621	6,761
Valuation allowance	(10,282)	(7,643)
Net deferred tax (liability) asset	$ (630)	$ 2,274

In assessing the realizability of deferred tax assets, we evaluate whether it is more likely than not (more than 50%) 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 in those periods in which temporary differences become deductible and/or net operating losses can be utilized. We assess all positive and negative evidence when determining the amount of the net deferred tax assets that are more likely than not to be realized. This evidence includes, but is not limited to, prior earnings history, scheduled reversal of taxable temporary differences, tax planning strategies and projected future taxable income. Significant weight is given to positive and negative evidence that is objectively verifiable.

As required by the authoritative guidance on accounting for income taxes, the Company evaluates the realizability of deferred tax assets on a jurisdictional basis at each reporting date. Accounting for income taxes requires that a valuation allowance be established when it is more likely than not that all or a portion of the deferred tax assets will not be realized. In circumstances where there is sufficient negative evidence indicating that the deferred tax assets are not more likely than not realizable, we establish a valuation allowance.

Based on the weighting of all available positive and negative evidence, most notably significant negative evidence of three-year cumulative losses and a decline in sales during the third quarter of 2019, which led to a triggering event where goodwill is impaired, we determined that it is appropriate to establish a valuation allowance against the deferred tax assets of PM. The Company considered and weighed positive evidence including our existing backlog and how the backlog might enhance future earnings. However, because the accounting guidance for income taxes considers a projection of future earnings inherently subjective, it does not carry significant weight to overcome the objectively verifiable evidence of cumulative losses in recent years. Although the recognition of the valuation allowance is a non-cash charge of approximately $2.6 million to income tax expense, it did have a negative impact on earnings for the 12 months ended December 31, 2019. If these estimates and assumptions change in the future, the Company may be required to reduce its valuation allowance resulting in less income tax expense. The Company evaluates the likelihood of realizing its deferred tax assets quarterly.

As of December 31, 2019, the Company had U.S. federal and foreign net operating loss carryforwards of approximately $9.0 million and $5.8 million, respectively. The U.S. net operating loss carryforwards expire in 2036 and 2037. The majority of the foreign loss carryforwards are available for carryforward indefinitely. The Company also had state net operating losses of approximately $0.6 million that are set to expire at varying periods between 2025 and 2039 if not utilized. As of December 31, 2019, the Company has a Texas Margin Tax Credit of $1.0 million and U.S. federal R&D credits of $0.1 million that may be utilized through 2026 and 2037, respectively.

The effective tax rate before income taxes varies from the current U.S. federal statutory income tax rate as follows:

	Years ended December 31,	
	2019	**2018**
Statutory rate	21.00%	21.00%
State and local taxes	-1.17%	0.45%
Permanent differences	-13.23%	-11.93%
Tax credits	-8.02%	0.49%
Foreign operations	-4.09%	-0.55%
Uncertain tax positions	-0.79%	-2.81%
Valuation allowance	-44.23%	-9.69%
Other	2.29%	-1.00%
	-48.24%	-4.04%

A reconciliation of the beginning and ending amount of unrecognized tax benefits, including interest and penalties, is as follows:

	2019	**2018**
Balance at January 1,	$ 4,115	$ 1,016
Increases in tax positions for prior years	—	2,352
Increases in tax positions for current years	455	860
Other	(149)	(70)
Lapse in statute of limitations	(126)	—
Settlements	—	(43)
Balance at December 31,	$ 4,295	$ 4,115

Of the amounts reflected in the above table at December 31, 2019, approximately $2.8 million would reduce the Company's annual effective tax rate if recognized. In direct offsetting effects of uncertain tax positions embedded in foreign net operating carryforwards that carry a full valuation allowance would not affect the effective tax rate if the unrecognized benefits are resolved while a full valuation allowance is maintained. The Company records accrued interest and penalties related to income tax matters in the provision for income taxes in the accompanying consolidated statement of income. For the years ended December 31, 2019, 2018 and 2017, interest and penalties recognized on unrecognized tax benefits were $134, $266 and $69, respectively. The accrued balance as of December 31, 2019 and 2018 was $782 and $648, respectively. Included in the unrecognized tax benefits is a liability for the Romania income tax audit for tax years 2012-2018 and Italy for tax year 2016. Depending upon the final resolution of the audits, the uncertain tax position liabilities could be higher or lower than the amount recorded at December 31, 2019. We believe that it is reasonably possible that a decrease of up to $0.4 million in unrecognized tax benefits within 12 months of the reporting date as a result of a lapse of the statute of limitations in various jurisdictions and for the resolution of the Italy tax audit.

The Company files income tax returns in the United States, Italy, Romania and Argentina as well as various state and local tax jurisdictions with varying statutes of limitations. With a few exceptions, the Company is no longer subject to examination by the tax authorities for U.S. federal or state for the years before 2016, or foreign examinations for years before 2012.

Note 17. Supplemental Cash Flow Disclosures

Interest received and paid, income taxes paid and non-cash transactions incurred during the years ended December 31, 2019, 2018 and 2017 were as follows:

	2019	2018	2017
Interest received in cash	$ 229	$ 167	$ —
Interest paid in cash	4,394	5,841	7,234
Income tax (refunds) payments in cash	(175)	1	1,729
Non-Cash Transactions:			
Proportional share of increase in equity investments' paid in capital	—	14	11
Share based compensation paid in connection with Tadano transaction	—	200	—
Equipment held for sale financed on a capital lease	—	—	896

Note 18. Employee Benefits

U.S. Plan

The Company sponsors a 401(k) plan. The plan is intended to cover all non-union United States based employees. The plan is open to employees 21 years of age and older. There is no minimum employment duration required before eligibility. The plan allows for monthly enrollment and contribution changes.

The Company currently matches dollar for dollar participants’ contributions up to 3% of the participants’ gross income and a 50% match on the next 2% of gross income. There is no dollar limit regarding matched funds and the plan also calls for immediate vesting of the employer contribution component. The employer match is paid when payroll is processed.

The amount paid in matching contributions by the company for 2019, 2018 and 2017 were $428, $386 and $235, respectively.

Non-U.S. Plan

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 annual accrual is approximately 7% of total pay, with no ceiling, and is revalued each year by applying a pre-established rate of return of 1.50%, plus 75% of the Consumer Price Index, and is recorded by a book reserve. TFR is an unfunded plan.

