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, 2020

Commission File No.: 001-32401

MANITEX INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Michigan	**42-1628978**
(State of incorporation)	**(I.R.S. Employer Identification No.)**
9725 Industrial Drive	
Bridgeview, Illinois	**60455**
(Address of principal executive offices)	**(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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☒
Non-Accelerated Filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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 30, 2020 was approximately $71.5 million based upon the closing price for the Common Stock of $4.97 on the NASDAQ Stock Market on such date.

The number of shares of the registrant's common stock outstanding as of March 1, 2021 was 19,821,089.

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 2021 Annual Meeting (the "2021 Proxy Statement") to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2020.

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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) the continuing impact of COVID-19 and related economic conditions, including the Company's assessment of the vulnerability of our customers and vendors in relation to the economic disruptions associated with COVID-19;

(3) the reliance of our customers on government spending, fluctuations in activity levels in the construction industry, and capital expenditures in the oil and gas industry;

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

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

(6) the impact that the material weakness in our internal control over financial reporting had on our previously issued financial statements;

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

(8) an increase in interest rates;

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

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

(11) the availability of the third party financing that some of our customers rely on to purchase our products;

(12) our operations are in a highly competitive industry and the Company is particularly subject to the risks of such competition;

(13) our dependency upon third-party suppliers makes us vulnerable to supply shortages;

(14) price increases in materials could reduce our profitability;

(15) the Company faces product liability claims and other liabilities due to the nature of its business;

(16) the Company's success depends upon the continued protections of its trademarks and the Company may be forced to incur substantial costs to maintain, defend, protect and enforce its intellectual property rights;

(17) the volatility of our stock price;

(18) our ability to access the capital markets to raise funds and provide liquidity;

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

(20) currency transaction (foreign exchange) risks;

(21) compliance with changing laws and regulations;

(22) 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;

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

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

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

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

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

(28) 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 four operating units. 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 mounted 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. Through its consolidated subsidiaries, PM Group has locations in Modena, Italy; Valencia, Spain; Arad, Romania; Chassieu, France; Buenos Aires, Argentina; Santiago, Chile; Singapore, and Querétaro, Mexico.

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

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

Discontinued Operations

A.S.V., LLC

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.

Manitex Sabre, Inc. (''Sabre")

On March 4, 2020, the Company's Board of Directors approved the exploration by management of 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 criterion of asset held for sale had been met and Sabre is reported as a discontinued operation.

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

In addition to the proceeds from sale of $1,500 in cash received, the Company may receive a maximum royalty and earnout payments of approximately $2.9 million for years 2021 thru 2023 if certain revenue criteria are met. The Company will account for the contingent consideration as a gain in accordance with ASC 450. Under this approach, we will recognize the contingent consideration in earnings after the contingency is resolved. See Note 22 for additional discussion related to the sale of Sabre's business and assets.

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 with some models 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 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 2020, industry shipments for straight-mast cranes was approximately 750 units and declined approximately 39% compared to 2019. The data that the Company has seen indicates that dealer rental utilization and United States commercial construction indices experienced some economic disruption associated with COVID-19. During 2020, the Company launched two models of straight-mast cranes and continued development of higher capacity models as we head into 2021.

Knuckle Boom Cranes

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 infrastructure development, waste management and utility applications. 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 six 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.

In 2019 we 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 is now expanding into the Middle East, through our PM-Tadano branding efforts and distribution expansion.

Aerial Work Platforms

Oil & Steel 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.

Oil & Steel serves a number of geographies in North America, West and East Europe but also the near and Far East and sells through dealers as well as its own sales and distribution offices. In North America, the product sold under the Manitex brand and sold through its distribution network. The market generally follows the domestic economic cycle for any particular country. Consequently, the market has shown a positive trend in the recent past.

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 44 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.

Equipment Distribution

C&M is a distributor of the Company's products. C&M Leasing rents equipment manufactured by the Company as well as a limited amount of equipment manufactured by third parties.

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 16% and 13% for the years ended December 31, 2020 and 2019, respectively.

Company Revenues by Sources

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

	2020	2019
Boom trucks, knuckle boom & truck cranes	69%	72%
Part sales	16%	13%
Rough terrain cranes	6%	5%
Installation services	2%	3%
Other equipment	7%	7%
Net Revenue	100%	100%

In 2020 and 2019, no customer accounted for 10% or more 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.

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. 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, Valla, 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, Custom Truck One Source, Weldco Beales, Elliott and Altec. The Company's knuckle boom cranes compete with Palfinger, Fassi, Effer and HIAB. The Company competes primarily with Broderson in selling rough terrain and industrial cranes.

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 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).

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, 2020 was approximately $68 million, compared to a backlog of approximately $65 million at December 31, 2019. The December 31, 2020 backlog has increased by $17.5 million since September 30, 2020 when it was at $50.5 million. The backlog has continued to grow during the early part of 2021 and was $82 million at January 31, 2021. The Company expects to ship product to fulfill its existing backlog within the next twelve months.

Revenue Recognition

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

Employees

As of December 31, 2020, the Company had 470 full time employees and 10 part time employees. The Company has not experienced any work stoppages and anticipates continued good employee relations. Eighteen (18) of our employees are covered by collective bargaining agreements. Fourteen (14) 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 (4) employees are currently represented by Automobile Mechanics' Local 701. The union contract expires on September 30, 2023. 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

The reader 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.

Risks Relating to the Company's Business and Operations

A future substantial deterioration in economic conditions, especially in the United States and Europe, would adversely impact the Company's results of operations and cash flows.

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. 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.

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.

COVID-19 and related economic conditions, including the Company's assessment of the vulnerability of our customers and vendors in relation to the economic disruptions associated with COVID-19, are continuing to negatively impact our financial condition, results of operations and cash flows.

The global outbreak of COVID-19 severely restricted the level of economic activity in many parts of the world. In response to this outbreak, the governments of many countries, states, cities and other geographic regions have taken a variety of preventative or protective actions, such as imposing restrictions on travel and business operations. While some countries have experienced declining numbers of COVID-19 cases and have therefore reversed some of these preventative and protective measures, others, including many areas of the United States, have experienced increases in COVID-19 cases and have implemented or are considering implementing or re-implementing such actions. These measures, while intended to curtail the spread of COVID-19, have had and are expected to continue to have significant adverse impacts of uncertain severity and duration on domestic and foreign economies. The outbreak and continued spread of COVID-19 have resulted in a global economic slowdown. Currently, the effectiveness of economic stabilization efforts and other measures being taken to mitigate the effects of these actions and the spread of COVID-19, including the development, approval and distribution of vaccines, is uncertain.

As a result of the COVID-19 pandemic, we and our affiliates, employees, suppliers, customers and others have been and may continue to be restricted or prevented from conducting normal business activities, including as a result of shutdowns, travel restrictions and other actions that may be recommended or mandated by governmental authorities. Such actions have prevented, and may in the future prevent us from accessing the facilities of our customers to provide services. While a substantial portion of our businesses have been classified as an essential business in jurisdictions in which facility closures have been mandated, we can give no assurance that there will not be closures in the future or that our businesses will be classified as essential in each of the jurisdictions in which we operate.

The COVID-19 outbreak has impacted, and may continue to impact, our office locations and manufacturing facilities, as well as those of our third-party vendors, including the effects of facility closures, reductions in operating hours and other social distancing efforts. In addition, we have modified our business practices (including practices regarding employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, suppliers and other partners. These modifications to our business practices may cause us to experience reductions in productivity and disruptions to our business routines. Further, we have experienced, and may continue to experience, disruptions or delays in our supply chain as a result of such actions, which has resulted in higher supply chain costs to us in order to maintain an adequate supply of materials and components for our products.

Our management of the impact of COVID-19 has and will continue to require significant investment of time from our management and employees, as well as resources across our global enterprise. The focus on managing and mitigating the impacts of COVID-19 on our business may cause us to divert or delay the application of our resources toward new initiatives or investments, which may adversely impact our future results of operations. In addition, issues relating to the COVID-19 pandemic may result in legal claims or litigation against us.

We may also experience impacts from market downturns and changes in consumer behavior related to pandemic fears as a result of COVID-19. In addition, our customers may choose to delay or abandon projects on which we provide products. We may also experience adverse impacts on demand and sales volumes from industries that are sensitive to economic downturns and volatility in commodity prices. If these adverse impacts continue, our stock price and the operating performances of our businesses could be adversely affected, which could require us to incur material impairment, restructuring or other charges.

Further, the impact of COVID-19 may cause significant uncertainty and volatility in the credit markets. We rely on the credit markets to provide us with liquidity to operate and grow our businesses beyond the liquidity that our operating cash flows provide. If our access to capital were to become significantly constrained or if costs of capital increased significantly due the impact of COVID-19, including volatility in the capital markets, or other factors, then our financial condition, results of operations and cash flows could be adversely affected.

Lastly, if the COVID-19 pandemic becomes more pronounced in our global markets, or resurges in markets recovering from the pandemic, our operations in impacted areas could experience further adverse financial impacts due to market changes and other resulting events and circumstances. The extent to which the COVID-19 outbreak impacts our financial condition will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19, the longevity of COVID-19, the impact of COVID-19 on economic activity, and the actions to contain its impacts on public health and the global economy. The impact of COVID-19 may also exacerbate other risks discussed in this Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020, any of which could have a material effect on our financial condition, results of operations and cash flows.

Our revenues and profitability are impacted by government spending, fluctuations in the construction industry, and capital expenditures in the oil and gas industry.

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 as well as foreign governments. 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 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 our financial flexibility and meeting financial covenants required by our debt agreements could impede our ability to successfully operate.

As of December 31, 2020, the Company's total debt was $47.3 million, which includes notes payable 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's existing debt agreements contain a number of significant covenants which may limit our 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. A 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 be unable to negotiate extensions of our credit agreements and to obtain additional debt or equity financing when needed.

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 remediation of the material weakness in our internal control over financial reporting has caused us to incur substantial audit, legal and other costs, and may reduce investor confidence in our financial statements.

We incur substantial unanticipated expenses and costs, including audit, legal and other professional fees, in connection with 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. In addition, these ongoing remediation efforts have diverted our management's attention away from the operation of our business.

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 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'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. In addition, our credit agreement indebtedness may use LIBOR as a benchmark for establishing our interest rate. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to perform differently than in the past or to be replaced entirely. The consequences of these developments cannot be entirely predicted but could include an increase in the cost of our credit agreement indebtedness.

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.

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;
- general economic and political conditions internationally; and
- public health concerns, including the ongoing coronavirus pandemic.

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 may face limitations on its ability to integrate acquired businesses and manage anticipated growth, and may be unable to effectively respond to technological change and implementing new systems.

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 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, maintain and continue to improve 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 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.

Some of our customers rely on financing with third parties to purchase our products.

We rely on sales of our products to generate cash from operations. Significant portions of our sales are financed by third party finance companies on behalf of our customers. The availability and terms of financing by third parties are affected by general economic conditions, credit worthiness of our customers and estimated residual value of our equipment. Deterioration in credit quality of our customers or estimated residual value of our equipment, increases in interest rates or changes in the terms of third party financing agreements could negatively impact the ability or willingness of our customers to obtain resources they need to purchase our equipment. There can be no assurance third party finance companies will continue to extend credit to our customers.

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 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, difficulties in obtaining raw materials, shipping delays or disruptions, public health emergencies, 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 materials 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.

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.

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 trademarks "Manitex", "Badger", "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 unable to access the capital markets to raise funds and provide liquidity when needed.

Our access to capital markets to raise funds through the sale of equity or debt securities is subject to various factors, including general economic and/or financial market conditions which are outside our control, as well as our historical and expected future financial performance and perceived credit worthiness. Significant changes in market liquidity conditions or our actual or perceived financial condition could impact access to funding and associated funding costs, which could reduce our earnings and cash flows.

