Manitex International, Inc.
Form 10-Q/A
April 03, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2017

OR

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

Commission File Number: 001-32401

MANITEX INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Michigan	42-1628978
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
9725 Industrial Drive, Bridgeview, Illinois	60455
(Address of Principal Executive Offices)	(Zip Code)

(708) 430-7500

(Registrant’s Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

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

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

The number of shares of the registrant’s common stock, no par, outstanding at February 20, 2018 was 16,662,386

MANITEX INTERNATIONAL, INC.

FORM 10-Q INDEX

TABLE OF CONTENTS

PART I: FINANCIAL INFORMATION

ITEM 1: Financial Statements	5
Consolidated Balance Sheets (unaudited) as of March 31, 2017 and December 31, 2016	5
Consolidated Statements of Operations (unaudited) for the Three Months Ended March 31, 2017 and 2016	6
Consolidated Statements of Comprehensive Income (loss) (unaudited) for the Three Months Ended March 31, 2017 and 2016	7
Consolidated Statements of Cash Flows (unaudited) for the Three Months Ended March 31, 2017 and 2016	8
Notes to Consolidated Financial Statements (unaudited)	9
ITEM 2: Management's Discussion And Analysis Of Financial Condition And Results Of Operations	43
ITEM 3: Quantitative And Qualitative Disclosures About Market Risk	53
ITEM 4: Controls And Procedures	53

PART II: OTHER INFORMATION

ITEM 1: Legal Proceedings	54
ITEM 1A: Risk Factors	55
ITEM 2: Unregistered Sales Of Equity Securities And Use Of Proceeds	55
ITEM 3: Defaults Upon Senior Securities	55
ITEM 4: Mine Safety Disclosures	55
ITEM 5: Other Information	55
ITEM 6: Exhibits	55

EXPLANATORY NOTE

Manitex International, Inc. (the "Company") is filing this amendment (this "Amendment" or "Form 10-Q/A") to its Quarterly Report on Form 10-Q for the Quarter ended March 31, 2017, which was originally filed on May 4, 2017 (the "Original Form 10-Q" or the "Original Filing"). This Amendment includes restated financial statements for the quarters ended March 31, 2016 and 2017.

The corrections contained in these restated financial statements, which we refer to herein as the "Restatement," were prepared following an independent review by the Audit Committee (the "Audit Committee") of the Company's Board of Directors into certain accounting matters, which is further described herein.

Except as expressly set forth herein, this Amendment does not reflect events occurring after the date of the Original Filing and does not modify or update disclosures contained in the Original Filing. Accordingly, this Amendment should be read in conjunction with the Original Filing and with our filings with the SEC made subsequent to the Original Filing.

Background

As previously described in the Company's Current Report on Form 8-K filed on November 6, 2017, in 2016 the Company sold 39 cranes for total sales revenues of approximately $15 million to a single broker customer in a series of transactions (the "Transactions") that were each structured as a customary "bill and hold" arrangement. The revenue for the Transactions was originally recognized in 2016. Ten of these units that were sold for an aggregate value of approximately $3 million were returned during 2016 (and were subsequently sold to other customers), such that for 2016, a net of 29 cranes were sold for approximately $12 million. In addition, the Company made various payments that were expensed in 2016 and 2017 to the broker and its wholly-owned subsidiary. Furthermore, the debt taken on by the broker customer to purchase the cranes was effectively guaranteed by the Company pursuant to certain related agreements. In connection with its review of its financial results for the quarter ended September 30, 2017, the Company became aware that the prior accounting treatment for the Transactions was not correct. Specifically, the Company has concluded that the relationship with the Broker and its wholly-owned subsidiary qualified as a Variable Interest Entity ("VIE") and should therefore have resulted in a different accounting treatment resulting in the debt of the VIE being reflected in the Company's consolidated balance sheet. The Company has concluded that the revenue recognition criteria for 2016 sales were not met and payments to the Broker were not expenses of the Company. In addition, disclosures were incomplete.

In connection with the foregoing matters, on November 2, 2017, the Audit Committee of the Board of Directors of the Company, in consultation with the Company's management and UHY LLP, the Company's independent registered public accounting firm, determined that the Company's previously issued financial statements for the quarters ended March 31, June 30 and September 30, 2016, year ended December 31, 2016 and quarters ended March 31 and June 30, 2017 included in the Company's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q for such periods and together with all three, six and nine-month financial information contained therein (collectively, the "Non-Reliance Periods") can no longer be relied upon.

Description of the Restatement related to SVW

The following describes the impact of corrections that affect the three months ended March 31, 2017 and 2016. Information concerning the impact of these corrections on the Company's results for the year ended December 31, 2016 is discussed in the Company's amended Form 10-K/A for the year ended December 31, 2016.

Effect of Recording SVW Debt

As disclosed in Note 13, SVW has six notes outstanding with five financial institutions, each of which was effectively guaranteed by the Company. At March 31, 2017 the value of these notes totaled $10.7 million, net of debt issuance costs of $0.3 million. Given SVW's treatment as a VIE, and the fact that the Company effectively guaranteed it, this debt has been consolidated into the Company's restated financial statements.

Effect of Recording Sales to Third Party

Sales have been recorded as of the time when SVW related inventory was sold to third parties.

Effect of Recording Crane Rentals

Income on the rental of SVW related inventory to third parties has been recorded as revenues for the corresponding periods.

Effect of Treating Funds Sent to SVW's Wholly-Owned Subsidiary as Advances

During the three months ended March 31, 2017 there were $0.6 million in payments that the Company had originally classified as expenses paid to SVW's wholly-owned subsidiary. Given SVW's treatment as a VIE these payments have been reclassified as intercompany advances.

Recording of Payments Made by SVW to Lenders

The balance sheet table in Note 2 Restatement of Previously Issued Financial Statements shows the impact of payments made in connection with the aforementioned SVW debt.

Cumulative Income Tax Effect

This includes the impact on the income taxes for the quarter ended March 31, 2017 related to the discontinued operations and SVW restatements discussed above.

Description of the Restatement not related to SVW

Other

The Company disclosed a partial residual value guarantee to support a customer's financing of equipment purchased from the Company that was previously not disclosed (see Note 15). A residual value guarantee involves a guarantee that a piece of equipment will have a minimum fair market value at a future date if certain conditions are met by the customer. The Company has issued partial residual guarantees that have maximum exposure of approximately $1.6 million. The Company, however, does not have any reason to believe that any exposure from such a guarantee is either probable or estimable at this time, as such, no liability has been recorded. The Company's exposure from its guarantees may be affected by economic conditions in used equipment markets at the time of loss.

This also includes minor rounding and reclassification adjustments not included in previous categories.

Effect of Reclassifying ASV to Discontinued Operations

As of March 31, 2017, the Company owned a 51% interest in ASV Holdings, Ins., which was formerly known as A.S.V., LLC ("ASV Holdings"). On May 11, 2017, in anticipation of an initial public offering, ASV Holdings converted from an LLC to a C-Corporation and the Company's 51% interest was converted to 4,080,000 common shares of ASV Holdings. On May 17, 2017, in connection within its initial public offering, ASV Holdings sold 1,800,000 of its own shares and the Company sold 2,000,000 shares of ASV Holdings common stock. The Company held a 21.2% interest in ASV Holdings, but no longer has a controlling interest in ASV Holdings. ASV Holdings was deconsolidated during the quarter ended June 30, 2017 and is recorded as an equity investment starting with quarter ended June 30, 2017. Since this 10-Q/A is being filed after the above described events, current and prior period financial statements included in this 10-Q/A have been restated to reflect ASV Holdings as a discontinued operation.

Additional entries not related to SVW

Adjustments were made to reverse a sale transaction, adjust a deferred gain, increase an inventory reserve and to record additional rent expense. These adjustments were identified in prior periods but were immaterial for recording at that time. As the Company has identified the restatement adjustments for recording in prior periods, management made the determination that it would also record these previously passed adjustments as part of the restatement of the financial statements.