The accrued employee severance indemnity must be transferred to the Fund for the payment of severance pay to employees in the private sector, managed by the INPS (the National Social Contributions Authority), on behalf of the State, on a special account opened at the State Treasury. In this case the workers continue to have as their sole interlocutor the employer, who will provide monthly payment of the amount due (together with the social contributions due to INPS). In this situation, the Company will pay the severance to the employees leaving and then those amounts will be compensated by the payments to be made in favor of INPS.

The amount paid by the company for 2019, 2018 and 2017 was $146, $213, and $149. The amount allocated to the Employee severance indemnity provision in 2019, 2018 and 2017 were $428, $579 and $728.

Note 19. Accrued Warranties

A liability for estimated warranty claims is accrued at the time of sale. The liability is established using historical warranty claim experience. Historical warranty experience is, however, reviewed by management.

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. 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:

	2019	2018
Balance January 1,	$ 2,004	$ 2,030
Accrual for warranties issued during the year	2,397	3,549
Warranty services provided	(2,163)	(3,317)
Changes in estimates	(563)	(267)
Foreign currency translation	(51)	9
Balance December 31,	$ 1,624	$ 2,004

Note 20. Long Lived Assets

	2019	2018
United States	$ 14,906	$ 18,365
Italy	57,079	65,584
Total Long-Lived Assets	$ 71,985	$ 83,949

Long-Lived Assets are based on where the operating unit is domiciled.

Note 21. Equity

Tadano, Ltd. Investment in the Company

On May 24, 2018, the Company entered into a (a) Securities Purchase Agreement (the “Purchase Agreement”) and (b) Registration Rights Agreement (the “Registration Rights Agreement”) with Tadano Ltd., a Japanese company (“Tadano”).

Pursuant to the Purchase Agreement, the Company agreed to issue and sell to Tadano, and Tadano agreed to purchase from the Company, 2,918,542 shares of the Company’s common stock, no par value (the “Shares”), representing approximately 14.9% of the outstanding shares of common stock of the Company (based on the number of outstanding shares as of the date of the Purchase Agreement), at a purchase price of $11.19 per share, for an aggregate purchase price of $32,658. The transaction closed on May 29, 2018 (the “Closing Date”). The Shares were issued in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”).

The Purchase Agreement also provides for certain rights of Tadano and certain limitations on the Company, subject in each case to Tadano continuing to meet certain minimum ownership requirements. Specifically, so long as Tadano owns at least a majority of the Shares, Tadano has certain preemptive rights to purchase its pro rata share of specified equity securities (including certain derivative and convertible securities) issued by the Company after the Closing Date. Additionally, so long as Tadano owns at least 10% of the Company’s issued and outstanding shares of common stock, the Company is prohibited, absent Tadano’s consent, from, among other items: (i) increasing the number of directors on the Company’s board of directors to a number greater than ten; (ii) entering into certain related person or affiliated transactions, subject to certain exceptions; and (iii) authorizing or approving any plan of dissolution of the Company, any liquidating distribution of the Company’s assets or other action relating to the dissolution or liquidation of the Company. The Purchase Agreement also contains certain restrictions on asset sales by the Company. In addition, so long as it owns at least 10% of the Company’s issued and outstanding shares of common stock, Tadano shall have the right to nominate one individual to serve on the Company’s board of directors

See the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 31, 2018 for additional information regarding this transaction.

In connection with this transaction, the Company incurred legal, investment banking and consulting fees that in aggregate totaled $875. These fees are recorded net of common stock.

Issuance of Common Stock

On July 25, 2017, the Company issued 21,783 shares of common stock with a value of $154 to Avis Industrial Corporation. The shares were issued as part of the consideration paid to purchase the Winona manufacturing facility.

At the Market Program

On January 23, 2017, Manitex International Inc. entered into a Controlled Equity Offering Sales Agreement ("Sales Agreement") with Cantor Fitzgerald & Co. ("Cantor") pursuant to which the Company may offer and sell shares of its common stock, no par value per share, having an aggregate offering price up to $20 million through Cantor. The Company thought it prudent to put a mechanism in place by which supplemental liquidity can be provided to address working capital requirements or other capital requirements that may arise in conjunction with production requirements. Under the program, the Company's stock is issued at the current market price and the Company pays a 7% commission to Cantor.

The following table contains information regarding stock issued under the program:

Date of Issue	Shares Issued	Shares Price	Value of Shares Issued	Commissions	Net Proceeds
January 25, 2017	247,604	$ 8.8750	$ 2,197	$ 154	$ 2,043
January 27, 2017	27,120	$ 8.8376	$ 240	$ 17	$ 223
January 30, 2017	1,100	$ 8.6464	$ 10	$ 1	$ 9
January 31, 2017	18,700	$ 8.6451	$ 162	$ 11	$ 151
	294,524		$ 2,609	$ 183	$ 2,426

Stock issued to employees and Directors

The Company issued shares of common stock to employees and Directors at various times in 2019, 2018 and 2017 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 three-year period:

Date of Issue	Employees or Director	Shares Issued	Value of Shares Issued
January 1, 2019	Employee	2,500	$ 14
January 4, 2019	Directors	7,900	48
January 4, 2019	Employee	21,502	131
March 13, 2019	Directors	7,920	58
May 15, 2019	Employee	560	6
May 31, 2019	Directors	6,600	77
August 20, 2019	Employee	333	4
September 18, 2019	Employee	2,612	18
December 14, 2019	Directors	7,900	44
December 14, 2019	Employees	15,007	84
		72,834	$ 484

Date of Issue	Employees or Director	Shares Issued	Value of Shares Issued
January 1, 2018	Directors	4,420	$ 56
January 1, 2018	Employees	12,536	160
January 4, 2018	Directors	7,675	47
January 4, 2018	Employees	26,215	159
January 15, 2018	Directors	6,600	59
May 31, 2018	Directors	11,600	135
May 31, 2018	Employees	1,073	12
August 8, 2018	Employees	6,750	39
September 15, 2018	Directors	6,600	35
October 15, 2018	Directors	6,800	61
December 14, 2018	Directors	7,675	43
December 14, 2018	Employees	18,559	104
		116,503	$ 910

Date of Issue	Employees or Director	Shares Issued	Value of Shares Issued
January 1, 2017	Directors	4,290	$ 54
January 1, 2017	Employees	20,932	266
January 4, 2017	Directors	7,675	47
January 4, 2017	Employees	42,533	258
June 1, 2017	Employees	4,493	32
September 15, 2017	Directors	6,600	35
October 16, 2017	Directors	6,600	59
December 14, 2017	Directors	7,675	43
December 14, 2017	Employees	23,353	131
		124,151	$ 925