The Company is subject to currency fluctuations.

The reporting currency for our consolidated financial statements is the U.S. dollar. Certain of our assets, liabilities, expenses, revenues and earnings are denominated in other countries' currencies, including the Euro, Chilean peso, and Argentinean peso. Those assets, liabilities, expenses, revenues and earnings are translated into U.S. dollars at the applicable exchange rates to prepare our consolidated financial statements. Therefore, increases or decreases in exchange rates between the U.S. dollar and those other currencies affect the value of those items as reflected in our consolidated financial statements, even if their value remains unchanged in their original currency. Due to the continued volatility of foreign currency exchange rates to the U.S. dollar, fluctuations in currency exchange rates may have an impact on the accuracy of our financial guidance. Such fluctuations in foreign currency rates relative to the U.S. dollar may cause our actual results to differ materially from those anticipated in our guidance and have a material adverse effect on our business or results of operations.

Compliance with changing laws and regulations may increase our costs or reduce our business flexibility.

Our operations are subject to a number of potential risks. Such risks principally include:

- trade protection measures and currency exchange controls;
- labor unrest;
- global and regional economic conditions;
- political instability;
- terrorist activities and the U.S. and international response thereto;
- restrictions on the transfer of funds into or out of a country;
- export duties and quotas;
- domestic and foreign customs and tariffs;
- current and changing regulatory environments;
- difficulties protecting our intellectual property;
- transportation delays and interruptions;
- difficulty in obtaining distribution support;
- natural disasters; and
- current and changing tax laws.

We must comply with all applicable laws, including the Foreign Corrupt Practices Act ("FCPA") and other laws that prohibit engaging in corruption for the purpose of obtaining or retaining business. These anti-corruption laws prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence government officials or private individuals for the purpose of obtaining or retaining a business advantage regardless of whether those practices are legal or culturally expected in a particular jurisdiction. Our global activities and distribution model are subject to risk of corruption by our employees and in addition, our sales agents, distributors, dealers and other third parties that transact Manitex business particularly because these parties are generally not subject to our control. We have an internal policy that expressly prohibits engaging in any commercial bribery and public corruption, including facilitation payments.

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 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 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 term 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 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, 2020, the Company had approximately $27.5 million of goodwill and $15.7 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 2020 and 2019. An impairment of a significant portion of goodwill could materially negatively affect the Company's results of operations.

The Company received a loan under the Paycheck Protection Program of the CARES Act, and all or a portion of the loan may not be forgivable.

On April 14, 2020, the Company and its United States subsidiaries received a loan under the Paycheck Protection Program (PPP), which is part of the recently enacted CARES Act. The Company received total proceeds of $3.7 million from the PPP loan, and in accordance with the requirements of the PPP, the Company used proceeds from the PPP loan primarily for payroll costs. The loan is recorded on the balance sheet in current liabilities as deferred income liability and cash provided by operating activities on the statement of cash flows. We have applied to have this loan forgiven in accordance with applicable provisions of the PPP loan program, and we anticipate that this application will be approved. However, we cannot provide any assurance that any amount of the PPP loan will ultimately be forgiven.

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 39% of the Company's common stock as of February 1, 2021. 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, even if smaller shareholders support such a transaction, which could cause the market price of our common stock to fall or prevent smaller shareholders from receiving a premium in such a transaction.

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.

General Risk Factors

The trading 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 its 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.

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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

The Company's executive offices are located at 9725 Industrial Drive, Bridgeview, Illinois 60455. The Company has six principal operating plants. 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 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.

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 information set forth in Note 21 (Legal Proceedings and Other Contingencies) to the accompanying Condensed Consolidated Financial Statements included in Part II. Item 8 "Financial Statements" on Form 10-K is incorporated herein by reference.

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 9, 2021, there were 155 record holders of the Company's common stock.

Dividends

During the fiscal years ended December 31, 2020 and 2019, 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.

Issuer Purchases of Equity Securities

The following table provides information about the Company's purchases of equity securities during the quarter ended December 31, 2020:

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
January 1— January 31, 2020	—	$ —	—	—
February 1—February 29, 2020	—	—	—	—
March 1—March 31, 2020	2,949	4.34	—	—
April 1—April 30, 2020	—	—	—	—
May 1—May 31, 2020	—	—	—	—
June 1—June 30, 2020	—	—	—	—
July 1—July 31, 2020	—	—	—	—
August 1—August 31, 2020	232	4.30	—	—
September 1—September 30, 2020	—	—	—	—
October 1 through October 31, 2020	9,941	4.74	—	—
November 1 through November 30, 2020	—	—	—	—
December 1 through December 31, 2020	—	—	—	—
Total	13,122	$ 4.46	—	—

(1) The Company purchased and cancelled 13,122 shares of its common stock. The shares were purchased from employees throughout the year at an average market closing price of $4.46. 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

Not applicable.

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

Recent Developments

Impact of COVID-19

We are continuing to closely monitor the impact of the COVID-19 pandemic on all aspects of our business, including how it is impacting our customers, employees, supply chain, and distribution network, as well as the demand for our products in the industries and markets that we serve. Our first priority is the health and safety of our employees, customers, and business partners and we believe that we have taken every necessary step to keep our facilities clean and safe during the COVID-19 pandemic. While COVID19 had a material impact on our reported results for our second, third, and fourth quarters, we are unable to predict the ultimate impact that it may have on our business, future results of operations, financial position or cash flows. The extent to which our operations may be impacted by the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the ultimate severity and duration of the outbreak and actions by government authorities to contain the outbreak or treat its impact. Furthermore, the impacts of a potential worsening of global economic conditions and the continued disruptions to and volatility in the financial markets remain unknown. See Part II, Item 1A, Risk Factors, for an additional discussion of risks related to COVD-19.

As a result of the impact of the COVID-19 outbreak, during the second, third, and fourth quarters of 2020, the Company experienced a temporary reduction of its manufacturing and operating capacity in Italy as a result of government-mandated actions to control the spread of COVID-19 which adversely impacted our revenues. Further, the Company has experienced and may continue to experience disruptions or delays in its supply chain as a result of such actions, which would result in higher supply chain costs to the Company in order to maintain the supply of materials and components for its products. In addition, the Company has modified its business practices (including practices regarding employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences).

During 2020, to address the COVID-19 outbreak induced downturn in our business including, but not limited to, the Company adopted a restructuring plan for North American operations to generate approximately $4.5 million in annualized cost savings.

In addition to the above, we continued to take steps to minimize the negative impact of the COVID-19 pandemic on our business and to protect the safety of our employees and customers. For the year ended December 31, 2020, we had available liquidity through cash and our credit facility of approximately $29 million to address liquidity concerns and we remained in compliance with the covenants in our bank credit facility as we were able to generate positive cash flow from operations of approximately $8.3 million (excluding the PPP loan of $3.7 million) for the year ended December 31, 2020 and maintain a strong balance sheet. Furthermore, in December 2020, the Company paid down approximately $17.5 million of the convertible notes and European bank debt. Lastly, the company's consolidated backlog of approximately $82 million, as of January 31, 2021 is at its highest level in over three years.

Business Overview

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

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".

The following table sets forth certain financial data for the years ended December 31, 2020, and 2019:

Results of Consolidated Operations

MANITEX INTERNATIONAL, INC.

(In thousands)

	For the Years Ended December 31, 2020	For the Years Ended December 31, 2019	$ Change	% Change
Net revenues	$ 167,498	$ 215,492	$ (47,994)	(22.3)%
Cost of sales	136,632	174,649	(38,017)	(21.8)%
Gross profit	30,866	40,843	(9,977)	(24.4)%
Operating expenses				
Research and development costs	3,227	2,714	513	18.9%
Selling, general and administrative expenses	28,743	34,086	(5,343)	(15.7)%
Impairment of intangibles	6,722	1,539	5,183	336.8%
Total operating expenses	38,692	38,339	353	0.9%
Operating (loss) income	(7,826)	2,504	(10,330)	(412.5)%
Other income (expense)				
Interest expense	(3,595)	(4,512)	917	(20.3)%
Interest income	97	229	(132)	(57.6)%
Gain on extinguishment of debt	595	—	595	0.0%
Changes in fair value of securities held	-	5,454	(5,454)	(100.0)%
Foreign currency transaction loss	(813)	(844)	31	(3.7)%
Other (expense) income	(503)	15	(518)	(3453.3)%
Total other (expense) income	(4,219)	342	(4,561)	(1333.6)%
(Loss) income before income taxes from continuing operations	(12,045)	2,846	(14,891)	(523.2)%
Income tax expense from continuing operations	674	2,791	(2,117)	(75.9)%
(Loss) income from continuing operations	(12,719)	55	(12,774)	(23225.5)%
Discontinued operations:				
Loss from discontinued operations, net of income tax expense (benefit)	(891)	(8,547)	7,656	(89.6)%
Net loss	$ (13,610)	$ (8,492)	$ (5,118)	60.3%

Year Ended December 31, 2020 Continuing Operations Compared to Year Ended December 31, 2019

Net (loss) income from continuing operations

For the year ended December 31, 2020, net loss was $12.7 million, compared to net income of $0.1 million for 2019.

Net revenue and gross profit —For the year ended December 31, 2020, net revenue and gross profit were $167.5 million and $30.9 million, respectively. Gross profit as a percent of net revenues was 18.4% for the year ended December 31, 2020. For the year ended December 31, 2019, net revenue and gross profit were $215.5 million and $40.8 million, respectively. Gross profit as a percent of net revenues was 19.0% for the year ended December 31, 2019.

For 2020, revenues decreased $48.0 million or 22.3% from $215.5 million for 2019. The decreases are primarily due to decreases in straight mast crane sales and revenues from the Company's United States subsidiaries, primarily due to the impact of the ongoing of COVID-19 pandemic partially offset by an increase in revenues due to a favorable impact by a stronger Euro, which accounted for $2.2 million.

Gross profit as a percent of net revenues was 18.4% for the year ended December 31, 2020, which decreased from 19.0% for the year ended December 31, 2019. The decrease in gross profit is attributable to decreases in revenues and product mix partially offset by decrease in cost of sales. The decline in the gross profit percentage is primarily driven by product mix as lower margin products were sold in 2020.

Research and development —Research and development for the year ended December 31, 2020 was $3.2 million compared to $2.7 million for the comparable period in 2019. 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, 2020 was $28.7 million compared to $34.1 million for the comparable period in 2019, a decrease of $5.4 million. The decreases are primarily related to cost savings initiatives implemented during the second quarter of 2020 at our US facilities resulting in permanent and temporary layoffs of employees, postponement of consulting costs, and lower professional fees. Also cost reduction occurred driven by our Italian subsidiaries which were shut down for four weeks due to COVID-19. In addition, 2019 included restructuring charges at our PM facilities, which did not occur in 2020.

Advertising —Advertising costs are expensed as incurred and were $489 and $965 for the years ended December 31, 2020, and 2019, respectively. The advertising costs are included within the SG&A financial statement caption and the decrease in expense is consistent with the cost savings initiatives discussed above.

Impairment of intangible assets – Impairment expense was $6.7 million and $1.5 million for the years ended December 31, 2020 and 2019, respectively. The increase was driven by the COVID-19 pandemic which caused a decrease in the Company's market capitalization causing a triggering event which resulted in a $6.6 million goodwill impairment charge and a $0.1 million tradename impairment charge during 2020.

Interest expense —Interest expense was $3.6 million and $4.5 million for the years ended December 31, 2020 and 2019, respectively. The decrease reflects the impact of lower outstanding debt balances and lower interest rates during 2020.

Gain from extinguishment of debt— For 2020, the Company paid off the entire PM term and unsecured debt at a 15% discount to its face value which resulted in a gain of $0.6 million.

Change in fair value of securities held— For the year ended December 31, 2020, the Company held no marketable securities. For the year ended December 31, 2019, the Company had a gain of $5.5 million due to a change in the fair value of securities held in ASV.