See Note 2 to the consolidated financial statements which details the impact of the restatement on the Consolidated Balance Sheet as of March 31, 2017 and the Consolidated Statement of Operations, and Consolidated Statement of Cash Flow for the three months ended March 31, 2017 and 2016.

Internal Control and Disclosure Controls Considerations

Our Chief Executive Officer has determined that there were deficiencies in our internal control over financial reporting that constitute material weaknesses, as defined by SEC regulations, at March 31, 2017, with respect to procedures for:

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

2. We did not maintain adequate entity-level controls with respect to ensuring adequate supporting documentation of journal entries and proper review and approval of journal entries and disbursements that were unusual in nature and of significant amounts.

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

4. We did not maintain an adequate communication policy with respect to compliance with the Company's Code of Ethics and availability of the Company's whistleblower hotline to report compliance issues

Accordingly, our Chief Executive Officer has concluded that our internal control over financial reporting and disclosure controls and procedures, as defined by SEC regulations, were not effective at March 31, 2017, as discussed in Part I, Item 4 of this Form 10-Q/A.

4

PART 1—FINANCIAL INFORMATION

Item 1—Financial Statements

MANITEX INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	March 31, 2017 As Restated Unaudited	December 31, 2016 As Restated Unaudited
ASSETS		
Current assets		
Cash	$ 3,207	$ 4,541
Cash-restricted	772	773
Trade receivables (net)	34,592	32,982
Other receivables	2,240	1,082
Inventory (net)	68,513	69,487
Prepaid expense and other	4,461	4,624
Current assets of discontinued operations	44,492	46,645
Total current assets	158,277	160,134
Total fixed assets (net)	21,673	21,839
Intangible assets (net)	30,359	30,985
Goodwill	40,056	39,669
Other long-term assets	1,636	1,605
Deferred tax asset	545	545
Long-term assets of discontinued operations	70,998	72,177
Total assets	$ 323,544	$ 326,954
LIABILITIES AND EQUITY		
Current liabilities		
Notes payable	$ 29,333	$ 26,204
Current portion of capital lease obligations	815	338
Accounts payable	32,487	33,801
Accounts payable related parties	742	2,098
Accrued expenses	9,725	10,278
Other current liabilities	2,733	2,150
Current liabilities of discontinued operations	20,775	23,631
Total current liabilities	96,610	98,500
Long-term liabilities		
Revolving term credit facilities	21,277	19,957
Notes payable (net)	33,021	32,832
Capital lease obligations	5,390	6,004
Convertible note related party (net)	6,897	6,862
Convertible note (net)	14,151	14,098

Deferred gain on sale of property	1,169	1,058
Deferred tax liability	3,427	3,242
Other long-term liabilities	3,369	4,127
Long-term liabilities of discontinued operations	40,909	42,645
Total long-term liabilities	129,610	130,825
Total liabilities	226,220	229,325
Commitments and contingencies		
Equity		
Preferred Stock—Authorized 150,000 shares, no shares issued or outstanding at March 31, 2017 and December 31, 2016	—	—
Common Stock—no par value 25,000,000 shares authorized, 16,552,186 and 16,200,294 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	97,247	94,324
Paid in capital	2,522	2,918
Retained earnings	(23,793)	(20,505)
Accumulated other comprehensive loss	(3,929)	(4,272)
Equity attributable to shareholders of Manitex International, Inc.	72,047	72,465
Equity attributable to noncontrolling interest	25,277	25,164
Total equity	97,324	97,629
Total liabilities and equity	$ 323,544	$ 326,954

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except for share and per share amounts)

	Three Months Ended	
	March 31,	
	2017 As Restated Unaudited	2016 As Restated Unaudited
Net revenues	$40,119	$47,230
Cost of sales	32,727	38,485
Gross profit	7,392	8,745
Operating expenses		
Research and development costs	687	743
Selling, general and administrative expenses	8,941	8,948
Total operating expenses	9,628	9,691
Operating loss	(2,236)	(946)
Other income (expense)		
Interest expense	(1,208)	(1,491)
Foreign currency transaction loss	(83)	(516)
Other income (expense)	273	(18)
Total other expense	(1,018)	(2,025)
Loss before income taxes and loss in non-marketable equity interest from continuing operations	(3,254)	(2,971)
Income tax expense (benefit) from continuing operations	171	(310)
Loss in non-marketable equity interest, net of taxes	—	(39)
Net loss from continuing operations	(3,425)	(2,700)
Discontinued operations		
Income from operations of discontinued operations	232	2,812
Income tax (benefit) expense	(19)	284
Income on discontinued operations	251	2,528
Net loss	(3,174)	(172)
Net (income) loss attributable to noncontrolling interest	(114)	127
Net loss attributable to shareholders of Manitex International, Inc.	$(3,288)	$(45)
`		
Basic		
Loss from continuing operations attributable to shareholders of Manitex International, Inc.	$(0.21)	$(0.17)
Earnings from discontinued operations attributable to shareholders of Manitex International, Inc.	$0.01	$0.16
Net loss attributable to shareholders of Manitex International, Inc.	$(0.20)	$—
Diluted		
Loss from continuing operations attributable to shareholders of	$(0.21)	$(0.17)

Manitex International, Inc.		
Earnings from discontinued operations attributable to shareholders of Manitex International, Inc.	$0.01	$0.16
Net loss attributable to shareholders of Manitex International, Inc.	$(0.20)	$—
Weighted average common shares outstanding		
Basic	16,559,343	16,105,601
Diluted	16,559,343	16,105,601

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

	Three Months Ended March 31,	
	2017 As Restated Unaudited	2016 As Restated Unaudited
Net loss:	$ (3,174)	$ (172)
Other comprehensive income		
Foreign currency translation adjustments	343	2,069
Total other comprehensive income	343	2,069
Comprehensive (loss) income	(2,831)	1,897
Comprehensive (loss) income attributable to noncontrolling interest	(114)	127
Total comprehensive (loss) income attributable to shareholders of Manitex International, Inc.	$ (2,945)	$ 2,024

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Three Months Ended March 31, 2017 As Restated Unaudited	Three Months Ended March 31, 2016 As Restated Unaudited
Cash flows from operating activities:		
Net loss	$ (3,174)	$ (172)
Adjustments to reconcile net income (loss) to cash used for operating activities:		
Depreciation and amortization	1,523	1,858
Gain on sale of discontinued operations	—	(2,212)
Changes in allowances for doubtful accounts	1	143
Changes in inventory reserves	(122)	(4)
Deferred income taxes	147	(12)
Amortization of deferred financing costs	107	265
Revaluation of contingent acquisition liability	(346)	—
Amortization of debt discount	127	59
Change in value of interest rate swaps	(401)	(386)
Loss in non-marketable equity interest	—	39
Share-based compensation	229	285
Adjustment to deferred gain on sale and lease back	132	(118)
Loss on disposal of assets	80	13
Reserves for uncertain tax provisions	17	16
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(2,450)	(5,251)
(Increase) decrease in inventory	1,432	(6,185)
(Increase) decrease in prepaid expenses	168	613
(Increase) decrease in other assets	(22)	72
Increase (decrease) in accounts payable	(3,114)	(443)
Increase (decrease) in accrued expense	(637)	(2,155)
Increase (decrease) in other current liabilities	557	346
Increase (decrease) in other long-term liabilities	(478)	(91)
Discontinued operations - cash used for operating activities	963	(5,281)
Net cash used for operating activities	(5,261)	(18,601)
Cash flows from investing activities:		
Purchase of property and equipment	(253)	(220)
Investment in intangibles other than goodwill	(39)	(19)
Discontinued operations - cash provided by investing activities	(38)	2,055
Net cash (used for) provided by investing activities	(330)	1,816
Cash flows from financing activities:		