Stock Repurchase

The Company purchased shares of Common Stock at various times from certain employees at the closing price on date of purchase. The stock was purchased from the employees to satisfy employees' withholding tax obligations related to stock issuances described above. The following is a summary of common stock purchased during 2019, 2018 and 2017:

Date of Purchase	Shares Purchased	Closing Price on Date of Purchase
January 4, 2019	2,882	$ 9.60
August 20, 2019	116	$ 11.54
September 18, 2019	766	$ 6.24
December 14, 2019	1,658	$ 5.66
	5,422	
January 1, 2018	3,183	$ 9.60
January 4, 2018	5,709	$ 9.39
August 8, 2018	1,978	$ 11.54
December 14, 2018	2,651	$ 6.60
	13,521	
January 1, 2017	6,312	$ 6.86
January 4,2017	11,750	$ 7.27
December 14, 2017	4,758	$ 8.35
	22,820	

Manitex International, Inc. 2019 Equity Incentive Plan

In 2019, the Company adopted the Manitex International, Inc. 2019 Equity Incentive Plan. The maximum number of shares of common stock reserved for issuance under the plan is 1,329,364 shares. The total number of shares reserved for issuance however, can be adjusted to reflect certain corporate transactions or changes in the Company's capital structure. The Company's employees and members of the board of directors who are not our employees or employees of our affiliates are eligible to participate in the plan. The plan is administered by a committee of the board comprised of members who are outside directors. The plan provides that the committee has the authority to, among other things, select plan participants, determine the type and number of awards, determine award terms, fix all other conditions of any awards, interpret the plan and any plan awards. Under the plan, the committee can grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and performance units, except Directors may not be granted stock appreciation rights, performance shares and performance units. During any calendar year, participants are limited in the number of grants they may receive under the plan. In any year, an individual may not receive options for more than 15,000 shares, stock appreciation rights with respect to more than 20,000 shares, more than 20,000 shares of restricted stock and/or an award for more than 10,000 performance shares or restricted stock units or performance units. The plan requires that the exercise price for stock options and stock appreciation rights be not less than fair market value of the Company's common stock on date of grant.

Restricted stock units are subject to the same conditions as the restricted stock awards except the restricted stock units do not have voting rights and the common stock will not be issued until the vesting criteria are satisfied.

The Company awarded under the Amended and Restated 2004 Equity Incentive Plan a total of 210,310; 28,768; and 24,493 restricted stock units to employees and directors during 2019, 2018 and 2017, respectively. The restricted stock units are subject to the same conditions as the restricted stock awards except the restricted stock units will not have voting rights and the common stock will not be issued until the vesting criteria are satisfied.

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. The following table illustrates the various assumptions used to calculate the Black-Scholes option pricing model for stock options granted on September 1, 2019:

	Grant date 9/1/2019
Dividend yields	—
Expected volatility	51%
Risk free interest rate	1.42%
Expected life (in years)	6
Fair value of the option granted	$ 2.76

Compensation expense in 2019, 2018 and 2017 includes $603, $639 and $798 related to restricted stock units and stock options, respectively. Compensation expense related to restricted stock units and stock options will be $551, $432 and $159 for 2020, 2021 and 2022, respectively.

The following is a summary of restricted stock units that were awarded during 2019, 2018 and 2017:

2019 Grants	Vesting Date	Number of Restricted Stock Units	Closing Price on Date of Grant	Value of Restricted Stock Units Issued
January 1, 2019	January 1, 2019 2,500 units; January 1, 2020 2,500 units	5,000	$ 5.68	$ 29
March 13, 2019	March 13, 2019 7,920; March 13, 2020 7,920; March 13, 2021 8,160	24,000	$ 7.36	$ 177
March 13, 2019	March 13, 2020 9,900; March 13, 2021 9,900; March 13, 2022 10,200	30,000	$ 7.36	$ 221
March 13, 2019	March 13, 2020 25,842; March 13, 2021 25,842; March 13, 2022 26,626	78,310	$ 7.36	$ 576
September 1, 2019	September 1, 2020 16,500, September 1, 2021 16,500; September 1, 2022 17,000	50,000	$ 5.62	$ 281
December 31, 2019	December 31, 2020 7,590; December 31, 2021 7,590; December 31, 2022 7,820	23,000	$ 5.95	$ 137
		210,310		$ 1,421

2018 Grants	Vesting Date	Number of Restricted Stock Units	Closing Price on Date of Grant	Value of Restricted Stock Units Issued
May 15, 2018	May 15, 2019 560 units; May 15, 2020 560 units and May 15, 2021 575 units	1,695	$ 11.30	$ 19
May 31, 2018	May 31, 2018 6,600 units; May 31, 2019 6,600 units and May 31, 2020 6,800 units	20,000	$ 11.64	$ 233
May 31, 2018	May 31, 2018 5,000 units	5,000	$ 11.64	$ 58
May 31, 2018	May 31, 2018 1,073 units	1,073	$ 11.64	$ 12
August 20, 2018	August 20, 2019 333 units; August 20, 2020 333 units and August 20, 2021 334 units	1,000	$ 11.46	$ 11
		28,768		$ 333

2017 Grants	Vesting Date	Number of Restricted Stock Units	Closing Price on Date of Grant	Value of Restricted Stock Units Issued
June 1, 2017	June 1, 2017 4,493 units	4,493	$ 7.01	$ 31
October 9, 2017	October 16, 2017 6,600 units; January 15, 2018 6,600 units and October 15, 2018 6,800 units	20,000	$ 9.00	$ 180
		24,493		$ 211

The following table contains information regarding restricted stock units for the years ended December 31, 2019, 2018 and 2017, respectively:

	Restricted Stock Units		
	2019	2018	2017
Outstanding on January 1,	72,874	168,763	342,004
Units granted during period	210,310	28,768	24,493
Vested and issued	(67,412)	(102,982)	(101,331)
Vested—issued and repurchased for income tax withholding	(5,422)	(13,521)	(22,820)
Forfeited	(11,633)	(8,154)	(73,583)
Outstanding on December 31	198,717	72,874	168,763

Note 22. Recent Accounting Guidance

Recently Issued Pronouncements – Not Yet Adopted

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 will be the first quarter of fiscal year 2021 and early adoption is permitted. Adoption of Topic 740 is not expected to have a material effect on the Company's consolidated financial statements.