Foreign currency transaction loss — For the year ended December 31, 2020, the Company had a foreign currency loss of $0.8 million consistent with the loss incurred during 2019. A substantial portion of the losses relate to changes in the Argentinian peso. The Company has not been able to identify a strategy to effectively hedge the currency risks related to the Argentinian peso.

Other (expense) income— For the year ended December 31, 2020, the Company had other expenses of $0.5 million compared to other income of less than $0.1 million for the comparable period in 2019. Other expense for the year ended December 31, 2020, was primarily related to a legal settlement and the closing of a location in Italy.

Discontinued operations— For the year ended December 31, 2020, the Company had a net loss from discontinued operations of $0.9 million compared to a net loss from discontinued operations of $8.6 million for the comparable period in 2019. The improvement was mainly driven by no impairment expense during 2020, compared to $6.6 million of goodwill and intangible impairment expense during 2019.

Income tax — On March 27, 2020, the "Coronavirus Aid, Relief and Economic Security (CARES) Act" was enacted. The CARES Act, among other things, includes provisions relating to net operating loss carrybacks, alternative minimum tax credit refunds, a modification to the net interest deduction limitations and a technical correction to tax depreciation methods for qualified improvement property. The CARES Act did not have a material impact on the Company's consolidated financial statements for the year ended December 31, 2020.

The calculation of the overall income tax provision for the 12 months ended December 31, 2020 primarily consists of a domestic income tax provision resulting from state and local taxes, foreign income taxes, the change in unrecognized tax benefits and valuation allowance.

The Company's effective tax rate from continuing operations was an income tax provision of 5.6% on a pretax loss of $12.0 million compared to an income tax provision of 98.1% on a pretax income of $2.8 million from prior year. The effective tax rate for the year ended December 31, 2020 differs from the U.S. statutory rate of 21% primarily due 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 in unrecognized tax benefits and valuation allowance. In the prior year the Company established a valuation allowance against the deferred assets of PM.

Liquidity and Capital Resources

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

On April 14, 2020, the Company and its United States subsidiaries received a loan under the Paycheck Protection Program (PPP), which is part of the recently enacted CARES Act administered by the U.S. Small Business Administration. The Company received total proceeds of $3.7 million from the PPP loan. We have applied to have this loan forgiven in accordance with applicable provisions of the PPP loan program, and we anticipate that this application will be approved. In accordance with the requirements of the PPP, the Company used proceeds from the PPP loan primarily for payroll costs. The loan is recorded on the balance sheet in current liabilities as deferred income liability and cash provided by operating activities on the statement of cash flows (See Note 3 for accounting policy on loan). While there is no guarantee that the Company will receive forgiveness for any outstanding amounts under the PPP Loan, it believes that it has acted in compliance with the terms of the program and is seeking forgiveness of the PPP Loan.

Cash, cash equivalents and restricted cash were $17.4 million and $23.6 million at December 31, 2020 and December 31, 2019, respectively. In addition, the Company has a U.S. revolving credit facility with a maturity date of July 20, 2023. At December 31, 2020 the Company had $9.1 million available to borrow under its revolving credit facility.

At December 31, 2020, the PM Group had established working capital facilities with five Italian, one Spanish and eleven South American banks. Under these facilities, the PM Group can borrow $25.1 million against orders, invoices and letters of credit. At December 31, 2020, the PM Group had received advances of $13 million. Future advances are dependent on having available collateral.

Significant Transactions Affecting Company Liquidity

On August 21, 2020, the Company entered into an Asset Purchase Agreement to sell Manitex Sabre, Inc. to an affiliate of Super Steel, LLC for cash proceeds of $1,500, subject to certain adjustments based on closing date accounts receivable and inventory.

In addition to the proceeds from sale of $1,500 in cash received, the Company may receive a maximum royalty and earnout payments of approximately $2,900 for years 2021 thru 2023 if certain revenue criteria are met. The Company accounts for the contingent consideration as a gain in accordance with ASC 450. Under this approach, we will recognize the contingent consideration in earnings after the contingency is resolved. See Note 21 for additional discussion related to the sale of Sabre's business and assets.

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.

Cash Flows for 2020 and 2019

Operating Activities

For 2020, operating activities provided $12.0 million in cash compared to $3.2 million cash provided during 2019. Cash provided by working capital was $11.7 million for 2020 compared to usage $0.7 million for 2019. Effective accounts receivable management generated $6.8 million cash in 2020 compared to $9.3 million cash in 2019. Cash of $7.6 million was used to pay down accounts payable in 2019. Inventory represented a cash inflow of $4.7 million in 2020 compared to a cash outflow of $2.4 million for 2019. Cash of $3.7 million was also generated from the receipt of funds under the PPP program in 2020.

Investing Activities

Cash provided from investing activities was $0.8 million in 2020 which included $1.6 million in proceeds from the sale of the Sabre business unit. 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 payments for plant, property and equipment were $0.7 million in 2020 compared to payments of $1.8 million in 2019.

Financing Activities

Cash flow from financing activities was an outflow of $20.8 million for the year ended December 31, 2020 which included the payoff of the convertible notes for $22.5 million, principal loan payments of $8.3 million, a reduction in working capital borrowing of $2.3 million and payments under capital leases of $0.5 million. These were partially offset by net borrowings under the revolving credit facility of $12.8 million. 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 $4.1 million, a reduction in working capital borrowing of $3.9 million and payments under capital leases of $0.4 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.

Off Balance Sheet Arrangements

CIBC has issued 2 standby letters of credit at December 31, 2020. The first standby letter of credit is $0.2 million in favor of an insurance carrier to secure obligations which may arise in connection with future deductible payments that may be incurred under the Company's worker's compensation insurance policies. The second standby letter of credit is less than $0.1 million in favor of a governmental agency to secure obligations which may arise in connection with worker's compensation claims.

See Note 21 – "Legal Proceedings and Other Contingencies."

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.

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. Value added tax 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.

Assets and Liabilities Classified as Held for Sale. The Company classifies assets (or disposal groups comprised of assets and liabilities) as held for sale when they are expected to be recovered primarily through sale rather than through continuing use. They are stated at the lower of carrying amount or fair value less costs to sell. Upon reclassification, we cease to depreciate or amortize non-current assets classified as held for sale. A discontinued operation is a component of our business that represents a separate major line of business or geographical area of operation that has been disposed of or is held for sale and a strategic shift that will have a major effect on our operations and financial results. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income (loss) is revised as if the operation had been discontinued from the start of the comparative period. We have elected to not revise consolidated statements of cash flows to split operating, investing and financing activities between continuing and discontinued operations, but instead provide certain required cash flow information. The Company will account for the contingent consideration as a gain in accordance with ASC 450. Under this approach, we will recognize the contingent consideration in earnings after the contingency is resolved. As part of the discontinued operations classification, we review the allocation of corporate expenses, interest expense and entity-wide goodwill and intangible assets. In addition, income taxes are calculated on a stand-alone basis for both continuing and discontinued operations.

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 historical experiences and/or specific identification of excess or obsolete inventories.

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").

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.

In 2020 and 2019, 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.

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.

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. 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.

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 historical claims experience.

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 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.

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.

Recently Issued Pronouncements – Not Yet Adopted

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

In 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.

Recently Adopted Accounting Guidance

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"). 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 is the first quarter of fiscal year 2020 and early adoption is permitted. The Company adopted the new credit loss standard using a modified retrospective approach effective January 1, 2020 and determined it did not have a material effect on the Company's financial statements.

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, 2020, the Company had no outstanding foreign currency exchange contracts being used to hedge future sales that would qualify as cash flow hedges.

The Company, however, has a 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, 2020, 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, 2020 would have $0.3 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, 2020, the Company had $42.7 million of debt with average weighted average interest rate at year end of 2.7%. At December 31, 2020, 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, 2020 would increase interest expense by approximately $0.1 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 2020. During 2020, raw materials and components were generally available to meet our production schedules and availability had no significant impact on 2020 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.

Customer concentration risk

For the years ended December 31, 2020 and 2019, no customers accounted for 10% or more of total Company's accounts receivable.

For the years ended December 31, 2020 and 2019, purchases from any single supplier did not exceed 10% of total purchases.

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, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, 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, 2020, 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 11, 2021 expressed an adverse opinion.

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 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 audit to obtain reasonable assurance about whether the 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 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 financial statements. Our audits 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 audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Classification of Discontinued Operations

As described in Note 22 to the consolidated financial statements, during the course of the year the Company made a decision to sell Manitex Sabre, Inc. ("Sabre"). Management has reflected the results of this business as a discontinued operation in the consolidated statements of earnings for all periods presented. Management presents discontinued operations when there is a disposal or anticipated disposal of a component group or a group of components that, in management's judgment, represents a strategic shift in the business that will have a major effect on operations and financial results. Upon the decision to sell Sabre in 2020, the net assets of Sabre were reclassified as held for sale in accordance with the authoritative guidance.

We identified the classification of Sabre as a discontinued operation as a critical audit matter because evaluating management's analysis involved a high degree of auditor judgment and subjectivity due to the assumptions made by management when assessing whether Sabre met the criteria to be classified as held for sale, including the probability of the sale being completed within one year and whether or not the sale of Sabre represented a strategic shift in the business that had a major effect on operations and financial results.

Our audit procedures related to the classification of Sabre as discontinued operations included the following, among others: We tested the effectiveness of controls related to management's assertion that Sabre met the criteria to be presented as a discontinued operation and the financial reporting implications of Sabre's classification. We inquired of management and inspected evidence that management planned to sell the business. We evaluated the evidence, including testing completeness and accuracy of information provided by the entity used in the Company's evaluation of whether Sabre met the criteria for discontinued operations, including the probability of the sale being completed within one year and that Sabre represented a strategic shift in the business that had a major effect on operations and financial results. Evidence that we examined included, but is not limited to, board meeting minutes for approval from the Board of Directors to sell Sabre, contracts for personnel hired to help sell Sabre, third party communication regarding how far along the Company was in the selling process, and financial information. We also evaluated the accuracy and appropriateness of the Company's financial reporting and disclosure for Sabre's classification as a discontinued operation.

Goodwill Impairment Analysis

As described in Note 3 to the consolidated financial statements, the Company evaluates goodwill for impairment at the reporting unit level annually or more frequently if indicators of impairment exist. During the course of the year, the Company performed a quantitative goodwill impairment assessment for its two reporting units. The quantitative impairment assessment involves the comparison of the fair value of a reporting unit to its carrying amount. The Company used a weighting of the income and market approaches to determine the fair value of the reporting unit.

We identified the goodwill impairment analysis as a critical audit matter for both reporting units because evaluating management's quantitative goodwill impairment test involved a high degree of auditor judgment due to the significant estimation required to determine the fair value of each reporting unit. In particular, the fair value estimate was sensitive to significant assumptions, such as forecasted revenues, operating income margins, discount rate, perpetual growth rate, and estimated valuation multiples.

Our audit procedures related to the goodwill impairment analysis of the reporting units included the following, among others: We tested the design and operating effectiveness of key controls over the Company's goodwill impairment assessment process including review of the valuation model and significant assumptions used. We tested the significant assumptions discussed above by assessing the reasonableness of management's forecasts compared to current results and forecasted industry trends. Due to the risk of how COVID-19 could impact management's forecast, we performed sensitivity analyses of certain assumptions to evaluate changes in the fair value that would result from changes in the assumptions. With the assistance of our valuation specialists, we evaluated the selection of the discount rate and perpetual growth rate, including testing the underlying source information and the mathematical accuracy of the calculations by developing a range of independent estimates and comparing those to the rates selected by management. We also involved our valuation specialists to evaluate the market approach, including evaluating the reasonableness of estimated valuation multiples.