Borrowings on revolving term credit facilities	1,320	1,289
Net borrowings on working capital facilities	2,812	6,409
New borrowings	749	701
Debt issuance costs incurred	(50)	(286)
Note payments	(580)	(2,676)
Shares repurchased for income tax withholding on share-based compensation	(128)	(42)
Proceeds from stock offering	2,426	—
Proceeds for sale and leaseback	—	4,080
Payments on capital lease obligations	(145)	(238)
Discontinued operations - cash provided by financing activities	(2,185)	2,829
Net cash provided by financing activities	4,219	12,066
Net decrease in cash and cash equivalents	(1,372)	(4,719)
Effect of exchange rate changes on cash	37	302
Cash and cash equivalents at the beginning of the year	5,314	5,918
Cash and cash equivalents at end of period	$3,979	$1,501

See Note 1 for supplemental cash flow information

The accompanying notes are an integral part of these financial statements

MANITEX INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(In thousands, except share and per share data)

1. Nature of Operations and Basis of Presentation

The Condensed Consolidated Balance Sheet at March 31, 2017 and the related Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2017 and 2016 (as restated) and Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2017 and 2016 (as restated) have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments (consisting only of normal recurring adjustments, except for the effects of the restatement described in Note 2 below) which are, in the opinion of management, necessary for a fair presentation of the financial condition, results of operations and cash flows of the Company for the interim periods. Interim results may not be indicative of results to be realized for the entire year. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2016 (as restated). The Condensed Consolidated Balance Sheet as of December 31, 2016 (as restated) was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States ("GAAP"). Certain amounts for prior periods have been reclassified to conform to the current period financial statement presentation.

The condensed consolidated financial statements include the accounts of Manitex International, Inc. and subsidiaries in which it has a greater than 50% voting interest (collectively, the "Company"). All significant intercompany accounts, profits and transactions have been eliminated in consolidation.

The Company is a leading provider of engineered lifting solutions and operates as a single business segment. Operating activities are conducted through the following wholly-owned subsidiaries: Manitex, Inc. ("Manitex"), Badger Equipment Company ("Badger"), PM Group S.pA. and Subsidiaries ("PM Group"), Manitex Valla S.r.l ("Valla"), Sabre Manufacturing, LLC ("Sabre"), Crane and Machinery, Inc. ("C&M"), and Crane and Machinery Leasing, Inc. ("C&M Leasing"). The operations of SVW Crane & Equipment Company together with its wholly owned subsidiary, Rental Consulting Service Company, (collectively "SVW"), has been determined to be a variable interest entity ("VIE") that needs to consolidated with the Company's financial results.

Consolidated Variable Interest Entity

Even though it has no ownership interest in SVW Crane & Equipment Company (together with its wholly owned subsidiary, Rental Consulting Service Company, "SVW"), the Company has the power to direct the activities that most significantly impact SVW's economic performance. Additionally, the Company was the primary beneficiary of the SVW relationship. SVW obtained third party financing, which was effectively guaranteed by the Company, on specific cranes the Company manufactured and remitted the loan proceeds to the Company. Other than its business transactions described herein, SVW had no other substantial business operations. The Company has determined that SVW is a Variable Interest Entity ("VIE") that under current accounting guidance needs to consolidate in the Company's financial results.

Non-Cash Transactions

Non-cash transactions for the periods ended March 31, 2017 and 2016 are as follows:

	Three Months Ended March 31,	
	2017 As Restated	2016 As Restated
Interest paid in cash	2,228	3,033
Income tax payments (refunds) in cash	28	(1,142)
Non cash transactions		
Issuance of common stock in connection with Terex note repayment	—	150

9

Discontinued Operations

ASV

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

Prior to the quarter ended June 30, 2017, the Company owned a 51% interest in ASV Holdings, Inc., which was formerly known as A.S.V., LLC ("ASV Holdings"). On May 11, 2017, in anticipation of an initial public offering, ASV Holdings converted from an LLC to a C-Corporation and the Company's 51% interest was converted to 4,080,000 common shares of ASV Holdings. On May 17, 2017, in connection within its initial public offering, ASV Holdings sold 1,800,000 of its own shares and the Company sold 2,000,000 shares of ASV Holdings common stock. The Company held a 21.2% interest in ASV Holdings, but no longer has a controlling interest in ASV Holdings. ASV Holdings was deconsolidated during the quarter ended June 30, 2017 and is recorded as an equity investment starting with quarter ended June 30, 2017. Since this 10-Q/A is being filed after above described events, current and prior period financial statements included in this 10-Q/A have been restated to reflect ASV Holdings as a discontinued operation.

Sales of Subsidiaries

During the year ended December 31, 2016, the Company sold two of its wholly owned subsidiaries: CVS Ferrari, S.r.L ("CVS") and Manitex Liftking ULC ("Manitex Liftking" or "Liftking"). CVS was sold on December 22, 2016 and Liftking was sold on September 30, 2016, and each are presented as a discontinued operation.

Change in Reporting Segments

In the 10-Q for quarterly period ended March 31, 2017 filed on May 4, 2017, the Company previously reported its operations in three segments: the Lifting Equipment segment, the ASV segment and the Equipment Distribution segment. Since 2015, the Company has sought to redefine itself strategically and operationally, including through a series of divestitures. As stated above, ASV Holdings is reported as a discontinued operation and as such is no longer a reporting segment.

C&M and C&M Leasing's primary business is facilitation of sale of products manufactured by the Company. Further, the Company's Chief Operating Decision Maker ("CODM") reviewed C&M and C&M Leasing operations only to determine their impact on the entire Company. As such, the Company has now concluded it is not appropriate to reflect C&M and C&M Leasing as a separate reportable segment and, therefore, operates in a single business segment.

2. Restatement of Previously Issued Financial Statements

The Company has restated its quarterly Consolidated Statements of Operations, Statement of Comprehensive Income (Loss) and the Statements of Cash Flows for the three months ended March 31, 2017 and 2016. In addition, the Company has restated the Balance Sheets for periods ended March 31, 2017 and December 31, 2016.

Background

As previously described in the Company's Current Report on Form 8-K filed on November 6, 2017, in 2016 the Company sold 39 cranes for total sales revenues of approximately $15 million to a single broker customer in a series

of transactions (the “Transactions”) that were each structured as a customary “bill and hold” arrangement. The revenue for the Transactions was originally recognized in 2016. Ten of these units that were sold for an aggregate value of approximately $3 million were returned during 2016 (and were subsequently sold to other customers), such that for 2016, a net of 29 cranes were sold for approximately $12 million. In addition, the Company made various payments that were expensed in 2016 and 2017 to the broker and its wholly-owned subsidiary. Furthermore, the debt taken on by the Broker customer to purchase the cranes was affectively guaranteed by the Company pursuant to certain related agreements. In connection with its review of its financial results for the quarter ended September 30, 2017, the Company became aware that the prior accounting treatment for the transactions was not correct. Specifically, the Company has concluded that the relationship with the Broker and its wholly-owned subsidiary qualified as a Variable Interest Entity (“VIE”) and should therefore have resulted in a different accounting treatment. The Company has concluded that the revenue recognition criteria for 2016 sales were not met and payments to the Broker were not expenses of the Company. In addition, disclosures were incomplete.

Description of the Restatement related to SVW

The following describes the impact of corrections that affect the three months ended March 31, 2017. Information concerning 2016 impact is discussed in the Company's amended 10-K/A for the year ended December 31, 2016.

Effect of Recording SVW Debt

As disclosed in Note 13, SVW has six notes outstanding with five financial institutions, each of which was effectively guaranteed by the Company. At March 31, 2017 the value of these notes totaled $10.7 million, net of debt issuance costs of $0.3 million. Given SVW's treatment as a VIE, and the fact that the Company effectively guaranteed it, this debt has been consolidated into the restated financial statement.

(Balance Sheet – Column E)

Effect of Recording Sales to Third Party

Recognizing sales when SVW related inventory was sold to third parties.