In April 2019, the FASB issued ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments" ("ASU 2019-04"). ASU 2019-04 provides narrow scope amendments for Topics 326, 815 and 825. The effective date will be the first quarter of fiscal year 2020 and early adoption is permitted. The standard requires a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company adopted the new credit loss standard effective January 1, 2020 and determined it will not have a material effect on the Company's financial statements.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," ("ASU 2016-13"). ASU 2016-13 sets forth a "current expected credit loss" model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable supportable forecasts. The guidance in this standard replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. Subsequently, the FASB issued the following standards related to ASU 2016-13: ASU 2018-19, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses," ASU 2019-05, "Financial Instruments-Credit Losses (Topic 326) Targeted Transition Relief," and ASU 2019-11, "Codification Improvements to Topic 326, Financial Instruments-Credit Losses," which provided additional guidance and clarity to ASU 2016-13 (collectively, the "Credit Loss Standard"). The effective date will be the first quarter of fiscal year 2020 and early adoption is permitted. The Credit Loss Standard will be applied using a modified retrospective approach. The Company adopted the new credit loss standard effective January 1, 2020 and determined it will not have a material effect on the Company's financial statements.

Recently Adopted Accounting Guidance

In February 2018, the FASB issued ASU 2018-02, "Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" ("ASU 2018-2"). ASU 2018-02 allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from H.R. 1 "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018" (commonly known as the "Tax Cuts and Jobs Act" (the "Jobs Act")). The Company has adopted this guidance as of January 1, 2019. The adoption of this guidance did not have a significant impact on our operating results.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)” (“ASU 2016-02”), which requires lessees to recognize assets and liabilities for leases with lease terms of more than 12 months and disclose key information about leasing arrangements. Consistent with current U.S. GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. Subsequently, the FASB issued the following standards related to ASU 2016-02: ASU 2018-01, “Land Easement Practical Expedient for Transition to Topic 842,” ASU 2018-10, “Codification Improvements to Topic 842, Leases”, ASU 2018-11, “Leases (Topic 842): Targeted Improvements” (“ASU 2018-11”) and ASU 2018-20, “Narrow-Scope Improvements for Lessors”, which provided additional guidance and clarity to ASU 2016-02 (collectively, the “New Lease Standard”). The Company adopted this guidance as of January 1, 2019. The transition method allows an entity to initially apply the requirements of the New Lease Standard at the adoption date, versus at the beginning of the earliest period presented, and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The New Lease Standard provides a number of optional practical expedients in transition. The Company elected the transition package of practical expedients, the practical expedient to not separate lease and non-lease components for all of its leases, and the short-term lease recognition exemption for all of its leases that qualify for it. The adoption of this guidance resulted in an addition of $3,166 of total operating assets and $3,184 of total operating lease liabilities with no income statement impact as of January 1, 2019.

Except as noted above, the guidance issued by the FASB during the current year is not expected to have a material effect on the Company’s consolidated financial statements.

Note 23. 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 is a distributor of Terex rough terrain and truck cranes. As such, C&M purchases cranes and parts from Terex. Additionally, The Company has a convertible note with a face amount of $7,500 payable to Terex. See Note 15 for additional details.

PM is a manufacturer of cranes. PM sold cranes, parts, and accessories to Tadano during 2019.

During the quarter ended March 31, 2017, the Company was the majority owner of ASV and, therefore, ASV was not a related party during that period. In May 2017, the Company reduced is its ownership interest in ASV to 21.2% and in February 2018 further reduced its ownership to approximately 11%. As such, ASV became a related party beginning in the quarter ended June 30, 2017. The Company did not have any transactions with ASV during 2018. In September 2019, in connection with the sale of ASV to Yanmar American Corporation, the Company received cash merger consideration for its remaining 1,080,000 shares in ASV and ASV is no longer a related party at September 30, 2019.

As of December 31, 2019, and 2018, the Company had accounts receivable and accounts payable with related parties as shown below:

		December 31, 2019	December 31, 2018
Accounts Receivable	Terex	$ 9	$ 23
	Tadano	88	—
		$ 97	$ 23
Accounts Payable	Terex	$ 325	$ 1,394
		$ 325	$ 1,394
Net Related Party Accounts Payable		$ 228	$ 1,371

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:

	2019	2018	2017
Bridgeview Facility (2)	$ 273	$ 268	$ 263
Sales to:			
SL Industries, Ltd (1)	n/a	n/a	8
Tadano	144	n/a	n/a
Terex	35	43	34
Total Sales	$ 179	$ 43	$ 42
Inventory Purchases from:			
SL Industries, Ltd (1)	n/a	n/a	564
Lift Ventures	n/a	n/a	618
BGI (1)	n/a	n/a	2,886
Terex	1,858	2,306	990
Total Inventory Purchases	$ 1,858	$ 2,306	$ 5,058

(1) These companies are controlled by a former executive officer of the Company. The former officer retired effective December 31, 2016 but provided consulting services to the Company through April 30, 2017. Although the Company continues to purchase from SL Industries and BGI, these entities are not related parties after December 31, 2017. Therefore, accounts payable to these companies are included in trade payables beginning in 2018.

(2) The Company leases its 40,000 sq. ft. Bridgeview facility from an entity controlled by Mr. David Langevin, the Company's Executive Chairman and former CEO. Pursuant to the terms of the lease, the Company makes monthly lease payments of $23. The Company is also responsible for all the associated operations expenses, including insurance, property taxes, and repairs. On October 3, 2018, the lease was amended to extend the initial lease term to fifteen years expiring in May 3, 2025 with a provision for an option one five-year period and thereafter, six one-year extension periods. The lease contains a rental escalation clause under which annual rent is increased during the initial lease term by the lesser of the increase in the Consumer Price Increase or 2.0%. Rent for any extension period shall, however, be the then-market rate for similar industrial buildings within the market area. The Company has the option to purchase the building by giving the Landlord written notice at any time prior to the date that is 180 days prior to the expiration of the lease or any extension period. The Landlord can require the Company to purchase the building if a Change of Control Event, as defined in the agreement occurs by giving written notice to the Company at any time prior to the date that is 180 days prior to expiration of the lease or any extension period. The purchase price regardless whether the purchase is initiated by the Company or the landlord will be the Fair Market Value as of the closing date of said sale.

Transactions with Terex

On December 19, 2014, Terex held greater than 5% of the Company's outstanding share and became a related party. At December 31, 2019 and 2018, the Company has the following note payable to Terex:

	Years Ended December 31,	
	2019	2018
Convertible note	$ 7,323	$ 7,158

See Note 15 for additional details regarding the above debt obligations.