/s/ GRANT THORNTON LLP

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

Chicago, Illinois
March 11, 2021

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, 2020, 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, 2020, 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 an effective control environment over information technology general controls, based on the criteria established in the COSO framework, to enable identification and mitigation of risks of material accounting errors.

(2) The Company historically has 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, 2020. The material weaknesses identified above were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2020 consolidated financial statements, and this report does not affect our report dated March 11, 2021, 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, 2020.

/s/ GRANT THORNTON LLP

Chicago, Illinois
March 11, 2021

Critical audit matters
The critical audit matters communicated below are matters arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved are especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

Classification of Discontinued Operations
As described in Note 22 to the consolidated financial statements, during the course of the year the Company made a decision to sell the assets of Manitex Sabre, Inc. ("Sabre"). Management has reflected the results of this business as a discontinued operation in the consolidated statements of operations for all periods presented. Management presents discontinued operations when there is a disposal or anticipated disposal of a component group or a group of components that, in management's judgment, represents a strategic shift in the business that will have a major effect on operations and financial results. Upon the decision to sell the assets of Sabre in 2020, the net assets of Sabre were reclassified as held for sale in accordance with the authoritative guidance.

We identified the classification of Sabre as a discontinued operation as a critical audit matter because evaluating management's analysis involved a high degree of auditor judgment and subjectivity due to the assumptions made by management when assessing whether Sabre met the criteria to be classified as held for sale, including the probability of the sale being complete within one year and whether or not the sale of Sabre represented a strategic shift in the business that had a major effect on operations and financial results.

Our audit procedures related to the classification of Sabre as a discontinued operation included the following, among others: We tested the effectiveness of controls related to management's assertion that Sabre met the criteria to be presented as a discontinued operation and the financial reporting implications of Sabre's classification. We inquired of management and inspected evidence that management planned to sell the business. We evaluated the evidence, including testing completeness and accuracy of information provided by the entity used in the Company's evaluation of whether Sabre met the criteria for discontinued operations, including the probability of the sale being completed within one year and that Sabre represented a strategic shift in the business that had a major effect on operations and financial results. Evidence that we examined included but is not limited to, board meeting minutes for approval from the Board of Directors to sell Sabre, contracts for personnel hired to help sell Sabre, third party communication regarding how far along the Company was in the selling process, and financial information. We also evaluated the accuracy and appropriateness of the Company's financial reporting and disclosure for Sabre's classification as a discontinued operation.

Goodwill Impairment Analysis
As described in Note 3 to the consolidated financial statements, the Company evaluates goodwill for impairment at the reporting unit level annually or more frequently if indicators of impairment exist. During the course of the year, the Company performed a quantitative goodwill impairment assessment for its two reporting units. The quantitative impairment assessment involves the comparison of the fair value of a reporting unit to its carrying amount. The Company used a weighting of the income and market approaches to determine the fair value of the reporting unit.

We identified the goodwill impairment analysis as a critical audit matter for both reporting units because evaluating management's quantitative goodwill impairment test involved a high degree of auditor judgment due to the significant estimation required to determine the fair value of each reporting unit. In particular, the fair value estimate was sensitive to significant assumptions, such as forecasted revenues, operating income margins, discount rate, perpetual growth rate, and estimated valuation multiples.

Our audit procedures related to the goodwill impairment analysis of the reporting units included the following, among others: We tested the design and operating effectiveness of key controls over the Company's goodwill impairment assessment process including review of the valuation model and significant assumptions used. We tested the significant assumptions discussed above by assessing the reasonableness of management's forecasts compared to current results and forecasted industry trends. Due to the risk of how COVID-19 could impact management's forecast, we performed sensitivity analyses of certain assumptions to evaluate changes in the fair value that would result from changes in the assumptions. With the assistance of our valuation specialists, we evaluated the selection of the discount rate and perpetual growth rate, including testing the underlying source information and the mathematical accuracy of the calculations by developing a range of independent estimates and comparing those to the rates selected by management. We also involved our valuation specialists to evaluate the market approach, including evaluating the reasonableness of estimated valuation multiples.

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

	As of December 31, 2020	As of December 31, 2019
ASSETS		
Current assets		
Cash	$ 17,161	$ 23,327
Cash - restricted	240	217
Trade receivables (net)	30,418	34,725
Other receivables	179	1,033
Inventory (net)	56,055	57,818
Prepaid expense and other current assets	2,218	4,706
Current assets of discontinued operations	—	1,591
Total current assets	106,271	123,417
Total fixed assets, net of accumulated depreciation of $17,444 and $14,864, at December 31, 2020 and 2019, respectively	18,723	19,035
Operating lease assets	4,068	2,174
Intangible assets (net)	15,671	17,032
Goodwill	27,472	32,635
Other long-term assets	1,143	281
Deferred tax asset	247	415
Long-term assets of discontinued operations	—	413
Total assets	$ 173,595	$ 195,402
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 32,429	$ 29,593
Accrued expenses	7,909	9,138
Accounts payable related parties	52	228
Notes payable	16,510	18,212
Convertible note-related party (net)	—	7,323
Current portion of finance lease obligations	344	476
Current portion of operating lease obligations	1,167	813
Customer deposits	2,363	1,493
Deferred income liability	3,747	—
Current liabilities of discontinued operations	—	800
Total current liabilities	64,521	68,076
Long-term liabilities		
Revolving term credit facilities (net)	12,606	—
Notes payable (net)	13,625	19,446
Finance lease obligations (net of current portion)	4,221	4,584
Non-current operating lease obligations	2,901	1,361
Convertible note (net)	—	14,760
Deferred gain on sale of property	587	667
Deferred tax liability	1,333	1,045
Other long-term liabilities	4,892	5,913
Total long-term liabilities	40,165	47,776
Total liabilities	104,686	115,852
Commitments and contingencies		
Equity		
Preferred Stock—Authorized 150,000 shares, no shares issued or outstanding at December 31, 2020 and 2019	—	—
Common Stock—no par value 25,000,000 shares authorized, 19,821,090 and 19,713,185 shares issued and outstanding at December 31, 2020 and 2019, respectively	131,455	130,710
Paid in capital	3,025	2,793
Retained deficit	(63,863)	(50,253)
Accumulated other comprehensive loss	(1,708)	(3,700)
Total equity	68,909	79,550
Total liabilities and equity	$ 173,595	$ 195,402

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, 2020		For the years ended December 31, 2019	
Net revenues	$	167,498	$	215,492
Cost of sales		136,632		174,649
Gross profit		30,866		40,843
Operating expenses				
Research and development costs		3,227		2,714
Selling, general and administrative expenses		28,743		34,086
Impairment of intangibles		6,722		1,539
Total operating expenses		38,692		38,339
Operating (loss) income		(7,826)		2,504
Other income (expense)				
Interest expense		(3,595)		(4,512)
Interest income		97		229
Gain on extinguishment of debt		595		—
Change in fair value of securities held		—		5,454
Foreign currency transaction loss		(813)		(844)
Other (expense) income		(503)		15
Total other (expense) income		(4,219)		342
(Loss) income before income taxes from continuing operations		(12,045)		2,846
Income tax expense from continuing operations		674		2,791
(Loss) income from continuing operations		(12,719)		55
Discontinued operations:				
Loss from operations of discontinued operations		(888)		(8,575)
Income tax expense (benefit)		3		(28)
Loss on discontinued operations		(891)		(8,547)
Net loss	$	(13,610)	$	(8,492)
(Loss) earnings Per Share				
Basic				
Loss from continuing operations	$	(0.64)	$	—
Loss from discontinued operations	$	(0.05)	$	(0.43)
Net loss	$	(0.69)	$	(0.43)
Diluted				
Loss from continuing operations	$	(0.64)	$	—
Loss from discontinued operations	$	(0.05)	$	(0.43)
Net loss	$	(0.69)	$	(0.43)
Weighted average common shares outstanding				
Basic		19,773,081		19,687,414
Diluted		19,773,081		19,687,414

The accompanying notes are an integral part of these financial statements

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

	For the years ended December 31,	
	2020	2019
Net loss	$ (13,610)	$ (8,492)
Other comprehensive loss		
Foreign currency translation gain (loss)	1,992	(531)
Total other comprehensive income (loss)	1,992	(531)
Total comprehensive loss	$ (11,618)	$ (9,023)

The accompanying notes are an integral part of these financial statements

(In thousands, except per share data)

	Outstanding shares	Common Stock	APIC	Retained Deficit	AOCI (Loss)	Total
Balance at December 31, 2018	19,645,773	$130,260	$ 2,674	$(41,761)	$ (3,169)	$ 88,004
Net loss	—	—	—	(8,492)	—	(8,492)
Loss on foreign currency translation	—	—	—	—	(531)	(531)
Employee 2004 and 2019 incentive plan grant	72,834	484	(484)	—	—	—
Repurchase to satisfy withholding and cancelled	(5,422)	(34)	—	—	—	(34)
Share-based compensation	—	—	603	—	—	603
Balance at December 31, 2019	19,713,185	$130,710	$ 2,793	$(50,253)	$ (3,700)	$ 79,550
Net loss	—	—	—	(13,610)	—	(13,610)
Loss on foreign currency translation	—	—	—	—	1,992	1,992
Employee 2004 and 2019 incentive plan grant	121,027	806	(806)	—	—	—
Repurchase to satisfy withholding and cancelled	(13,122)	(61)	—	—	—	(61)
Share-based compensation	—	—	1,038	—	—	1,038
Balance at December 31, 2020	19,821,090	$131,455	$ 3,025	$(63,863)	$ (1,708)	$ 68,909

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)

	For the years ended December 31, 2020	2019
Cash flows from operating activities:		
Net loss	$ (13,610)	$ (8,492)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	4,354	4,702
Gain on sale of discontinued operations	(319)	—
Gain from extinguishment of debt	(595)	—
Changes in allowances for doubtful accounts	(478)	646
Loss on disposal of assets	—	34
Changes in inventory reserves	(1,021)	1,253
Changes in deferred income taxes	458	2,285
Amortization of deferred financing cost	376	221
Write down of goodwill	6,585	3,165
Write down of intangibles	137	4,947
Amortization of debt discount	508	421
Change in value of securities held	—	(5,454)
Share-based compensation	1,038	603
Deferred gain on sale and lease back	(80)	(80)
Reserves for uncertain tax provisions	(131)	45
Other non-cash charges	-	(17)
Changes in operating assets and liabilities:		
Decrease in accounts receivable	6,824	9,282
Decrease (increase) in inventory	4,746	(2,395)
Decrease (increase) in prepaid expenses	2,772	(624)
Increase (decrease) in other assets	(1,065)	125
Increase (decrease) in accounts payable*	165	(7,567)
Increase in deferred income	3,747	—
(Decrease) increase in accrued expense	(1,913)	185
Increase (decrease) in other current liabilities	738	(519)
(Decrease) increase in other long-term liabilities	(1,200)	471
Net cash provided by operating activities	12,036	3,237
Cash flows from investing activities:		
Proceeds from the sale of equity investment	—	7,614
Proceeds from the sale of assets from discontinued operations	1,553	—
Purchase of property and equipment	(709)	(1,778)
Investment in intangibles other than goodwill	—	(7)
Net cash provided by investing activities	844	5,829
Cash flows from financing activities:		
Payments on revolving term credit facilities	(3,500)	—
Borrowings on revolving term credit facility	16,300	—
Net repayments on working capital facilities	(2,276)	(3,852)
Repayments on convertible notes	(22,500)	—
New borrowings- other	246	588
Note payments	(8,287)	(4,110)
Bank fees and cost related to new financing	(194)	(141)
Shares repurchased for income tax withholding on share-based compensation	(61)	(34)
Payments on capital lease obligations	(496)	(422)
Net cash used for financing activities	(20,768)	(7,971)
Net (decrease) increase in cash and cash equivalents	(7,888)	1,095
Effect of exchange rate changes on cash	1,712	134
Cash and cash equivalents at the beginning of the year	23,577	22,348
Cash and cash equivalents at end of period	$ 17,401	$ 23,577

(See Note 16 for other supplemental cash flow information)

*Includes related party activities, see Note 20.