(Balance Sheet – Column D, Statement of Operations – Column O)

Effect of Recording Crane Rentals

To record income on the rental of SVW related inventory to third parties.

(Balance Sheet – Column I, Statement of Operations – Column S)

Effect of Treating Funds Sent to SVW's Wholly-Owned Subsidiary as Advances

During the three months ended March 31, 2017 there were $0.6 million in payments that the Company had originally classified as expenses paid to SVW's wholly-owned subsidiary. Given SVW's treatment as a VIE these payments have been reclassified as intercompany advances. (Balance Sheet – Column F, Statement of Operations – Column P)

Recording of Payments Made by SVW to Lenders

This includes the impact of payments made in connection with the aforementioned SVW debt. (Balance Sheet – Column G, Statement of Operations – Column Q)

Cumulative Income Tax Effect

This includes the impact on the income taxes for the quarter ended March 31, 2017 related to the discontinued operations and SVW restatements discussed above. (Balance Sheet – Column H, Statement of Operations – Column R)

Description of the Restatement not related to SVW

Other

The Company disclosed a residual value guarantee to support a customer's financing of equipment purchased from the Company that was previously not disclosed (see Note 15). A residual value guarantee involves a guarantee that a piece of equipment will have a minimum fair market value at a future date if certain conditions are met by the customer. The Company has issued partial residual guarantees that have maximum of exposure of approximately $1.6 million. The Company, however, does not have any reason to believe that any exposure from such a guarantee is either probable or estimable at this time, as such, no liability has been recorded. The Company's liability from its guarantees may be affected by economic conditions in used equipment markets at the time of loss.

This includes minor rounding and reclassification adjustments not included in previous categories.

(Balance Sheet – Column J, Statement of Operations – Column U)

Reclassification including the reclassification of discontinued operations

Includes changes in classification as well as the impact of classifying ASV as a discontinued operation.

(Balance Sheet – Column B, Statement of Operations – Column N, Statement of Cash Flows – Column X)

Additional entries not related to SVW

Adjustments were made to: reverse a sale transaction, adjust a deferred gain, increase an inventory reserve and to record additional rent expense. These adjustments were identified in prior periods but were immaterial for recording at that time. As the Company has identified the restatement adjustments for recording in prior periods, management made the determination that it would also record these previously passed adjustments as part of the restatement of the financial statements. (Balance Sheet – Column K, Statement of Operations – Column T, Statement of Cash Flows – Column Z)

See the Company's Amended Annual Report for the year ended December 31, 2016 for the table that shows the impact that the restatement had on the Company's Balance Sheet for the year ended December 31, 2016.

The following tables reflect adjustments (restatements) to correct errors identified in connection with the Company's review of its financial results for the quarters ended March 31, 2017 and 2016.

MANITEX INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2017

(in thousands, except share and per share data)

(unaudited)

	A	B	C	D	E	F	G	H	I	J	K	L
	As Previously Reported on Form 10-Q	Effect of Reclassifying ASV to Discontinued Operations	Cumulative Effect of Prior Year Adjustments	Sale of Units to Third Parties	Effect of Recording SVW Debt	Effect of Treating Funds Sent to SVW as Advances	Recording Payments Made by SVW to Lenders	Cumulative Income Tax Effect	Rental of Cranes	Other SVW Related Adjustments	Adjustments Not Related SVW	As Restated
ASSETS												
Current assets												
Cash	$2,930	$—	$5	$136	$254	$589	$(687)	$—	$40	$(60)	$—	$3,207
Cash - restricted	772	—	—	—	—	—	—	—	—	—	—	772
Trade receivables (net)	49,837	(14,996)	(682)	433	—	—	—	—	—	—	—	34,592
Accounts receivable from related party	89	(89)	—	—	—	—	—	—	—	—	—	—
Other receivables	2,254	—	(250)	236	—	—	—	—	—	—	—	2,240
Inventory (net)	88,196	(28,543)	9,508	(610)	—	—	—	—	—	—	(38)	68,513
Prepaid expense and other	5,057	(864)	389	(59)	—	—	—	(62)	—	—	—	4,461
Current assets of discontinued operations	—	44,492	—	—	—	—	—	—	—	—	—	44,492
Total current assets	149,135	—	8,970	136	254	589	(687)	(62)	40	(60)	(38)	158,277
Total fixed assets (net)	36,550	(14,877)	—	—	—	—	—	—	—	—	—	21,673
Intangible assets (net)	55,546	(25,187)	—	—	—	—	—	—	—	—	—	30,359
Goodwill	70,635	(30,579)	—	—	—	—	—	—	—	—	—	40,056
Other long-term assets	1,990	(355)	—	—	—	—	—	—	—	—	1	1,636
Deferred tax asset	545		—	—	—	—	—	—	—	—	—	545

Long-term assets of discontinued operations	—	70,998	—	—	—	—	—	—	—	—	—	70,998
Total assets	$314,401	$—	$8,970	$136	$254	$589	$(687)	$(62)	$40	$(60)	$(37)	$323,544
LIABILITIES AND EQUITY												
Current liabilities												
Notes payable—short term	$30,456	$(3,000)	$1,796	$—	$74	$—	$6	$—	$—	$—	$1	$29,333
Current portion of capital lease obligations	815	—	—	—	—	—	—	—	—	—	—	815
Accounts payable	43,946	(11,536)	—	—	—	—	—	—	—	—	77	32,487
Accounts payable related parties	1,915	(1,173)	—	—	—	—	—	—	—	—	—	742
Accrued expenses	14,806	(5,066)	—	(15)	—	—	—	—	—	—	—	9,725
Other current liabilities	2,733	—	—	—	—	—	—	—	—	—	—	2,733
Current liabilities of discontinued operations	—	20,775	—	—	—	—	—	—	—	—	—	20,775
Total current liabilities	94,671	—	1,796	(15)	74	—	6	—	—	—	78	96,610
Long-term liabilities												
Revolving term credit facilities	35,236	(13,959)	—	—	—	—	—	—	—	—	—	21,277
Notes payable	49,938	(25,758)	9,113	—	180	—	(452)	—	—	—	—	33,021
Capital lease obligations	5,390	—	—	—	—	—	—	—	—	—	—	5,390
Convertible note-related party (net)	6,897	—	—	—	—	—	—	—	—	—	—	6,897
Convertible note (net)	14,151	—	—	—	—	—	—	—	—	—	—	14,151
Deferred gain on sale of building	991	—	—	(28)	—	—	—	—	—	—	206	1,169
Deferred tax liability	3,427	—	—	—	—	—	—	—	—	—	—	3,427
Other long-term liabilities	4,566	(1,192)	(6)	—	—	—	—	—	—	—	1	3,369
	—	40,909	—	—	—	—	—	—	—	—	—	40,909

Long-term liabilities of discontinued operations												
Total long-term liabilities	120,596	—	9,107	(28)	180	—	(452)	—	—	—	207	129,610
Total liabilities	215,267	—	10,903	(43)	254	—	(446)	—	—	—	285	226,220
Commitments and contingencies												
Equity												
Preferred Stock—Authorized 150,000 shares, no shares issued or outstanding at March 31, 2017	—	—	—	—	—	—	—	—	—	—	—	—
Common Stock—no par value 25,000,000 shares authorized, 16,552,186 shares issued and outstanding at March 31, 2017	97,247	—	—	—	—	—	—	—	—	—	—	97,247
Paid in capital	2,522	—	—	—	—	—	—	—	—	—	—	2,522
Retained earnings	(21,983)	—	(1,933)	179	—	589	(241)	(62)	40	(60)	(322)	(23,793)
Accumulated other comprehensive loss	(3,929)	—	—	—	—	—	—	—	—	—	—	(3,929)
Equity attributable to shareholders of	73,857	—	(1,933)	179	—	589	(241)	(62)	40	(60)	(322)	72,047