Note 24. 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 that range from $50 to $500.

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.

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.

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 or the minimum amount of a range of estimates when it is not possible to estimate the amount within the range that is most likely to occur. The Company established reserves for several PM lawsuits in conjunction with the accounting for this acquisition.

Additionally, beginning on December 31, 2011, the Company's worker's compensation insurance policy has per claim deductible of $250 and annual aggregates of $1,000 to $1,875 depending on the policy year. 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 worker's 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 worker compensation claims in aggregate will have a material adverse effect on the Company.

On May 5, 2011, Company entered into two separate settlement agreements with two plaintiffs. As of December 31, 2019, the Company has a remaining obligation under the agreements to pay the plaintiffs $1,140 without interest in 12 annual installments of $95 on or before May 22 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 payment period.

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.

Romania Income Tax Audit

As described in Note 16, included in the unrecognized tax benefits is a liability for the Romania income tax audit for tax years 2012-2018 and Italy for tax year 2016. Depending upon the final resolution of the audits, the liability could be higher or lower than the amount recorded at December 31, 2019.

Residual Value Guarantees

The Company issues partial residual value guarantees to support a customer's financing of equipment purchased from the Company. A residual value guarantee involves a guarantee that a piece of equipment will have a minimum fair market value at a future date if certain conditions are met by the customer. The Company has issued partial residual guarantees that have maximum exposure of approximately $1.6 million in the aggregate as of December 31, 2019. At December 31, 2019, the Company does not have a material obligation affiliated with these guarantees and therefore has not recorded any amounts within these consolidated financial statements. liability has been recorded. The Company's ability to recover losses experienced from its guarantees may be affected by economic conditions in used equipment markets at the time of loss.

SEC Investigation

The Company continues to comply with the SEC investigation regarding the Company's restatement of prior financial statements, which was completed in April 2018.

Note 25. Unaudited Quarterly Financial Data

Summarized quarterly financial data for 2019 and 2018 are as follows (in thousands, except per share amounts).

	2019				2018			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Net revenues	$ 57,420	$ 60,969	$ 51,941	$ 54,446	$ 56,675	$ 63,904	$ 60,938	$ 60,590
Gross Profit	11,948	10,835	8,093	9,580	11,100	12,441	11,994	8,512
Net income (loss) from continuing operations	910	3,236	(11,851)	(787)	(1,485)	(967)	122	(10,847)
Net income (loss)	$ 910	$ 3,236	$ (11,851)	$ (787)	$ (1,485)	$ (967)	$ 122	$ (10,847)
Earnings (loss) per Share								
Basic								
Earnings (loss) from continuing operations	$ 0.05	$ 0.16	$ (0.60)	$ (0.04)	$ (0.09)	$ (0.05)	$ 0.01	$ (0.55)
Diluted								
Earnings (loss) from continuing operations	$ 0.05	$ 0.16	$ (0.60)	$ (0.04)	$ (0.09)	$ (0.05)	$ 0.01	$ (0.55)
Shares outstanding								
Basic	19,678,081	19,685,251	19,690,233	19,696,093	16,666,937	17,734,383	19,610,168	19,625,695
Diluted	19,694,973	19,734,195	19,690,233	19,705,242	16,666,937	17,734,383	19,694,379	19,625,695

Note 26. Discontinued Operations

Sale of ASV Shares

On May 11, 2017, in anticipation of an initial public offering, ASV Holdings converted from an LLC to a C-Corporation and the Company’s 51% interest was converted to 4,080,000 common shares of ASV Holdings. On May 17, 2017, in connection within its initial public offering (“IPO”), ASV Holdings sold 1,800,000 of its own shares and the Company sold 2,000,000 shares of ASV Holdings common stock. After the IPO, the Company held a 21.2% interest in ASV Holdings, but no longer has a controlling interest in ASV holdings. ASV Holdings was deconsolidated during the quarter ended June 30, 2017 and is recorded as an equity investment starting with quarter ended June 30, 2017. The Company recognized a loss of $1,133 in connection with the sale of these shares.

Following the sale of the above referenced shares, the Company had significant continuing involvement with ASV in the form of an equity investment (21.2% ownership in ASV). At the time of the above transaction, the Company plans were to hold the remaining shares it owned in ASV for an indefinite period. Although the Company had no plans to sell additional shares, the sale of additional shares in the future remained an option. If the Company were to sell more than 117,600 shares, the Company would cease to account for its investment in ASV as an Equity Investment.

Over the period from February 26-28, 2018, the Company sold an aggregate of 1,000,000 shares of ASV Holdings, Inc. in privately-negotiated transactions with institutional purchasers. All such shares were sold for $7.00 per share. Following such sale transactions, the Company owned an aggregate of 1,080,000 shares of ASV Holdings, Inc., which equated to an ownership of approximately 11%. After the sale of the shares, the Company ceased accounting for the investment in ASV using the equity method of accounting. The Company incurred a loss of $205 on the sale of these shares.

In September 2019, ASV was acquired by Yanmar American Corporation resulting in the Company receiving $7.05 per share in cash, or $7.6 million, for its remaining 1,080,000 shares of ASV. Going forward, the Company no longer has marketable equity securities on its consolidated balance sheet.

	For the Year Ended December 31, 2017
Net revenues	$ 38,357
Cost of sales	32,403
Research and development costs	694
Selling, general and administrative expenses	3,504
Interest expense	1,156
Other income	(40)
Income (loss) from discontinued operations before income taxes	560
Loss on sale of discontinued operations including transactions expense of $128 and $551 in 2017 and 2016, respectively	(1,302)
Total loss on discontinued operations before income taxes	(742)
Income tax expense related to discontinued operations	(5)
Net loss on discontinued operations	$ (737)