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 reports in a single business segment and has four operating units. 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. Through its consolidated subsidiaries, PM Group has locations in Modena, Italy; Valencia, Spain; Arad, Romania; Chassieu, France; Buenos Aires, Argentina; Santiago, Chile; Singapore and Querétaro, Mexico.

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

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

COVID-19 Pandemic

The Company is continuing to closely monitor the spread and impact of the COVID-19 pandemic and is continually assessing its potential effects on our business and our financial performance as well as the businesses of our customers and vendors. The Company cannot predict the duration or severity of the COVID-19 pandemic, and we cannot reasonably estimate the financial impact the COVID-19 outbreak will have on our results and significant estimates going forward.

Discontinued Operations

A.S.V., LLC

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 with 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.

Manitex Sabre, Inc. ("Sabre")

On March 4, 2020, the Company's Board of Directors approved the exploration by management of 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 criterion of asset held for sale had been met and Sabre is reported as a discontinued operation.

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

In addition to the cash proceeds from sale of $1.5 million in cash received, the Company may receive a maximum royalty and earnout payments of approximately $2.9 million for years 2021 thru 2023 if certain revenue criteria are met. The Company will account for the contingent consideration as a gain in accordance with ASC 450. Under this approach, we will recognize the contingent consideration in earnings after the contingency is resolved. See Note 22 for additional discussion related to the sale of Sabre's business and assets.

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.

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.

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.

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

Restricted Cash—Certain of the Company's lending arrangements require the Company to post collateral or maintain minimum cash balances in escrow. These cash amounts are reported as current assets on the balance sheets based on when the cash will be contractually released. Total restricted cash was $240 and $217 at December 31, 2020 and 2019, respectively.

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

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

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

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

Allowance for Doubtful Accounts —Accounts receivable are stated at the amounts the Company's customers are invoiced and do not bear interest. The Company has adopted a policy consistent with U.S. GAAP for the periodic review of its accounts receivable to determine whether the establishment of an allowance for doubtful accounts is warranted based on the Company's assessment of the collectability of the accounts. The Company established an allowance for bad debt of $2.6 million and $2.8 million at December 31, 2020 and 2019, respectively. The Company also has in some instances a security interest in its accounts receivable until payment is received.

Property, Equipment and Depreciation —Property and equipment are stated at cost or the fair market value at 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	3 – 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, 2020 and 2019 was $2,011 and $2,071, respectively.

Other Intangible Assets —The Company capitalizes certain costs related to patent technology. Additionally, a substantial portion of the purchase price related to the Company's acquisitions has been assigned to patents or unpatented technology, trade name, customer backlog, and customer relationships. Under the guidance, Other Intangible Assets with definite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are tested annually for impairment.

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.

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.

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. In the event the Company determines that goodwill is impaired in the future the Company would need to recognize a non-cash impairment charge.

The Company performed its annual impairment assessment as of March 31, 2020, prior to its October 1, 2020 annual measurement date. The valuation analysis was performed at March 31, 2020 due to the Company identifying a triggering event. Subsequently, a step 0 analysis was performed at December 31, 2020 indicating no impairment. In 2019, the Company performed its annual impairment assessment as of September 30, 2019, prior to its October 1, 2019 annual measurement date. The valuation analysis was performed at September 30, 2019 due to the Company identifying a triggering event.

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 $6.7 million in impairment related to tradenames, goodwill and customer relationships for the year ended December 31, 2020. The Company recognized $1.5 million in impairment related to tradenames, goodwill and customer relationships for the year ended December 31, 2019.

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

Accounting for Paycheck Protection Program —The Company has elected to account for the Paycheck Protection Program (PPP) loan as a government grant and as such, the loan was recorded as a deferred income liability on the balance sheet. The Company has applied for forgiveness of the loan. The offset will be recorded against the related expense on the income statement.

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

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

Derivatives—Forward Currency Exchange Contracts —When the Company enters into forward currency exchange contracts it does so such that the exchange gains and losses on the assets and liabilities that are being hedged, which are denominated in a currency other than the reporting units' functional currency, would be offset by the changes in the market value of the forward currency exchange contracts it holds. The forward currency exchange contracts that the Company has to offset existing assets and liabilities denominated in other than the reporting units' functional currency have been determined not to be considered a hedge. The Company records the forward currency exchange contracts at its market value with any associated gain or loss being recorded in current earnings. Both realized and unrealized gains and losses related to forward currency contracts are included in current earnings and are reflected in the Consolidated Statements of Operations in the other income expense section on the line titled foreign currency transaction loss.

Research and Development Expenses— The Company expenses research and development costs, as incurred. For the periods ended December 31, 2020 and 2019 expenses were $3,227 and $2,714, respectively.

Advertising —Advertising costs are expensed as incurred and were $489 and $965 for the years ended December 31, 2020 and 2019, respectively.

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

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

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, 2020, 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, 2020 and 2019, respectively.

Income Taxes — On March 27, 2020, the "Coronavirus Aid, Relief and Economic Security (CARES) Act" was enacted. The CARES Act, among other things, includes provisions relating to net operating loss carrybacks, alternative minimum tax credit refunds, a modification to the net interest deduction limitations and a technical correction to tax depreciation methods for qualified improvement property. The CARES Act did not have a material impact on the Company's consolidated financial statements for the year ended December 31, 2020.

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 15, 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.

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

As of December 31, 2020 and 2019, accrued warranties were $1,292 and $1,604, respectively.

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 Consolidated Balance Sheets.

Sale and Leaseback —In accordance with ASC 842-10 Sales-Leaseback Transactions, the Company has recorded a deferred gain in relationship to the sale and leaseback of one of the Company's operating facilities 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 the theoretical repurchase of shares using proceeds of the respective stock option or warrant exercised, and for restricted stock, the amount of compensation cost attributed to future services which has not yet been recognized, and the amount of current and deferred tax benefit, if any, that would be credited to additional paid in capital upon the vesting of the restricted stock, at a price equal to the issuer's average stock price during the related earnings period. Accordingly, the number of shares includable in the calculation of EPS in respect of the stock options, 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 Statements of Operation over the service period (generally the vesting period).

Comprehensive Income —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.

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.

The Company records any excess of purchase price over fair value of assets acquired, including identifiable intangibles and liabilities assumed be recognized as goodwill.

Reclassification —A reclassification to properly reflect a decrease in long-term liabilities of discontinued operations of $0.4 million, an increase in deferred tax liability of $0.3 million, and a decrease in deferred tax asset of $0.1 million was recorded in the fourth quarter of 2020 for the year ended December 31, 2019.

Note 4. Revenue Recognition

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

	2020	2019
Boom trucks, knuckle boom & truck cranes	$ 116,013	$ 155,562
Part sales	26,528	28,217
Rough terrain cranes	9,347	10,077
Services	2,950	6,295
Other equipment	12,660	15,341
Net Revenue	$ 167,498	$ 215,492

	2020	2019
Equipment sales	$ 138,020	$ 180,980
Part sales	26,528	28,217
Services	2,950	6,295
Net Revenue	$ 167,498	$ 215,492

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, 2020 and 2019, respectively.

	2020	2019
United States	$ 71,406	$ 108,122
Italy	25,582	25,820
Canada	8,656	16,986
France	8,522	7,614
Chile	8,397	10,099
Other	44,935	46,851
	$ 167,498	$ 215,492

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 Consolidated Balance Sheets. 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, 2020 and 2019:

	2020	2019
Customer deposits at January 1,	$ 1,493	$ 1,836
Additional customer deposits received where revenue has not yet been recognized	7,019	5,658
Revenue recognized from customer deposits	(6,188)	(5,847)
Effect of change in exchange rates	39	(154)
Customer deposits at December 31,	$ 2,363	$ 1,493

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. Details of the calculations are as follows:

	For the Years Ended December 31, 2020	2019
Net (loss) income from continuing operations	$ (12,719)	$ 55
Loss from discontinued operations, net of income taxes	(891)	(8,547)
Net Loss	$ (13,610)	$ (8,492)
Loss (earnings) per share		
Basic		
Loss from continuing operations	$ (0.64)	$ -
Loss from discontinued operations, net of income taxes	$ (0.05)	$ (0.43)
Net loss	$ (0.69)	$ (0.43)
Diluted		
(Loss) income from continuing operations	$ (0.64)	$ -
Loss from discontinued operations, net of income taxes	$ (0.05)	$ (0.43)
Net loss	$ (0.69)	$ (0.43)
Weighted average common shares outstanding		
Basic and Dilutive	19,773,081	19,687,414

There are 350,165 and 177,706 restricted stock units and stock options which are anti-dilutive and therefore are not included in the average number of diluted shares shown above for the years ended December 31, 2020 and 2019, 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, 2020	2019
Unvested restricted stock units	242,586	198,717
Options to purchase common stock	97,437	97,437
Convertible subordinated notes	-	1,549,451
	340,023	1,845,605

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, 2020			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Valla contingent consideration	$ —	$ —	$ 224	$ 224
Forward currency exchange contracts	—	267	—	267
Total liabilities at fair value	$ —	$ 267	$ 224	$ 491

	Fair Value at December 31, 2019			
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

Liabilities:	Fair Value Measurements Using Significant Unobservable Inputs (level 3) PM Contingent Liability	Valla Contingent Consideration	Total
Balance at December 31, 2019	$ 314	$ 205	$ 519
Effect of change in exchange rates	—	19	19
Change in contingent liability consideration	(314)	—	(314)
Balance at December 31, 2020	$ —	$ 224	$ 224

In 2019, 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 by using the Monte Carlo option pricing framework 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 $16,532 for the year ended December 31, 2020, and $22,931 for the year ending December 31, 2019. The book and fair value of the Company's capital leases was $4,565 and $5,592 for the year ended December 31, 2020, respectively and $5,060 and $6,295 for the year ending December 31, 2019, respectively. There is no difference between the book value and the fair value for amount recorded in connection with the liability recorded for a long-term legal settlement, which was $765 and $809 for the years ending December 31, 2020 and 2019, 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

The Company enters into forward currency exchange contracts such that the exchange gains and losses on the assets and liabilities denominated in other than the reporting units' functional currency would be offset by the changes in the market value of the forward currency exchange contracts it holds. The forward currency exchange contracts that the Company has to offset existing assets and liabilities denominated in other than the reporting units' functional currency have been determined not to be considered a hedge under ASC 815-10. The Company records the forward currency exchange contracts at its market value with any associated gain or loss being recorded in current earnings. Both realized and unrealized gains and losses related to forward currency contracts are included in current earnings and are reflected in the Consolidated Statements of Operations 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, 2020, the Company had entered into two forward currency exchange contracts that mature on January 8, 2021. Under the contract the Company is obligated to sell 2,900,000 Chilean pesos for 3,140 euros. The Company has a second contract which obligates the Company to sell 160,000 Chilean pesos for $205. The purpose of the forward contract is to mitigate the income effect related to this intercompany receivable that results with a change in exchange rate between the Euro and the Chilean peso.