Manitex International, Inc.												
Equity attributable to noncontrolling interest	25,277	—	—	—	—	—	—	—	—	—	—	25,277
Total equity	99,134	—	(1,933)	179	—	589	(241)	(62)	40	(60)	(322)	97,324
Total liabilities and equity	$314,401	$—	$8,970	$136	$254	$589	$(687)	$(62)	$40	$(60)	$(37)	$323,544

See the Company’s 10-K/A for the table that shows the impact that the restatement had on the Balance Sheet for the Year ended December 31, 2016.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2017

(In thousands, except share and per share data)

(unaudited)

	M	N	O	P	Q	R	S	T	U	V
	As Previously Reported on Form 10-Q	Effect of Reclassifying Entities into Discontinued Operations	Sale of Units to Third Parties	Effect of Treating Funds Sent to SVW as Advances	Recording Payments Made by SVW to Lenders	Cumulative Income Tax Effect	Rental of Cranes	Adjustments Not Related to SVW	Other	As Restated
Net revenues	$67,852	$(28,010)	$790	$—	$—	$—	$46	$(559)	$—	$40,119
Cost of sales	56,059	(23,719)	611	—	—	—	6	(237)	7	32,727
Gross profit	11,793	(4,291)	179	—	—	—	40	(322)	(7)	7,392
Operating expenses										
Research and development costs	1,207	(520)	—	—	—	—	—	—	—	687
Selling, general and administrative expenses	12,099	(2,623)	—	(589)		—	—	—	54	8,941
Total operating expenses	13,306	(3,143)	—	(589)	—	—	—	—	54	9,628
Operating (loss) income	(1,513)	(1,148)	179	589	—	—	40	(322)	(61)	(2,236)
Other income (expense)										
Interest expense	(1,845)	878	—	—	(241)	—	—	—	—	(1,208)
Foreign currency transaction loss	(83)	—	—	—	—	—	—	—	—	(83)
Other income (loss)	234	38	—	—	—	—	—	—	1	273
Total other (expense) income	(1,694)	916	—	—	(241)	—	—	—	1	(1,018)
(Loss) income before income taxes and loss in	(3,207)	(232)	179	589	(241)	—	40	(322)	(60)	(3,254)

non-marketable equity interest from continuing operations										
Income tax (benefit) expense from continuing operations	90	—	—	—	—	81	—	—	—	171
Net (loss) income from continuing operations	(3,297)	(232)	179	589	(241)	(81)	40	(322)	(60)	(3,425)
Discontinued operations: (Note 25)										
Income (loss) from operations of discontinued operations	—	232	—	—	—	—	—	—	—	232
Income tax expense	—		—	—	—	(19)	—	—	—	(19)
(Loss) income on discontinued operations	—	232	—	—	—	19	—	—	—	251
Net (loss) income	(3,297)	—	179	589	(241)	(62)	40	(322)	(60)	(3,174)
Net loss (income) attributable to noncontrolling interest	(114)	—	—	—	—	—	—	—	—	(114)
Net (loss) income attributable to shareholders of Manitex International, Inc.	$(3,411)	$—	$179	$589	$(241)	$(62)	$40	$(322)	$(60)	$(3,288)
Earnings (loss) Per Share										
Basic										
(Loss) earnings from continuing	$(0.21)									$(0.21)

operations attributable to shareholders of Manitex International, Inc.		
Income from discontinued operations attributable to shareholders of Manitex International, Inc.	$—	$0.01
(Loss) earnings attributable to shareholders of Manitex International, Inc.	$(0.21)	$(0.20)
Diluted		
(Loss) earnings from continuing operations attributable to shareholders of Manitex International, Inc.	$(0.21)	$(0.21)
Income from discontinued operations attributable to shareholders of Manitex International, Inc.	$—	$0.01
(Loss) earnings attributable to	$(0.21)	$(0.20)

shareholders of Manitex International, Inc.		
Weighted average common shares outstanding		
Basic	16,559,343	16,559,343
Diluted	16,559,343	16,559,343

MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2016

(In thousands, except share and per share data)

(unaudited)

	As Previously Reported on Form 10-Q	Effect of Reclassifying Entities into Discontinued Operations	Reversal of Sales to SVW	Effect of Treating Funds Sent to SVW as Advances	Recording Payments Made by SVW to Lenders	Cumulative Income Tax Effect	Other	As Restated
Net revenues	$85,386	$(28,468)	$(9,688)	$—	$—	$—	$—	$47,230
Cost of sales	70,548	(24,423)	(7,640)	—	—	—	—	38,485
Gross profit	14,838	(4,045)	(2,048)	—	—	—	—	8,745
Operating expenses								
Research and development costs	1,318	(575)	—	—	—	—	—	743
Selling, general and administrative expenses	11,391	(2,443)	—	—	—	—	—	8,948
Total operating expenses	12,709	(3,018)	—	—	—	—	—	9,691
Operating (loss) income	2,129	(1,027)	(2,048)	—	—	—	—	(946)
Other income (expense)								
Interest expense	(2,765)	1,274	—	—	—	—	—	(1,491)
Foreign currency transaction loss	(516)	—	—	—	—	—	—	(516)
Other income (loss)	(30)	12	—	—	—	—	—	(18)
Total other (expense) income	(3,311)	1,286	—	—	—	—	—	(2,025)
(Loss) income before income taxes and loss in non-marketable equity interest from continuing operations	(1,182)	259	(2,048)	—	—	—	—	(2,971)
Income tax (benefit) expense from continuing operations	(114)	347	—	—	—	(544)	1	(310)
Loss in non-marketable equity interest, net of	(39)	—	—	—	—	—	—	(39)

taxes								
Net (loss) income from continuing operations	(1,107)	(88)	(2,048)	—	—	544	(1)	(2,700)
Discontinued operations: (Note 25)								
Income (loss) from operations of discontinued operations (including loss on disposal of $15,068 in 2016)	3,071	(259)	—	—	—	—	—	2,812
Income tax expense	631	(347)	—	—	—	—	—	284
(Loss) income on discontinued operations	2,440	88	—	—	—	—	—	2,528
Net (loss) income	1,333	—	(2,048)	—	—	544	(1)	(172)
Net loss (income) attributable to noncontrolling interest	127	—	—	—	—	—	—	127
Net (loss) income attributable to shareholders of Manitex International, Inc.	$1,460	$—	$(2,048)	$—	$—	$544	$(1)	$(45)
Earnings (loss) Per Share								
Basic								
(Loss) earnings from continuing operations attributable to shareholders of Manitex International, Inc.	$(0.06)							$(0.17)
Income from discontinued operations attributable to shareholders of Manitex International, Inc.	$0.15							$0.16
(Loss) earnings attributable to shareholders of Manitex International, Inc.	$0.09							$(0.00)
Diluted								

(Loss) earnings from continuing operations attributable to shareholders of Manitex International, Inc.	$(0.06)	$(0.17)
Income from discontinued operations attributable to shareholders of Manitex International, Inc.	$0.15	$0.16
(Loss) earnings attributable to shareholders of Manitex International, Inc.	$0.09	$(0.00)
Weighted average common shares outstanding		
Basic	16,105,601	16,105,601
Diluted	16,105,601	16,105,601

See the Company's Amended Annual Report filed on form 10-K/A for the year ended December 31, 2016 for an explanation of adjustment shown on the above table.