Note 27. Subsequent Event

Strategic Alternatives for Sabre

On March 4, 2020, the Company's Board of Directors approved that management explore various strategic alternatives for Sabre, including the possibility of a transaction involving the sale of all or part of Sabre's business and assets, to determine whether such a transaction would provide value to shareholders. The Company at this time cannot be sure that any such transaction will occur, and if so, what impact such a transaction would have on the Company's financial statements. During 2019, Sabre had net revenues of $9.3 million and total assets of $1.9 million.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision of and with the participation of management and the Audit Committee of the Board of Directors, the Company 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 December 31, 2019. The Company's evaluation has identified certain material weaknesses in its internal control over financial reporting as noted below in Management's Report on Internal Control Over Financial Reporting. Based on the evaluation of these material weaknesses, the Company has concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2019 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. Based on a number of factors, including the completion of the Audit Committee's internal investigation, our internal review that identified revisions to our previously issued financial statements, and efforts to remediate the material weaknesses in internal control over financial reporting described below we believe the consolidated financial statements in this Annual 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.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of its financial statements for external purposes in accordance with GAAP and includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of and with the participation of management, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the criteria in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). A material weakness is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement to the annual or interim financial statements will not be prevented or detected on a timely basis. Based upon that evaluation, management concluded that the following material weaknesses in the Company's internal control over financial reporting, principally related to the Company's period-end financial reporting and consolidation processes still exist at December 31, 2019:

1. We did not maintain adequate entity-level controls with respect to ensuring adequate supporting documentation for journal entries and review procedures with respect to journal entries and disbursements that were unusual in nature and of significant amounts.
2. We did not maintain a formal and consistent policy for establishing inventory reserves for excess and obsolete inventory.
3. 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.
4. 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.

As a result of the material weaknesses in internal control over financial reporting described above, management concluded that the Company's internal control over financial reporting was not effective as of December 31, 2019 based on the criteria established in Internal Control—Integrated Framework issued by the COSO. Additionally, these material weaknesses could result in a misstatement of the aforementioned account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2019 has been audited by Grant Thornton LLP, our independent registered public accounting firm, as stated in their report which appears herein.

Management's Remediation Activities

During 2019, management invested significant time and effort to remediate two of the material weaknesses identified in 2018. Specifically, the following remediation actions were taken and completed:

1. We did not maintain an adequate process for the intake of new contracts, customers and vendors, particularly for contracts involving unique transaction structures or unusual obligations on the part of the Company, to ensure that all contracts are appropriately reviewed and approved, and the associated financial reporting requirements associated with such contracts and transactions structures are properly identified and complied with in accordance with Generally Accepted Accounting Principles.

   During 2019, the Company implemented a control that all initial sales orders are documented and reviewed to ensure proper accounting treatments are applied to any unique terms in the agreements.

2. We did not maintain an adequate review process with respect to the accounting of bill-and-hold transactions and ensuring proper revenue recognition.

   During 2019, the Company enhanced its control environment and implemented controls regarding revenue recognition, specifically tailored to bill and hold transactions. Management has implemented additional controls to address this material weakness.

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 fourth quarter ended December 31, 2019, 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 planned actions to further address these issues in fiscal year 2020 include:

- During the fourth quarter of 2019, the Company began implementing controls to prevent anyone in a senior management position from being able to post manual journal entries, and require all manual journal entries to be reviewed and approved by an appropriate individual other than the preparer;
- During the fourth quarter of 2019, the Company began implementing a formal and consistent policy for establishing inventory reserves for excess and obsolete inventory and situations where net realizable value is less than inventory cost;
- During the fourth quarter of 2019, the Company began implementing information technology policies and procedures for all the United States entities and will begin working with the foreign subsidiaries in the first quarter of 2020;
- Other control improvements will include employee retraining with respect to the Company's Code of Ethics; and
- Executive oversight will be improved through additional reporting requirements and meetings.

The audit committee has directed management to develop a detailed plan and timetable for the implementation of the foregoing remedial measures (to the extent not already completed) and will monitor their implementation. Management completed development/implementation of the detail plan during the third quarter and have been providing updates to the audit committee on a periodic basis. As part of the plan, during the third quarter of 2019, the Company hired an information technology director to evaluate and improve the information technology controls at our U.S. operations so as to enable us to identify and mitigate risks of material accounting errors. During the second quarter of 2019, the Company engaged a top ten accounting firm to help with remediating its material weaknesses. 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 and others that will be implemented 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.

ITEM 9B. OTHER INFORMATION

None.

PART III

Certain information required by Part III is omitted from this Form 10-K as the Company intends to file with the SEC its definitive Proxy Statement for its 2020 Annual Meeting of Shareholders (the "2020 Proxy Statement") pursuant to Regulation 14A of the Exchange Act, not later than 120 days after December 31, 2019.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information under the headings "Nominees to Serve Until the 2021 Annual Meeting," "Executive Officers of the Company who are not also Directors," "Delinquent Section 16(a) Reports," "Committee on Directors and Board Governance," and "Audit Committee" in our 2020 Proxy Statement is incorporated herein by reference.

Our directors, executive officers and stockholders with ownership of 10% or greater are required, under Section 16(a) of the Exchange Act, to file reports of their ownership and changes to their ownership of our securities with the SEC. Based solely on our review of the reports and any written representations we received that no other reports were required, we believe that, during the year ended December 31, 2019, all of our officers, directors and stockholders with ownership of 10% or greater complied with all Section 16(a) filing requirements applicable to them.

Code of Ethics

The Company has adopted a code of ethics applicable to our principal executive officer and principal financial and accounting officer, in accordance with Section 406 of the Sarbanes-Oxley Act of 2002, the rules of the SEC promulgated thereunder, and the NASDAQ rules. The code of ethics also applies to all employees of the Company as well as the Board of Directors. In the event that any changes are made or any waivers from the provisions of the code of ethics are made, these events would be disclosed on the Company's website or in a report on Form 8-K within four business days of such event. The code of ethics is posted on our website at www.manitexinternational.com. Copies of the code of ethics will be provided free of charge upon written request directed to Investor Relations, Manitex International, Inc., 9725 Industrial Drive, Bridgeview, Illinois 60455.

ITEM 11. EXECUTIVE COMPENSATION

The information under the headings "Compensation Committee Interlocks and Insider Participation," "Compensation Committee Report on Executive Compensation" "Compensation Discussion and Analysis," "Executive Compensation," and "Director Compensation" in our 2020 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the headings "Equity Compensation Plan Information" and "Principal Stockholders" in our 2020 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information under the headings "Transactions with Related Persons," "Corporate Governance," "Compensation Committee," and "Audit Committee" in our 2020 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information under the heading "Audit Committee" in our 2020 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

(1) *Financial Statements*

See Index to Financial Statements on page 34.

(2) *Supplemental Schedules*

None.

All schedules have been omitted because the required information is not present in amounts sufficient to require submission of the schedules, or because the required information is included in the consolidated financial statements or notes thereto.

(b) *Exhibits*

See the Exhibit Index following the signature page.