The following table provides the location and fair value amounts of derivative instruments that are reported in the Consolidated Balance Sheet as of December 31, 2020 and 2019:

Total derivatives not designated as a hedge instrument

	Balance Sheet Location	Fair Value As of December 31, 2020	2019
Liabilities Derivatives			
Foreign currency Exchange Contracts	Accrued expense	$ 267	$ 99
Total derivative liabilities		$ 267	$ 99

The following tables provide the effect of derivative instruments on the Consolidated Statement of Operations for 2020 and 2019:

Derivatives not designated as Hedge Instrument	Location of gain or (loss) recognized in Income Statement	Years ended December 31, 2020	2019
Forward currency contracts	Foreign currency transaction losses	$ (167)	$ (191)
Interest rate swap contracts	Interest income	—	2
Total derivatives loss		$ (167)	$ (189)

During 2020 and 2019, there were no forward currency contracts designated as cash flow hedges. As such, all gains and loss related to forward currency contracts during 2020 and 2019 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:

	2020	2019
Raw materials and purchased parts	$ 33,172	$ 35,406
Work in process	3,845	5,547
Finished goods and replacement parts	19,038	16,865
Inventories, net	$ 56,055	$ 57,818

The Company has established reserves for obsolete and excess inventory of $8,451 and $9,196 as of December 31, 2020 and 2019, respectively.

Note 9. Property, Plant and Equipment

Property, plant and equipment consist of the following at December 31, 2020 and 2019, respectively:

	2020	2019
Machinery and equipment	$ 10,925	$ 10,116
Buildings	10,130	9,435
Finance lease	4,606	4,606
Land	4,437	4,131
Furniture and fixtures	2,653	2,058
Computer software & equipment	1,683	1,342
Leasehold improvements	1,501	1,445
Construction in progress	139	345
Motor vehicles	93	421
Totals	36,167	33,899
Less: accumulated depreciation	(15,505)	(13,288)
Less: accumulated depreciation - finance lease	(1,939)	(1,576)
Net property and equipment	$ 18,723	$ 19,035

Depreciation expense was $2,011 (net of $80 amortization of deferred gain on building) and $2,071 (net of $80 amortization of deferred gain on building) in 2020 and 2019, respectively. See Note 13 for information regarding finance leases.

Note 10. Goodwill and Other Intangible Assets

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

	Weighted Average Amortization Period Remaining (in years)	Gross Carrying Amount	Accumulated Amortization	December 31, 2020 Net Carrying Amount
Patented and unpatented technology	6	$ 18,643	$ (14,587)	$ 4,056
Customer relationships	5	19,552	(12,753)	6,799
Trade names and trademarks	11	4,829	(2,677)	2,152
Indefinite lived trade names		2,664		2,664
Total intangible assets, net				$ 15,671

	Weighted Average Amortization Period Remaining (in years)	Gross Carrying Amount	Accumulated Amortization	December 31, 2019 Net Carrying Amount
Patented and unpatented technology	7	$ 17,963	$ (13,499)	$ 4,464
Customer relationships	6	18,602	(10,968)	7,634
Trade names and trademarks	12	4,829	(2,481)	2,348
Indefinite lived trade names		2,586		2,586
Total intangible assets, net				$ 17,032

Amortization expense was $2,218 and $2,232 for the periods ended December 31, 2020 and 2019, respectively.

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

	Amount
2021	$ 2,233
2022	2,233
2023	2,233
2024	2,175
2025	2,163
And subsequent	1,970
Total intangibles currently to be amortized	13,007
Intangibles with indefinite lives not amortized	2,664
Total intangible assets	$ 15,671

Changes in the Company's goodwill are as follows:

	Goodwill
Balance December 31, 2019	$ 32,635
Goodwill impairment	$ (6,585)
Effects of change in exchange rate	1,422
Balance December 31, 2020	$ 27,472

The Company performed its annual impairment assessment as of March 31, 2020, prior to its October 1, 2020 annual measurement date. The valuation analysis was performed at March 31, 2020 due to the Company identifying a triggering event. Subsequently, a step 0 analysis was performed at December 31, 2020 indicating no impairment. 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.

As of the valuation date, the global economy and the financial markets were experiencing severe adverse effects from the coronavirus disease (COVID-19) pandemic. While uncertainty remains as to its ultimate impact and duration, the COVID-19 pandemic is causing tremendous hardships globally and adversely impacting global and financial market conditions. At March 31, 2020, the Company considered 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 Consolidated Statement of Operations as impairment of intangibles. 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 to goodwill and intangible assets at our PM reporting unit in the amount of $6.6 million and $0.1 million, respectively.

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 PM/Valla in the amount of $0.3 million. At December 31, 2019, intangible assets were impaired at PM/Valla in the amount of $1.2 million.

While there was no additional impairment of goodwill recognized as a result of the 2020 annual impairment test, a reasonably possible unexpected deterioration in financial performance or adverse change in earnings may result in a further impairment.

Note 11. Accrued Expenses

	As of December 31,	
	2020	2019
Accrued vacation expense	$ 1,398	$ 1,217
Accrued payroll	1,306	961
Accrued warranty	1,292	1,604
Accrued income tax and other taxes	1,127	1,297
Accrued employee benefits	910	769
Accrued interest	244	932
Accrued expenses—other	1,632	2,358
Total accrued expenses	$ 7,909	$ 9,138

Note 12. Revolving Term Credit Facilities and Debt

U.S. Credit Facilities

At December 31, 2020, 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 with a maturity date of July 20, 2023. The aggregate amount of the facility is $30 million.

The maximum borrowing available to the Company under the Loan Agreement is limited to: (1) 85% of eligible receivables; plus (2) 50% of eligible inventory valued at the lower of cost or net realizable value subject to a $20 million limit; plus (3) 80% of eligible used equipment, as defined, valued at the lower of cost or market subject to a $2 million limit; plus (4) 50% of eligible Mexico receivables (as defined) valued at the lower of cost or net realizable value subject to a $0.4 million limit. At December 31, 2020 and 2019, the maximum the Company could borrow based on available collateral was $21.9 million and $27.6 million, respectively. At December 31, 2020, the Company had $12.8 million in borrowings (less $0.2 million in debt issuance cost for a net debt of $12.6 million) with approximately $9.1 million available to borrow under its revolving credit facility. The Company had no borrowings at December 31, 2019. The indebtedness under the Loan Agreement is collateralized by substantially all of the Company's assets, except for certain assets of the Company's subsidiaries.

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

The Loan Agreement subjects the Company and its domestic subsidiaries to a quarterly EBITDA covenant if the Company has less than $15 million of Adjusted Excess Availability (as defined). The minimum quarterly EBITDA covenant is $0.5 million for the quarter ending March 31, 2021 and builds to $1.5 million on a trailing 3 quarter basis starting with the quarter ending September 30, 2021 and then maintains at $1.5 million on a trailing twelve-month basis for the quarter ending December 31, 2021.

Additionally, the Company and its domestic subsidiaries are subject to a Fixed Charge Coverage ratio if the Company has less than $15 million of adjusted excess availability (as defined) and $5 million or more of outstanding borrowings under the revolving facility. The Fixed Charge Coverage ratio is 1.10 to 1.00 measured on a trailing 3 quarter basis through quarter ending March 31, 2021 and then based upon a trailing month to month basis beginning with the quarter ending June 30, 2021 through the end of the term of the agreement.

At the end of a quarter, if there is less than $15 million of excess availability and more than $5 million in outstanding borrowings, then covenant testing is required. 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 in compliance with its covenants as of December 31, 2020.

The Loan Agreement has a Letter of Credit facility of $3 million, which is fully reserved against availability. As of December 31, 2020, the outstanding Letters of Credit were $0.2 million which is offset against availability under the revolving facility.

Note Payable—Bank

At December 31, 2020, the Company has a $237 term note payable to a bank. The note dated November 13, 2020 had an original principal amount of $289 and an annual interest rate of 5.81%. Proceeds from the note were used to pay annual premiums for certain insurance policies carried by the Company. The holder of the note has a security interest in the insurance policies it financed and has the right upon default to cancel these policies and receive any unearned premiums. There are nine remaining monthly payments of $26 on this note.

Note Payable—Winona Facility Purchase

At December 31, 2020 and 2019, Badger has balance on note payable to Avis Industrial Corporation of $180 and $283, respectively. Badger is required to make 60 monthly payments of $10 that began on August 1, 2017. The note dated July 26, 2017, had an original principal amount of $500 and annual interest rate of 8.00%. The note matures on July 1, 2022. The note is guaranteed by the Company.

PM Group Short-Term Working Capital Borrowings

At December 31, 2020 and 2019, respectively, PM Group had established demand credit and overdraft facilities with five banks in Italy, one bank in Spain and eleven banks in South America. Under the facilities, as of December 31, 2020 and 2019 respectively, PM Group can borrow up to approximately €20,550 ($25,133) and €21,337 ($23,955) for advances against invoices, 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, 2020 and 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 South American facilities is charged at a flat rate of points for advances on invoices ranging from 8% - 55%.

At December 31, 2020, the Italian banks had advanced PM Group €10,551 ($12,904). There were no advances to PM Group from the Spanish bank, and the South American banks had advanced PM Group €98 ($120). At December 31, 2019, the Italian banks had advanced PM Group €11,877 ($13,334). There were no advances to PM Group from the Spanish bank, and the South American banks had advanced PM Group €971 ($1,090).

PM Group Term Loans

At December 31, 2020, PM Group has a €5,752 ($7,035) term loan with Davy Global Fund Management, an Irish fund that purchased the debt from BPER, an Italian bank. The term loan is split into a note and a balloon payment and is secured by PM Group's common stock. The term loan is charged interest at a fixed rate of 3.5%. The note is payable in annual installments of principal, €513 for 2021, €531 for 2022, €549 for 2023, €569 for 2024, and €588 for 2025. The balloon payment is payable in a single payment of €3,002 in 2026. At December 31, 2019, the note and balloon payment had an outstanding principal balance of €6,492 ($7,289) for BPER and €3,002 ($3,439) for Unicredit, respectively.

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, 2020, and 2019 respectively, the remaining balance was €114 ($140) and €281 ($315) and has been offset to the debt.

At December 31, 2020, PM Group has unsecured borrowings with an Italian bank (MPS) and an Irish fund (Davy Global Fund Management) totaling totaling €7,225 ($8,836). 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, 2020 and 2019. Annual payments of €1,445 were payable beginning in 2019 and ending in 2025.

PM Group is subject to certain financial covenants including maintaining (1) Net debt to EBITDA, (2) Net debt to equity, and (3) EBITDA to net financial charges ratios. The covenants are measured on a semi-annual basis. The Company was in compliance with the loan covenants at December 31, 2020 and 2019.

Autogru PM RO, a subsidiary of PM Group, had an outstanding note during 2020 and 2019 that was payable in 60 monthly principal installments of €8 ($9), plus interest at the 1-month Euribor plus 300 basis points, for an effective rate of 3.00%. The note matured in October 2020. At December 31, 2019 the outstanding principal balance of the note was €84 ($94).

At December 31, 2020 and 2019, Autogru PM had a term note with an outstanding principal balance of €116 ($142) and €218 ($245), respectively. The note is payable in monthly installments and matures in December 2021. The note is charged interest at the 1-month Euribor plus 250 basis points, for an effective rate of 2.50% at December 31, 2020 and 2019.

Autogru PM had another term note with an outstanding principal balance of €164 ($201) and €234 ($263) at December 31, 2020 and 2019, respectively. The note is divided in three parts: the first part is payable in 60 monthly installments of €1 ($1) plus interest at the 6-month Euribor plus 275 basis points, for an effective rate of 2.75% at December 31, 2020 and 2019, maturing in February 2023; the second part is payable in 60 monthly installments of €4 ($5) plus interest at the 6-month Euribor plus 275 basis points, for an effective rate of 2.75% at December 31, 2020 and 2019, maturing in April 2023; the third part is payable in 60 monthly installments of €1 ($1) plus interest at the 6-month Euribor plus 275 basis points, for an effective rate of 2.75% at December 31, 2020 and 2019, maturing in September 2023.

In May 2020 PM's term and secured debt with BPER was purchased by Davy Global Fund management in Ireland. The Company approached Unicredit to paydown the entire debt obligation in a cash offer at a discount. On July 20, 2020, the Company paid off the entire PM term and unsecured debt of €4,960 ($6,269) with Unicredit at a 15% discount to its face value which resulted in a gain of €533 ($595) recorded in other income. In additional, accrued interest from April 1, 2020 to July 19, 2020 was forgiven by the bank.