15

MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2017

(In thousands)

(unaudited)

	W As Previously Reported on Form 10-Q	X Effect of Reclassifying ASV to Discontinued Operations	Y Impact of SVW Related Corrections (1)	Z Impact of Adjustment Not Related to SVW	AA As Restated
Cash flows from operating activities:					
Net (loss) income	$ (3,297)	$ —	$ 446	$ (323)	$ (3,174)
Adjustments to reconcile net income to cash (used) provide by for operating activities:					
Depreciation and amortization	2,639	(1,162)	—	46	1,523
Changes in allowances for doubtful accounts	3	—	—	(2)	1
Acquisition expenses financed by seller	—	—	—	—	—
Loss (gain) on disposal of assets	39	(38)	—	79	80
Changes in inventory reserves	(6)	(154)	—	38	(122)
Deferred income taxes	146	—	—	1	147
Amortization of deferred financing cost	195	(48)	24	(64)	107
Revaluation of contingent acquisition liability	(346)	—	—	—	(346)
Amortization of debt discount	63	—	—	64	127
Change in value of interest rate swaps	(401)	—	—	—	(401)
Share-based compensation	229	—	—	—	229
Deferred gain on sale and lease back	—	—	(28)	160	132
Reserves for uncertain tax provisions	17	—	—	—	17
Changes in operating assets and liabilities:	—	—	—	—	
(Increase) decrease in accounts receivable	(2,765)	981	(666)	—	(2,450)
(Increase) decrease in inventory	3,047	(2,225)	610	—	1,432
(Increase) decrease in prepaid expenses	(307)	353	122	—	168
(Increase) decrease in other assets	(22)		—	—	(22)
Increase (decrease) in accounts payable	(4,656)	1,542	—	—	(3,114)
Increase (decrease) in accrued expense	(1,937)	1,314	(14)	—	(637)
Increase (decrease) in income tax payable on ASV conversion	—	—	—	—	—

Increase (decrease) in other current liabilities	557	—	—	—	557
Increase (decrease) in other long-term liabilities	(60)	(419)	—	1	(478)
Discontinued operations - cash provided by (used) for operating activities	—	963	—	—	963
Net cash (used) for provided by operating activities	(6,862)	1,107	494	—	(5,261)
Cash flows from investing activities:					
Purchase of property and equipment	(285)	38	—	(6)	(253)
Investment in intangibles other than goodwill	(39)	—	—	—	(39)
Discontinued operations - cash used for investing activities	—	(38)	—	—	(38)
Net cash used for investing activities	(324)	—	—	(6)	(330)
Cash flows from financing activities:					
(Payments) Borrowing on revolving term credit facilities	(326)	1,646	—	—	1,320
Net borrowings (repayments) on working capital facilities	2,812	—	—	—	2,812
New borrowings—except 2014 term loan	516	—	233	—	749
Note payments	(676)	539	(443)	—	(580)
Bank fees and cost related to new financing	(50)	—	—	—	(50)
Shares repurchased for income tax withholding on share-based compensation	(128)	—	—	—	(128)
Proceeds from stock offering	2,426	—	—	—	2,426
Payments on capital lease obligations	(145)	—	—	—	(145)
Discontinued operations - cash used for financing activities	—	(2,185)	—	—	(2,185)
Net cash (used) for provided by financing activities	4,429	—	(210)	—	4,219
Net (decrease) increase in cash and cash equivalents	(2,757)	1,107	284	(6)	(1,372)
Effect of exchange rate changes on cash	41	(4)			37
Cash and cash equivalents at the beginning of the year	6,418	(1,104)			5,314
Cash and cash equivalents at end of period	$ 3,702	$ (1)	$ 284	$ (6)	$ 3,979

(1) This column summarizes the impact of adjustments reflected on the Balance Sheets and Statement of Operations related to SVW.

MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

THE THREE MONTHS ENDED MARCH 31, 2016

(In thousands)

	W As Previously Reported on Form 10-Q	X Effect of Reclassifications Including ASV to Discontinued Operations	Y Impact of SVW Related Corrections (1)	AA As Restated
Cash flows from operating activities:				
Net (loss) income	$ 1,333	$ —	$ (1,505)	$ (172)
Adjustments to reconcile net income to cash (used) provide by for operating activities:				—
Depreciation and amortization	2,941	(1,083)	—	1,858
Gain onsale of discontinued operations	—	(2,212)	—	(2,212)
Changes in allowances for doubtful accounts	312	(169)	—	143
Acquisition expenses financed by seller	—		—	—
Loss (gain) on disposal of assets	16	(3)	—	13
Changes in inventory reserves	305	(309)	—	(4)
Deferred income taxes	(16)	4	—	(12)
Amortization of deferred financing cost	321	(56)	—	265
Revaluation of contingent acquisition liability	—		—	—
Write down of goodwill	—		—	—
Amortization of debt discount	143	(84)	—	59
Change in value of interest rate swaps	(386)	—	—	(386)
Loss in non-marketable equity interest	39	—	—	39
Share-based compensation	285	—	—	285
Deferred gain on sale and lease back	(118)	—	—	(118)
Reserves for uncertain tax provisions	16	—	—	16
Loss on sale of discontinued operations	—	—	—	—
Changes in operating assets and liabilities:	—	—	—	
(Increase) decrease in accounts receivable	(19,384)	4,444	9,689	(5,251)
(Increase) decrease in inventory	440	1,015	(7,640)	(6,185)
(Increase) decrease in prepaid expenses	793	364	(544)	613
(Increase) decrease in other assets	77	(5)	—	72
Increase (decrease) in accounts payable	90	(533)	—	(443)
Increase (decrease) in accrued expense	(2,533)	378	—	(2,155)
Increase (decrease) in income tax payable on	—	—	—	—

ASV conversion				
Increase (decrease) in other current liabilities	349	(3)	—	346
Increase (decrease) in other long-term liabilities	(148)	57	—	(91)
Discontinued operations - cash provided by (used) for operating activities	(5,435)	154	—	(5,281)
Net cash (used) for provided by operating activities	(20,560)	1,959	—	(18,601)
Cash flows from investing activities:				
Acquisition of businesses, net of cash acquired	—	—	—	—
Proceeds from the sale of fixed assets	—	—	—	—
Purchase of property and equipment	(335)	115	—	(220)
Investment in intangibles other than goodwill	(19)	—	—	(19)
Investment received from noncontrolling interest	2,450	(2,450)	—	—
Discontinued operations - cash provided by investing activities	2,170	(115)	—	2,055
Discontinued operations - cash provided by (used for) investing activities	4,266	(2,450)	—	1,816
Net cash provided by (used) for investing activities				
Cash flows from financing activities:	—	—	—	
Borrowings—2014 term loan	—	—	—	—
Repayment of 2014 term loan	—	—	—	—
Net proceeds from stock offering	—	—	—	—
New borrowings—convertible notes	—	—	—	—
(Payments) Borrowing on revolving term credit facilities	5,570	(4,281)	—	1,289
Net borrowings on working capital facilities	6,409	—	—	6,409
Investment received from noncontrolling interest	—	—	—	—
New borrowings—except 2014 term loan	701	—	—	701
Note payments	(7,177)	4,501	—	(2,676)
Bank fees and cost related to new financing	(394)	108	—	(286)
Shares repurchased for income tax withholding on share-based compensation	(42)	—	—	(42)
Proceeds from sale and leaseback	4,080	—	—	4,080
Excess tax benefits related to vesting of restricted stock	—	—	—	—
Proceeds from capital leases	—	—	—	—
Payments on capital lease obligations	(238)	—	—	(238)
Discontinued operations - cash used for financing activities	2,452	377	—	2,829
Net cash provided by financing activities	11,361	705	—	12,066
Net (decrease) increase in cash and cash equivalents	(4,933)	214	—	(4,719)
Effect of exchange rate changes on cash	284	18	—	302
Cash and cash equivalents at the beginning of the year	8,578	(2,660)	—	5,918
Cash and cash equivalents at end of period	$ 3,929	$ (2,428)	$ —	$ 1,501

(1) This column summarizes the impact of adjustments reflected on the Balance Sheets and Statement of Operations related to SVW.

17

3. Significant Accounting Policies

Principals of Consolidation

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

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

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

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amounts the Company's customers are invoiced and do not bear interest. Accounts receivable is reduced by an allowance for amounts that may become uncollectible in the future. The Company's estimate for the allowance for doubtful accounts related to trade receivables includes evaluation of specific accounts where the Company has information that the customer may have an inability to meet its financial obligations. The Company had allowances for doubtful accounts of \$8 and \$7 at March 31, 2017 and December 31, 2016, respectively.