(c) *Financial Statement Schedules*

The financial statement schedule included in this Form 10-K is Schedule II - Valuation and Qualifying Accounts and Reserves for the Years Ended December 31, 2019, 2018 and 2017 (see Schedule II immediately following ITEM 16 of this Form 10-K).

ITEM 16. FORM 10-K SUMMARY

None.

SCHEDULE II- VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

	Balance Beginning of Year	Charges to Earnings	Other (1)	Deductions (2)	Balance End of Year
Year ended December 31, 2019					
Deducted from asset accounts:					
Allowance for doubtful accounts	$ 37	$ 670	$ (41)	$ (30)	$ 636
Reserve for inventory	5,967	3,784	(56)	(1,537)	8,158
Valuation allowance for deferred tax assets	7,643	2,849	-	(210)	10,282
Totals	$ 13,647	$ 7,303	$ (97)	$ (1,777)	$ 19,076
Year ended December 31, 2018					
Deducted from asset accounts:					
Allowance for doubtful accounts	$ 82	$ 43	$ -	$ (88)	$ 37
Reserve for inventory	3,462	3,261	(193)	(563)	5,967
Valuation allowance for deferred tax assets	7,405	1,227	-	(989)	7,643
Totals	$ 10,949	$ 4,531	$ (193)	$ (1,640)	$ 13,647
Year ended December 31, 2017					
Deducted from asset accounts:					
Allowance for doubtful accounts	$ 7	$ 75	$ -	$ -	$ 82
Reserve for inventory	1,886	1,977	356	(757)	3,462
Valuation allowance for deferred tax assets	8,327	1,122	-	(2,044)	7,405
Totals	$ 10,220	$ 3,174	$ 356	$ (2,801)	$ 10,949

Exhibit Index

Exhibit No.		Description
3.1		Articles of Incorporation, as amended (*incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed on November 13, 2008) (File No. 001-32401).*
3.2		Amended and Restated Bylaws of Veri-Tek International, Corp. (now known as Manitex International, Inc.), as amended *(incorporated by reference to Exhibit 3.2 to the Annual Report on Form 10-K filed on March 27, 2008) (File No. 001-32401).*
4.1		Specimen Common Stock Certificate of Manitex International, Inc. *(incorporated by reference to Exhibit 4.1 to the Annual Report on Form 10-K filed on March 25, 2009) (File No. 001-32401).*
4.2		Rights Agreement, dated as of October 17, 2008, between Manitex International, Inc. and American Stock Transfer & Trust Company, *LLC (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on October 21, 2008) (File No. 001-32401).*
4.3		Amendment No. 1, dated as of May 24, 2018, to Rights Agreement, dated October 17, 2008, by and between Manitex International, Inc. and American Stock Transfer & Trust Company, LLC (*incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on May 31, 2018).*
4.4		Amendment No. 2, dated as of October 2, 2018, to Rights Agreement, dated October 17, 2008, by and between Manitex International, Inc. and American Stock Transfer & Trust Company, LLC (*incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on October 3, 2018).*
4.5		Subordinated Convertible Promissory Note, dated as of December 19, 2014, between Manitex International, Inc. and Terex Corporation (*incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on December 23, 2014).*
4.6		Description of Registrant's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 (filed herewith).
10.1	*	Employment Agreement, dated December 12, 2012, between Manitex International, Inc. and David J. Langevin (*incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-k filed on December 17, 2012) (File No. 001-32401).*
10.2	*	Second Amended and Restated Manitex International, Inc. 2004 Equity Incentive Plan *(incorporated by reference to Exhibit 10.4 to the Annual Report on Form 10-K filed on March 30, 2010) (File No. 001-32401).*
10.3	*	Form of Restricted Stock Unit Award *(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 16, 2007) (File No. 001-32401).*
10.4		Lease dated April 17, 2006 between Krislee-Texas, LLC and Manitex, Inc. for facility located in Georgetown, Texas *(incorporated by reference to Exhibit 10.21 to the Annual Report on Form 10-K filed on April 13, 2007) (File No. 001-32401).*
10.5		Lease Agreement, dated May 26, 2010, between Manitex International, Inc. and KB Building, LLC *(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on May 28, 2010) (File No. 001-32401).*
10.6		Lease Amendment, dated June 6, 2014 between Manitex International, Inc. and KB Building, LLC *(incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on June 6, 2014).*
10.7		Lease Amendment, dated October 3, 2018, between Manitex International, Inc. and KB Building, LLC (*incorporated by reference to Exhibit 10.1 to the Current Report on From 8-K filed on October 3, 2018).*
10.8		First Amendment to Commercial lease with Sabre Realty, LLC dated August 19, 2013 (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed *(with respect to Items 1.01, 2.01, 2.03, 3.02, and 9.01) August 20, 2013) (File No. 001-32401).*
10.9		Commercial lease with Sabre Realty, LLC dated January 1, 2009 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed *(with respect to Items 1.01, 2.01, 2.03, 3.02, and 9.01) August 20, 2013) (File No. 001-32401).*
10.10		Commercial lease with Brave New World Realty, LLC dated August 29, 2011 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed *(with respect to Items 1.01, 2.01, 2.03, 3.02, and 9.01) August 20, 2013) (File No. 001-32401).*