The above PM facilities included a 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 and as such, the Company reversed the €280 ($334) liability as of December 31, 2020.

Valla Short-Term Working Capital Borrowings

At December 31, 2020 and 2019, respectively, Valla had established demand credit and overdraft facilities with two Italian banks. Under the facilities, Valla can borrow up to approximately €660 ($807) 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% for both 2020 and 2019. At December 31, 2020 and 2019, the Italian banks had advanced Valla €474 ($579) and €269 ($302).

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, 2020 and 2019, respectively. The note matures on January 2021. At December 31, 2020 and 2019, respectively, the outstanding principal balance of the note was €8 ($10) and €39 ($44).

At December 31, 2020, Valla has a term loan with BPER. The note is payable in monthly principal installments beginning on July 10, 2022 of €0.5 ($1), plus interest at 1.45%, for an effective rate of 1.45% at December 31, 2020. The note matures in December 2025. At December 31, 2020, the outstanding principal balance of the note was €25 ($31).

Schedule of Debt Maturities

Scheduled annual maturities of the principal portion of debt outstanding at December 31, 2020 in the next five years and the remaining maturity in aggregate are summarized below. Amounts shown include the debt described above in this footnote.

	North America	Italy	Total
2021	$ 349	$ 16,161	$ 16,510
2022	70	2,474	2,544
2023	12,800	2,472	15,272
2024	—	2,459	2,459
2025	—	2,486	2,486
Thereafter	—	3,804	3,804
	13,219	29,856	43,075
Debt discount related to non-interest-bearing debt	—	(140)	(140)
Debt issuance cost	(194)	—	(194)
Total	$ 13,025	$ 29,716	$ 42,741

At December 31, 2020, the Company's weighted average interest rate on debt at year end was 2.7%.

Note 13. Leases

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

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

If there was a rate explicit in the lease, this was the discount rate used. For those leases with no explicit or implicit interest rate, an incremental borrowing rate was used. The weighted average remaining useful life for operating and finance leases was 5 and 7 years, respectively. The weighted average discount rate for operating and finance leases was 5.7% and 12.5% respectively.

Leases (thousands)	**Classification**	**12/31/2020**	**12/31/2019**
Assets			
Operating lease assets	Operating lease assets	$ 4,068	$ 2,174
Finance lease assets	Current and noncurrent assets	2,847	3,906
Total leased assets		6,915	$ 6,080
Liabilities			
Current			
Operating	Current liabilities	$ 1,167	$ 813
Financing	Current liabilities	344	476
Noncurrent			
Operating	Noncurrent liabilities	2,901	1,361
Financing	Noncurrent liabilities	4,221	4,584
Total lease liabilities		$ 8,633	$ 7,234

Lease Cost (thousands)	**Classification**	**For the year ended December 31, 2020**	**For the year ended December 31, 2019**
Operating lease costs	Operating lease assets	$ 1,009	$ 840
Finance lease cost			
Depreciation/Amortization of leased assets	Depreciation	1,135	454
Interest on lease liabilities	Interest expense	588	622
Lease cost		$ 2,732	$ 1,916

Other Information (thousands)	**For the year ended December 31, 2020**	**For the year ended December 31, 2019**
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 1,172	$ 1,104
Operating cash flows from finance leases	$ 612	$ 418
Financing cash flows from finance leases	$ 588	$ 622

Future minimum lease payments are:

	Operating Leases	Capital Leases
2021	$ 1,271	$ 895
2022	945	904
2023	783	932
2024	440	960
2025	397	988
Subsequent	756	2,423
Total undiscounted lease payments	4,592	7,102
Less interest	(524)	(2,537)
Total liabilities	$ 4,068	$ 4,565
Less current maturities	(1,167)	(344)
Non-current lease liabilities	$ 2,901	$ 4,221

Operating Leases

The Company leases office and production space under various non-cancellable operating leases that expire no later than 2027. 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 leased its 40,000 sq. ft. Bridgeview facility from an entity controlled by Mr. David Langevin, the Company’s Executive Chairman and CEO, through December 31, 2020. This facility is now owned by an unaffiliated third party. See Note 19, Transactions between the Company and Related Parties for further information.

Note 14. 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 matured on December 19, 2020.

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.

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, 2020, the Company paid off the remaining principal balance of the note.

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.

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 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.

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, 2020, the Company paid off the remaining principal balance of the note.

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.

Note 15. Income Taxes

On March 27, 2020, the "Coronavirus Aid, Relief and Economic Security (CARES) Act" was enacted. The CARES Act, among other things, includes provisions relating to net operating loss carrybacks, alternative minimum tax credit refunds, a modification to the net interest deduction limitations and a technical correction to tax depreciation methods for qualified improvement property. The CARES Act did not have a material impact on the Company's consolidated financial statements for the year ended December 31, 2020.

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.

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, 2020	Years ended December 31, 2019
(Loss) income before income taxes:		
Domestic	$ (6,566)	$ 6,861
Foreign	(5,479)	(4,015)
Total net (loss) income before income taxes	$ (12,045)	$ 2,846

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

	Years ended December 31, 2020	Years ended December 31, 2019
Expense (benefit) for income taxes:		
Current:		
Federal	$ (28)	$ (33)
State and local	(112)	19
Foreign	488	510
	348	496
Deferred:		
Federal	32	31
State and local	187	159
Foreign	107	2,105
	326	2,295
Total expense for income taxes	$ 674	$ 2,791

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, 2020	Year ended December 31, 2019
Deferred tax assets:		
Accrued expenses	$ 532	$ 906
Inventory	1,924	2,326
Other liabilities	1,465	930
Deferred gain	137	172
Net operating loss carryforwards	5,473	3,498
Tax credit carryforwards	1,341	1,317
Capital loss carryforwards	238	440
Unrealized foreign currency loss	110	97
Interest expense	3,566	3,537
Property, plant and equipment	296	688
Total deferred tax asset	15,082	13,911
Deferred tax liabilities:		
Intangibles	3,696	2,926
Discount on convertible notes	—	73
Deferred State Income Tax	396	402
Debt	2,382	2,197
Total deferred tax liability	6,474	5,598
Valuation allowance	(9,694)	(8,943)
Net deferred tax (liability) asset	$ (1,086)	$ (630)

The Company made a downward adjustment to its U.S. net operating loss carryforward disclosed in the deferred tax assets and liabilities table in the comparable reporting period by approximately $1.3 million with an offsetting adjustment to the valuation allowance.

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. Any further increases or decreases in the valuation allowance could have an unfavorable or favorable impact on our income tax provision and net income in the period in which such determination is made.

As of December 31, 2020, the Company had U.S. federal and foreign net operating loss carryforwards of approximately $15.2 million. U.S. net operating loss carryforwards of approximately $4.1 million expire in 2036. The remaining U.S. federal net operating loss carryforward and 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 2040 if not utilized. As of December 31, 2020, 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 2036, respectively. The Company has capital loss carryforwards of $0.2 million expiring in 2021 and 2022.

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

	Years ended December 31,	
	2020	**2019**
Statutory rate	21.0%	21.0%
State and local taxes	0.5%	5.1%
Permanent differences	(19.4)%	26.6%
Tax credits	0.0%	16.2%
Foreign operations	(1.3)%	8.2%
Uncertain tax positions	(0.8)%	1.6%
Valuation allowance	(5.1)%	21.0%
Other	(0.5)%	(1.6)%
	(5.6)%	98.1%

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

	2020	**2019**
Balance at January 1,	$ 4,295	$ 4,115
(Decrease) increases in tax positions for current years	(375)	455
Other	(42)	(149)
Lapse in statute of limitations	(235)	(126)
Settlements	(97)	—
Balance at December 31,	$ 3,546	$ 4,295

Of the amounts reflected in the above table at December 31, 2020, approximately $1.4 million would reduce the Company’s annual effective tax rate if recognized. This amount considers the indirect effects of offsetting tax positions in different jurisdictions. 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, 2020 and 2019, interest and penalties recognized on unrecognized tax benefits were $(287) and $134, respectively. The accrued balance as of December 31, 2020 and 2019 was $495 and $782, respectively. Included in the unrecognized tax benefits is a liability for the Romania income tax audit for tax years 2012-2016 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, 2020. We believe that it is reasonably possible that a decrease up to $0.7 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 2016 Italy audit.

The Company files income tax returns in the United States, Italy, Romania, Argentina, and Chile 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 2017, or foreign examinations for years before 2012.

Note 16. Supplemental Cash Flow Disclosures

Interest received and paid and income taxes paid (refunds) during the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Interest received in cash	$ 97	$ 229
Interest paid in cash	4,345	4,394
Income taxes paid (refunds) in cash	536	(175)

Note 17. 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 amount paid in matching contributions by the company for 2020 and 2019 were $336 and $388, 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 2020 and 2019 was $521 and $146, respectively. The amount allocated to the Employee severance indemnity provision in 2020 and 2019 were $689 and $428, respectively.

Note 18. 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 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:

	2020	2019
Balance January 1,	$ 1,604	$ 2,004
Provision for warranties issued during the year	2,573	2,377
Warranty services provided	(3,091)	(2,163)
Changes in estimates	177	(563)
Foreign currency translation	29	(51)
Balance December 31,	$ 1,292	$ 1,604

Note 19. Equity

Stock issued to employees and Directors

The Company issued shares of common stock to employees and Directors at various times in 2020 and 2019 as restricted stock units issued under the Company's 2004 and 2019 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 two-year period:

Date of Issue	Employees or Director	Shares Issued	Value of Shares Issued
January 1, 2020	Employee	2,250	$ 13
March 6, 2020	Directors	7,920	47
March 13, 2020	Employee	39,714	292
May 15, 2020	Employee	560	6
May 31, 2020	Directors	6,800	79
August 14, 2020	Directors	9,900	44
August 20, 2020	Employee	333	4
August 21, 2020	Employee	335	2
September 1, 2020	Employee	16,500	93
October 2, 2020	Employee	34,075	210
December 31, 2020	Employee	2,640	16
		121,027	$ 806

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	Employee	15,007	84
		72,834	$ 484

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 2020 and 2019:

Date of Purchase	Shares Purchased	Closing Price on Date of Purchase
March 13, 2020	2,949	$ 4.34
August 20, 2020	116	$ 4.37
August 21, 2020	116	$ 4.23
October 2, 2020	9,941	$ 4.74
	13,122	
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	

Manitex International, Inc. 2019 Equity Incentive Plan

In 2019, the Company adopted the Manitex International, Inc. 2019 Equity Incentive Plan (the "Plan"). In 2020, the Plan was amended to increase the number of shares authorized for issuance under the Plan from 279,717 to 779,717. 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 Awards

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 a total of 176,000 and 210,310 restricted stock units to employees and directors during 2020 and 2019, respectively. The weighted average grant date fair value of awards made in 2020 was $5.49 per share, compared to $6.75 at 2019. 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.