Guarantees

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

The Company has issued partial residual guarantees that have maximum exposure of approximately \$1.6 million. The Company, however, does not have any reason to believe that any exposure from such a guarantee is either probable or

estimable at this time, as such, no liability has been recorded. The Company's ability to recover losses experienced from its guarantees may be affected by economic conditions in used equipment markets at the time of loss.

The Company records a liability for the estimated fair value of guarantees issued pursuant to ASC 460. The Company recognizes a loss under a guarantee when its obligation to make payment under the guarantee is probable and the amount of the loss can be estimated. A loss would be recognized if the Company's payment obligation under the guarantee exceeds the value it can expect to recover to offset such payment, primarily through the sale of the equipment underlying the guarantee.

Inventory Valuation

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

Accrued Warranties

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

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

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

Revenue Recognition

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

For FOB contracts, customers may be invoiced prior to the time customers take physical possession. Revenue is recognized in such cases only when the customer has a fixed commitment to purchase the units, the units have been completed, tested and made available to the customer for pickup or delivery, and the customer has authorized in writing that we hold the units for pickup or delivery at a time specified by the customer. In such cases, the units are invoiced under our customary billing terms, title to the units and risks of ownership pass to the customer upon invoicing, the units are segregated from our inventory and identified as belonging to the customer and we have no further obligations under the order. The Company insures any custodial risk that it may retain.

In addition, our policy requires in all instances certain minimum criteria be met in order to recognize revenue, specifically:

a) Persuasive evidence that an arrangement exists;
b) The price to the buyer is fixed or determinable;
c) Collectability is reasonably assured; and
d) We have no significant obligations for future performance.

Interest Rate Swap Contracts

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

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’s provision for income taxes consists of U.S. and foreign taxes in amounts necessary to align the Company’s year-to-date tax provision with the effective rate that the Company expects to achieve for the full year. Each quarter the Company updates its estimate of the annual effective tax rate and records cumulative adjustments as necessary. The effective tax rate is based upon the Company’s anticipated earnings both in the U.S. and in foreign jurisdictions.

Comprehensive Income

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

Reclassification

Certain reclassifications have been made to the prior period consolidated financial statements to conform to the current period presentation.

4. Financial Instruments—Forward Currency Exchange Contracts and Interest Rate Swap Contracts

The following tables set forth the Company's financial assets and liabilities that were accounted for at fair value on a recurring and nonrecurring basis as of March 31, 2017 and December 31, 2016 by level within the fair value hierarchy. As required by ASC 820-10, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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

	Fair Value at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Forward currency exchange contracts	$—	$ 24	$—	$24
Interest rate swap contracts	—	8	—	8
PM contingent liabilities	—	—	—	—
Valla contingent consideration	—	—	196	196
Total liabilities at fair value	$—	$ 32	$196	$228

	Fair Value at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Forward currency exchange contracts	$—	$159	$—	$159
Interest rate swap contracts	—	405	—	405
PM contingent liabilities	—	—	316	316
Valla contingent consideration	—	—	193	193
Total liabilities at fair value	$—	$564	$509	$1,073

The following table explains the changes in the fair market value of Level III items:

	PM Contingent Liability	Valla Contingent Consideration
Balance December 31, 2016	$ 316	$ 193
Effect of applying updated assumptions	(316)	—
Exchange rate impact	$ —	$ 3
Balance March 31, 2017	$ —	$ 196

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

5. Derivative Financial Instruments

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

Forward Currency Contracts

When the Company receives a significant order in a currency other than the operating unit's functional currency, management may evaluate different options that are available to mitigate future currency exchange risks. The decision to hedge future sales is not automatic and is decided case by case. The Company only uses hedge instruments to hedge firm existing sales orders and not estimated exposure, when management determines that exchange risks exceed desired risk tolerance levels. The forward currency contracts used to hedge future sales are designated as cash flow hedges under ASC 815-10 provided certain criteria are met.   For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings (date of sale). Gains or losses on cash flow hedges when recognized into income are included in net revenues. Gains and losses on the derivative instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. The Company expects minimal ineffectiveness as the Company has hedged only firm sales orders and has not hedged estimated exposures. As of March 31, 2017 the Company had no outstanding forward currency contracts that were in place to hedge future sales. Therefore, there are currently no unrealized pre-tax gains or losses which will reclassified from other comprehensive income into earnings during the next 12 months.

At times, the Company enters into forward currency exchange contracts in relationship such that the exchange gains and losses on the assets and liabilities 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 a currency other than the reporting units' functional currency have been determined not to be considered a hedge under ASC 815-10. The Company records at the balance sheet date the forward currency exchange contracts at its market

value with any associated gain or loss being recorded in current earnings. Both realized and unrealized gains and losses related to forward currency contracts are included in current earnings and are reflected in the Statement of Income in the other income (expense) section on the line titled foreign currency transaction gains (losses). Items denominated in a currency 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 March 31, 2017, the Company had entered into a forward currency exchange contract that matures on August 2, 2017. Under the contract the Company is obligated to sell 1,500,000 Chilean pesos for 2,084 euros. The purpose of the forward contract is to mitigate the income effect related to this intercompany receivable that results with a change in exchange rate between the Euro and the Chilean peso.

Interest Rate Swap Contracts

A contract was signed by PM Group, for an original notional amount of € 482 (€ 516 at March 31, 2017), maturing on October 1, 2020 with interest paid monthly. PM pays interest at a rate of 3.90% and receives from the counterparties interest at the "Euribor" rate for the period in question if greater than 0.90%.

As of March 31, 2017, the Company had the following forward currency contracts and interest rate swaps:

Nature of Derivative	Currency	Amount	Type
Forward currency sales contracts	Chilean peso	1,500,000	Not designated as hedge instrument
Interest rate swap contracts	Euro	482	Not designated as hedge instrument

The following table provides the location and fair value amounts of derivative instruments that are reported in the Consolidated Balance Sheets as of March 31, 2017 and December 31, 2016:

Total derivatives NOT designated as a hedge instrument

		Fair Value	
	Balance Sheet Location	March 31, 2017	December 31, 2016
Liabilities Derivatives			
Foreign currency exchange contract	Accrued expense	$24	$ 159
Interest rate swap contracts	Notes payable	8	405
Total liabilities		$32	$ 564

The following tables provide the effect of derivative instruments on the Consolidated Statements of Operations for the three months ended March 31, 2017 and 2016:

	Location of gain or (loss) recognized in Income Statement	Gain or (loss) Three Months Ended March 31, 2017	2016
Derivatives Not designated as			

Hedge Instrument			
Forward currency contracts	Foreign currency transaction (losses)	$(52)	$(194)
Interest rate swap contracts	Interest expense	321	386
Forward currency contracts	Income from operations of discontinued operations	—	71
		$269	$263

The Counterparty to each of the currency exchange forward contracts is a major financial institution with credit ratings of investment grade or better and no collateral is required. Management continues to monitor counterparty risk and believes the risk of incurring losses on derivative contracts related to credit risk is unlikely.