Exhibit No.	Description
10.11	First Amendment to Commercial lease with Brave New World Realty, LLC dated August 19, 2013 (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K filed *(with respect to Items 1.01, 2.01, 2.03, 3.02, and 9.01) August 20, 2013) (File No. 001-32401).*
10.12	First Amendment to the Second Amended and Restated Manitex International, Inc. 2004 Equity Incentive Plan *(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q August 7, 2013) (File No. 001-32401).*
10.13	Second Amendment to Manitex International, Inc.'s Second Amended and Restated 2004 Equity Incentive Plan *(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 3, 2016).*
10.14	Loan and Security Agreement, dated as of July 20, 2016, by and among The PrivateBank and Trust Company, as administrative agent and sole lead arranger, Manitex International, Inc., Manitex Inc., Manitex Sabre, Inc., Badger Equipment Company, Crane and Machinery, Inc., Crane and Machinery Leasing, Inc., Liftking, Inc. and Manitex, LLC (as the US Borrowers) and Manitex Liftking, ULC (as the Canadian Borrower) *(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed July 25, 2016).*
10.15	First Amendment to Loan and Security Agreement, dated as of August 4, 2016, by and among Manitex International, Inc., Manitex Inc., Manitex Sabre, Inc., Badger Equipment Company, Crane and Machinery, Inc., Crane and Machinery Leasing, Inc., Liftking, Inc., Manitex, LLC and Manitex Liftking, ULC, The Private Bank and Trust Company and the lenders party thereto (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed November 9, 2016).
10.16	Consent and Second Amendment to Loan and Security Agreement, dated as of September 30, 2016, by and among Manitex International, Inc., Manitex Inc., Manitex Sabre, Inc., Badger Equipment Company, Crane and Machinery, Inc., Crane and Machinery Leasing, Inc., Liftking, Inc. and Manitex, LLC, The Private Bank and Trust Company and the lenders party thereto *(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 3, 2016).*
10.17	Third Amendment to Loan and Security Agreement, dated as of November 8, 2016, by and among Manitex International, Inc., Manitex Inc., Manitex Sabre, Inc., Badger Equipment Company, Crane and Machinery, Inc., Crane and Machinery Leasing, Inc., and Manitex, LLC, The Private Bank and Trust Company and the lenders party thereto *(incorporated by reference to Exhibit 10.4 to the Current Report on Form 10-Q filed November 9, 2016).*
10.18	Fourth Amendment to Loan and Security Agreement, dated as of February 10, 2017, by and among Manitex International, Inc., Manitex Inc., Manitex Sabre, Inc., Badger Equipment Company, Crane and Machinery, Inc., Crane and Machinery Leasing, Inc., and Manitex, LLC, The Private Bank and Trust Company and the lenders party thereto *(incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K filed on March 10, 2017).*
10.19	Fifth Amendment to Loan and Security Agreement, dated as of April 26, 2017, by and among Manitex International, Inc., Manitex Inc., Manitex Sabre, Inc., Badger Equipment Company, Crane and Machinery, Inc., Crane and Machinery Leasing, Inc. and Manitex LLC, The Private Bank and Trust Company *(incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed on May 4, 2017.*
10.20	Sixth Amendment to Loan and Security Agreement, dated as of March 9, 2018, by and among Manitex International, Inc., Manitex Inc., Manitex Sabre, Inc., Badger Equipment Company, Crane and Machinery, Inc., Crane and Machinery Leasing, Inc., and Manitex, LLC, CIBC Bank USA (f/k/a The PrivateBank and Trust Company) and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 14, 2018).
10.21	Seventh Amendment to Loan and Security Agreement, dated as of July 23, 2018, by and among Manitex International, Inc., Manitex Inc., Manitex Sabre, Inc., Badger Equipment Company, Crane and Machinery, Inc., Crane and Machinery Leasing, Inc., and Manitex, LLC, CIBC Bank USA (f/k/a The PrivateBank and Trust Company) and the lenders party thereto *(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on July 26, 2018)*
10.22	Investment Agreement, dated July 21, 2014, between Manitex International, Inc., IPEF III Holdings n° 11 S.A and Columna Holdings Limited *(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on July 25, 2014).*
10.23	Debt Assignment Agreements, dated July 21, 2014, between Manitex International, Inc. and Banca Popolare del'Emilia Romagna S.C. *(incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on July 25, 2014).*
10.24	Debt Assignment Agreements, dated July 21, 2014, between Manitex International, Inc. and Unicredit S.P.A. *(incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on July 25, 2014).*

Exhibit No.		Description
10.25		Option Agreement, dated July 21, 2014, by and between Manitex International, Inc. and Banca Popolare del'Emilia Romagna S.C. *(incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed on July 25, 2014).*
10.26		Commitment Letter dated July 21, 2014 the Company and PM Group *(incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed on July 25, 2014).*
10.27	*	Manitex International, Inc. 2019 Equity Incentive Plan *(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on June 13, 2019).*
10.28	*	Employment Agreement, effective as of September 1, 2019, between Manitex International, Inc. and Steve Filipov *(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on August 22, 2019).*
10.29	*	Amendment to Employment Agreement, effective as of September 1, 2019, between Manitex International, Inc. and David J. Langevin *(incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on August 22, 2019).*
10.30		Eighth Amendment to Loan and Security Agreement, dated as of September 30, 2019, by and among Manitex International, Inc., Manitex Inc., Manitex Sabre, Inc., Badger Equipment Company, Crane and Machinery, Inc., Crane and Machinery Leasing, Inc., Manitex, LLC, and CIBC Bank USA (f/k/a The PrivateBank and Trust Company) and the lenders party thereto. *(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 2, 2019).*
10.31	*	Employment Agreement, effective as of October 1, 2019, between Manitex International, Inc. and Laura R. Yu *(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 3, 2019).*
21.1	(1)	Subsidiaries of Manitex International, Inc.
23.1	(1)	Consent of UHY LLP
23.2	(1)	Consent of Grant Thornton LLP
24.1	(1)	Power of Attorney (included on signature page).
31.1	(1)	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	(1)	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	(1)	Certification by Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. 1350.
101	(1)	The following financial information from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the fiscal years ended December 31, 2019, 2018 and 2017, (ii) Consolidated Balance Sheets as of December 31, 2019 and 2018, (iii) Consolidated Statements of Shareholders' Equity and Comprehensive Loss, (iv) Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements.

* Denotes a management contract or compensatory plan or arrangement.
(1) Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: March 10, 2020

MANITEX INTERNATIONAL, INC.

By: /s/ LAURA R. YU

Laura R. Yu,
Chief Financial Officer
(On behalf of the Registrant and as
Principal Financial and Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoint David J. Langevin his or her attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with Exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ DAVID J. LANGEVIN **David J. Langevin,** **Executive Chairman and Director**	March 10, 2020
/s/ STEVE FILIPOV **Steve Filipov,** **Chief Executive Officer and Director** **(Principal Executive Officer)**	March 10, 2020
/s/ LAURA R. YU **Laura R. Yu,** **Chief Financial Officer** **(Principal Financial and Accounting Officer)**	March 10, 2020
/s/ RONALD M. CLARK **Ronald M. Clark,** **Director**	March 10, 2020
/s/ ROBERT S. GIGLIOTTI **Robert S. Gigliotti,** **Director**	March 10, 2020
/s/ FREDERICK B. KNOX **Frederick B. Knox,** **Director**	March 10, 2020
/s/ MARVIN B. ROSENBERG **Marvin B. Rosenberg,** **Director**	March 10, 2020
/s/ INGO SCHILLER **Ingo Schiller,** **Director**	March 10, 2020
/s/ STEPHEN J. TOBER **Stephen J. Tober,** **Director**	March 10, 2020