The following is a summary of restricted stock units that were awarded during 2020 and 2019:

2020 Grants	Vesting Date	Number of Restricted Stock Units	Closing Price on Date of Grant	Value of Restricted Stock Units Issued
January 1, 2020	January 1, 2021 4,950 units; January 1, 2022 4,950 units; January 1, 2023 5,100 units	15,000	$ 5.95	$ 89
March 6, 2020	March 6, 2020 7,920 units; March 6, 2021 7,920 units; March 6, 2022 8,160 units	24,000	$ 5.89	$ 141
March 6, 2020	March 6, 2021 28,380 units; March 6, 2022 28,380 units; March 6, 2023 29,240 units	86,000	$ 5.89	$ 507
August 14, 2020	August 14, 2020 9,900 units; August 14, 2021 9,900 units; August 14, 2022 10,200 units	30,000	$ 4.41	$ 132
October 20, 2020	October 20, 2020 3,300 units; October 20, 2021 2,211 units; October 20, 2022 2,211 units; October 20, 2023 2,278 units	10,000	$ 4.60	$ 46
December 10, 2020	December 10, 2021 3,630 units; December 10, 2022 3,630 units; December 10, 2023 3,740 units	11,000	$ 4.67	$ 51
		176,000		$ 966

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 units; March 13, 2020 7,920 units; March 13, 2021 8,160 units	24,000	$ 7.36	$ 177
March 13, 2019	March 13, 2020 9,900 units; March 13, 2021 9,900 units; March 13, 2022 10,200 units	30,000	$ 7.36	$ 221
March 13, 2019	March 13, 2020 25,842 units; March 13, 2021 25,842 units; March 13, 2022 26,626 units	78,310	$ 7.36	$ 576
September 1, 2019	September 1, 2020 16,500 units, September 1, 2021 16,500 units; September 1, 2022 17,000 units	50,000	$ 5.62	$ 281
December 31, 2019	December 31, 2020 7,590 units; December 31, 2021 7,590 units; December 31, 2022 7,820 units	23,000	$ 5.95	$ 137
		210,310		$ 1,421

The following table contains information regarding restricted stock units for the years ended December 31, 2020 and 2019, respectively:

	Restricted Stock Units	
	2020	2019
Outstanding on January 1,	198,717	72,874
Units granted during period	176,000	210,310
Vested and issued	(107,905)	(67,412)
Vested—issued and repurchased for income tax withholding	(13,122)	(5,422)
Forfeited	(11,104)	(11,633)
Outstanding on December 31,	242,586	198,717

Stock Options

On September 1, 2019, 50,000 stock options were granted at $5.62 per share and vest ratably on each of the first three anniversary dates. 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 2020 and 2019 includes $1,038 and $603 related to restricted stock units and stock options, respectively. Compensation expense related to restricted stock units and stock options will be $611 and $340 for 2021 and 2022, respectively.

Note 20. Transactions between the Company and Related Parties

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

C&M conducts business with RAM P&E LLC for the purposes of obtaining parts business as well as buying, selling, and renting equipment. In 2020, less than $0.1 million was invoiced by Crane and Machinery, Inc. through government parts contracts awarded to RAM P&E LLC.

C&M is a distributor of Terex rough terrain and truck cranes. As such, C&M purchases cranes and parts from Terex. The Company had a convertible note with a face amount of $7.5 million paid payable to Terex. This note was paid off in full in December 2020.

PM is a manufacturer of cranes. PM sold cranes, parts, and accessories to Tadano during 2019 and 2020.

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, 2020, and 2019, the Company had accounts receivable and accounts payable with related parties as shown below:

			December 31, 2020		December 31, 2019
Accounts Receivable	Terex	$	-	$	9
	Tadano		62		88
	Ram P&E		13		—
		$	75	$	97
Accounts Payable	Terex	$	47	$	325
	Tadano		80		—
		$	127	$	325
Net Related Party Accounts Payable		$	52	$	228

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:

	2020	2019
Bridgeview Facility (1)	$ 276	$ 273
Sales to:		
Tadano	708	144
Terex	43	35
RAM P&E (2)	13	—
Total Sales	$ 764	$ 179
Inventory Purchases from:		
Tadano	96	—
Terex	499	1,858
Total Inventory Purchases	$ 595	$ 1,858

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

(2) RAM P&E is owned by the Company's Executive Chairman's daughter.

Note 21. 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.

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.

Additionally, beginning on December 31, 2011 through December 31, 2019, 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. During 2020, the Company changed its insurance coverage and no longer has a deductible obligation. The Company is fully insured for any amount on any individual claim that exceeds the deductible and for any additional amounts of all claims once the aggregate is reached. The Company currently has several 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, 2020, the Company has a remaining obligation under the agreements to pay the plaintiffs $1,045 without interest in 11 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.

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

It is reasonably possible that the "Estimated Reserve for Product Liability Claims" may change within the next 12 months. A change in estimate could occur if a case is settled for more or less than anticipated, or if additional information becomes known to the Company.

SEC Investigation

The Company has settled the previously disclosed SEC investigation regarding the Company's restatement of prior financial statements.

Note 22. Discontinued Operations

Assets and Liabilities Classified as Held for Sale

On March 4, 2020, the Company's Board of Directors approved the exploration by management of 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 criterion of asset held for sale has been met and Sabre will be reported as a discontinued operation for 2020.

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

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

During the year ended December 31, 2020, the Company recorded a gain on the sale of Manitex Sabre of $319.

The calculation of the gain on sale for the year ended December 31, 2020 is as follows:

	For the year ended December 31, 2020
Proceeds from sale	$ 1,489
Transaction Costs	(126)
working capital adjustment	190
Net proceeds	1,553
Net assets sold	(1,234)
Gain on sale before taxes	319
Taxes on gain	-
Gain on sale, net of tax	$ 319

After August 21, 2020, additional invoices of $57 related to Sabre were received resulting in a Gain of Sale, net of tax of $319 as of December 31, 2020.

Cash flows:

For the year ended December 31, 2020, cash flows used for operating activities was $1,586, this consisted of depreciation expense of $44, no purchases of fixed assets and no amortization expense. Cash flows provided by investing activities consisted of proceeds from sale of assets was $1,553.

For the year ended December 31, 2019, cash flows provided by operating activities was $203, this consisted of depreciation expense of $173 and $222 of amortization expense. Cash flows used in investing activities consisted of purchases of fixed assets was $103.

		As of December 31, 2019
ASSETS		
Current assets		
Cash	$	33
Trade receivables (net)		507
Inventory (net)		916
Prepaid expense and other		135
Total current assets of discontinued operations		1,591
Long-term assets		
Total fixed assets (net)		314
Operating lease assets		99
Total long-term assets of discontinued operations		413
Total assets of discontinued operations	$	2,004
LIABILITIES		
Current liabilities		
Current operating lease liability	$	106
Accounts payable		381
Accrued expenses		187
Customer deposits		126
Total current liabilities of discontinued operations	$	800

	For the years ended December 31, 2020	2019
Net revenues	$ 3,276	$ 9,283
Cost of sales	3,594	9,671
Selling, general and administrative expenses	840	8,103
Interest expense	62	91
Other income (loss)	332	7
Net loss from discontinued operations before income tax	(888)	(8,575)
Income tax expense (benefit) related to discontinued operations	3	(28)
Net loss on discontinued operations	$ (891)	$ (8,547)

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, 2020. 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, 2020 to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Despite the existence of these material weaknesses, we have concluded that 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, 2020:

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

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, 2020 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, 2020 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 2020, 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 adequate entity-level controls to ensure 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.

   During 2020, the Company implemented 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.

2. We did not maintain a formal and consistent policy for establishing inventory reserves for excess and obsolete inventory.

   During 2020, the Company implemented 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.

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 year ended December 31, 2020, that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

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

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

- During 2020, the Company progressed to completion of the Company's U.S planned Enterprise Resource Planning implementation and has started the implementation of the ERP software at our remaining United States subsidiary;
- During the fourth quarter of 2020, the Company engaged outside consultants to identify system limitations in Italy, as well as identification and scoping of new Information Technology software;
- The Company continues to strengthen its control environment to reduce or eliminate our control deficiencies; and
- Executive oversight will be improved through additional reporting requirements, reviews and meetings.

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

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

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 2021 Annual Meeting of Shareholders (the "2021 Proxy Statement") pursuant to Regulation 14A of the Exchange Act, not later than 120 days after December 31, 2020.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information under the headings "Nominees to Serve Until the 2022 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 2021 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, 2020, 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 2021 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 2021 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 2021 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information under the heading "Audit Committee" in our 2021 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 27.

(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*

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 (*incorporated by reference to Exhibit 4.6 to the Annual Report on Form 10-K filed on March 10, 2020) (File No. 001-32401*).
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).*

Exhibit No.	Description
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).*
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)*

Exhibit No.		Description
10.22		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)
10.23		Ninth Amendment to Loan and Security Agreement, dated as of December 22, 2020, 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 December 23, 2020).*
10.24		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).*
10.25		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).*
10.26		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).*
10.27	*	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).*
10.28	*	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).*
10.29	*	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).*
10.30		First Amendment to the 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 4, 2020).*
10.31	*	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).*
10.32	*	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).*
10.33	*	Employment Agreement, effective as of October 20, 2020, between Manitex International, Inc. and Joseph Doolan *(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 5, 2020).*
21.1	(1)	Subsidiaries of Manitex International, Inc.
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, 2020, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the fiscal years ended December 31, 2020 and 2019, (ii) Consolidated Balance Sheets as of December 31, 2020 and 2019, (iii) Consolidated Statements of Shareholders’ Equity and Comprehensive Loss, (iv) Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements.

Exhibit No.		Description
104	(1)	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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

(c) *Financial Statement Schedules*

ITEM 16. FORM 10-K SUMMARY

None.

SCHEDULE II- VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

	Balance Beginning of Year	Charges to Earnings	Other	Deductions (2)	Balance End of Year
Year ended December 31, 2020					
Deducted from asset accounts:					
Allowance for doubtful accounts	$ 2,842 (4)	$ 236	$ 256 (1)	$ (754)	$ 2,580
Reserve for inventory	9,196 (4)	1,112	223 (1)	(2,080)	8,451
Valuation allowance for deferred tax assets	10,282	1,182	(1,339) (3)	(431)	9,694
Totals	$ 22,320	$ 2,530	$ (860)	$ (3,265)	$ 20,725
Year ended December 31, 2019					
Deducted from asset accounts:					
Allowance for doubtful accounts	$ 2,237 (4)	$ 670	$ (35) (1)	$ (30)	$ 2,842 (4)
Reserve for inventory	7,423 (4)	3,784	(474) (1)	(1,537)	9,196 (4)
Valuation allowance for deferred tax assets	7,643	2,849	—	(210)	10,282
Totals	$ 17,303	$ 7,303	$ (509)	$ (1,777)	$ 22,320

(1) Primarily represents the impact of foreign currency exchange, business divestitures and other amounts recorded to accumulated other comprehensive income (loss).

(2) Primarily represents the utilization of established reserves, net of recoveries.

(3) During the fourth quarter of 2020, the Company made a downward adjustment to its U.S. net operating loss carryforward disclosed in the deferred tax assets and liabilities table in the comparable reporting period by approximately $1.3 million with an offsetting adjustment to the valuation allowance.

(4) The Company previously presented only the change in the account balances for reserve for inventory and allowance for doubtful accounts. During 2020, the Company changed to reporting the ending account balances. The adjustment to 2019 and 2020 reserve for inventory and allowance for doubtful accounts are for disclosures only, no financial statements were impacted.

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 11, 2021

MANITEX INTERNATIONAL, INC.

By: /s/ JOSEPH. DOOLAN

Joseph Doolan,
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 11, 2021
/s/ STEVE FILIPOV **Steve Filipov,** **Chief Executive Officer and Director** **(Principal Executive Officer)**	March 11, 2021
/s/ JOSEPH DOOLAN **Joseph Doolan,** **Chief Financial Officer** **(Principal Financial and Accounting Officer)**	March 11, 2021
/s/ RONALD M. CLARK **Ronald M. Clark,** **Director**	March 11, 2021
/s/ ROBERT S. GIGLIOTTI **Robert S. Gigliotti,** **Director**	March 11, 2021
/s/ FREDERICK B. KNOX **Frederick B. Knox,** **Director**	March 11, 2021
/s/ MARVIN B. ROSENBERG **Marvin B. Rosenberg,** **Director**	March 11, 2021
/s/ INGO SCHILLER **Ingo Schiller,** **Director**	March 11, 2021
/s/ STEPHEN J. TOBER **Stephen J. Tober,** **Director**	March 11, 2021