6. Net Earnings (Loss) per Common Share

Basic net earnings per share is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution of convertible debt and restricted stock units. Details of the calculations are as follows:

	Three Months Ended March 31,	
	2017 As Restated	2016 As Restated
Net (loss) income attributable to shareholders of Manitex International, Inc.		
Net loss from continuing operations	$(3,425)	$(2,700)
Discontinued operations:		
Income from operations of discontinued operations, net of income taxes	251	539
Less: (income) loss attributable to noncontrolling interest	(114)	127
Income from operations of discontinued operations, net of income taxes attributable to shareholders of Manitex International, Inc.	137	666
Gain on sale of discontinued operations, net of income taxes	—	1,989
Income for discontinued operations attributable Shareholders of Manitex International, Inc.	137	2,655
Net loss attributable to shareholders of Manitex International, Inc.	$(3,288)	$(45)
(Loss) earnings per share		
Basic		
Loss from continuing operations attributable to shareholders of Manitex International, Inc.	$(0.21)	$(0.17)
Earnings from operations of discontinued operations attributable to shareholders of Manitex International, Inc., net of income taxes	$0.01	$0.04
Gain on sale of discontinued operations attributable to shareholders of Manitex International, Inc., net of income taxes	$—	$0.12
Loss attributable to shareholders of Manitex International, Inc.	$(0.20)	$—
Diluted		
Loss from continuing operations attributable to shareholders of Manitex International, Inc.	$(0.21)	$(0.17)
Earnings from operations of discontinued operations attributable to shareholders of Manitex International, Inc., net of income taxes	$0.01	$0.04
Gain on sale of discontinued operations attributable to shareholders of	$—	$0.12

Manitex International, Inc., net of income taxes		
Loss attributable to shareholders of Manitex International, Inc.	$(0.20)	$—
Weighted average common shares outstanding		
Basic	16,559,343	16,105,601
Diluted	16,559,343	16,105,601

There are 266,397 and 268,819 restricted stock units which are anti-dilutive and therefore not included in the average number of diluted shares shown above for the three months ended March 31, 2017 and 2016, respectively.

7. Equity

Stock issued to employees and Directors

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

Date of Issue	Employees or Director	Shares Issued	Value of Shares Issued
January 1, 2017	Directors	4,290	$ 54
January 1, 2017	Employees	20,932	266
January 4, 2017	Directors	7,675	47
January 4, 2017	Employees	42,533	258
		75,430	$ 625

Stock Repurchase

The Company purchases shares of Common Stock from certain employees at the closing price on the date of purchase. The stock was purchased from the employees to satisfy employees' withholding tax obligations related to stock issuances described above. The below is summary of common stock purchased during the three months ended March 31, 2017:

Date of Purchase	Shares Purchased	Closing Price on Date of Purchase
January 1, 2017	6,312	$ 6.86
January 4, 2017	11,750	$ 7.27
	18,062	

Common stock was decreased by $129, the aggregated value of the shares reflected in the above table.

2004 Equity Incentive Plan

In 2004, the Company adopted the 2004 Equity Incentive Plan and subsequently amended and restated the plan on September 13, 2007, May 28, 2009, June 5, 2013 and June 2, 2016. The maximum number of shares of common stock reserved for issuance under the plan is 1,329,364 shares. The total number of shares reserved for issuance however, can be adjusted to reflect certain corporate transactions or changes in the Company’s capital structure. The Company’s employees and members of the board of directors who are not our employees or employees of our affiliates are eligible to participate in the plan. The plan is administered by a committee of the board comprised of members who are outside directors. The plan provides that the committee has the authority to, among other things, select plan participants, determine the type and amount of awards, determine award terms, fix all other conditions of any awards, interpret the plan and units, performance shares and performance units, except Directors may not be granted stock appreciation rights, performance shares and performance units. During any calendar year, participants are limited in the number of grants they may receive under the plan. In any year, an individual may not receive options for more than 15,000 shares, stock appreciation rights with respect to more than 20,000 shares, more than 20,000 shares of restricted stock and/or an award for more than 10,000 performance shares or restricted stock units or performance units. The plan requires that the exercise price for stock options and stock appreciation rights be not less than fair market value of the Company’s common stock on date of grant.

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

The following table contains information regarding restricted stock units:

	March 31, 2017
Outstanding on January 1, 2017	342,004
Units granted during the period	—
Vested and issued	(57,368)
Vested —issued and repurchased for income tax withholding	(18,062)
Forfeited	(177)
Outstanding on March 31, 2017	266,397

The value of the restricted stock is being charged to compensation expense over the vesting period. Compensation expense includes expense related to restricted stock units of $229 and $285 for the three months March 31, 2017 and 2016, respectively. Additional compensation expense related to restricted stock units will be $686, $564 and $215 for the remainder of 2017, 2018 and 2019, respectively.

At the Market Program

On January 23, 2017, Manitex International Inc. entered into a Controlled Equity Offering Sales Agreement ("Sales Agreement") with Cantor Fitzgerald & Co. ("Cantor") pursuant to which the Company may offer and sell shares of its common stock, no par value per share, having an aggregate offering price up to $20,000 through Cantor. The Company thought it prudent to put a mechanism in place by which supplemental liquidity can be provided to address working capital requirements or other capital requirements that may arise in conjunction with production requirements. Under the program, the Company's stock is issued at the current market price and the Company pays a 7% commission to Cantor.

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

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

8. New Accounting Pronouncements

Recently Issued Pronouncements – Not Adopted

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," ("ASU 2016-02"), which requires lessees to recognize assets and liabilities for leases with lease terms of more than 12 months and disclose key information about leasing arrangements. Consistent with current U.S. GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. The update is effective for reporting periods beginning after December 15, 2018. Early adoption is permitted. The Company is in the process of evaluating the impact of this update on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," ("ASU 2017-04"). ASU 2017-04 eliminates Step 2 from the goodwill impairment test. Instead, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, if any. The loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment. The effective date will be the first quarter of fiscal year 2020, with early adoption permitted in 2017. The Company is evaluating the impact that adoption of this new standard will have on its consolidated financial statements.

Recently Adopted Accounting Guidance

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers,” (“ASU 2014-09”). ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, “Deferral of the Effective Date”, which amends ASU 2014-09. As a result, the effective date is the first quarter of 2018, with early adoption permitted. The Company has adopted this guidance during the quarter ended March 31, 2018 on a modified retrospective basis. The adoption of this guidance did not have a significant impact on the operating results when adopted.

In July 2015, the FASB issued ASU 2015-11, “Simplifying the Measurement of Inventory,” (“ASU 2015-11”). ASU 2015-11 requires inventory be measured at the lower of cost and net realizable value and options that currently exist for market value be eliminated. ASU 2015-11 defines net realizable value as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The guidance is effective for reporting periods beginning after December 15, 2016 and interim periods within those fiscal years with early adoption permitted. The Company has adopted this guidance during the quarter ended March 31, 2017 on a prospective basis. The adoption of this guidance did not have a significant impact on the operating results when adopted.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." The amendments in ASU 2016-01, among other things, require equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income requires public business entities to use the exit price notion when measuring fair value of financial instruments for disclosure purposes requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables) and eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate fair value that is required to be disclosed for financial instruments measured at amortized cost. The effective date will be the first quarter of fiscal year 2018. The Company has adopted this guidance during the quarter ended March 31, 2018. The adoption of this guidance did not have a significant impact on the operating results when adopted.

In March 2016, the FASB issued ASU 2016-05, “Derivatives and Hedging (Topic 815),” (“ASU 2016-05”). ASU 2016-05 provides guidance clarifying that novation of a derivative contract (i.e. a change in counterparty) in a hedge accounting relationship does not, in and of itself, require designation of that hedge accounting relationship. The Company adopted this guidance during the quarter ended March 31, 2017. The adoption of this guidance did not have an impact on the operating results when adopted.

In March 2016, the FASB issued ASU 2016-06, “Derivatives and Hedging (Topic 815),” (“ASU 2016-06”). ASU 2016-06 simplifies the embedded derivative analysis for debt instruments containing contingent call or put options by clarifying that an exercise contingency does not need to be evaluated to determine whether it relates to interest rates

and credit risk in an embedded derivative analysis. The effective date will be the first quarter of fiscal year 2017, with early adoption permitted. The Company has adopted this guidance during the quarter ended March 31, 2017. The adoption of this guidance did not have an impact on the operating results when adopted.

In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers (Topic 606) Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," ("ASU 2016-08"). ASU 2016-08 further clarifies principal and agent relationships within ASU 2014-09. Similar to ASU 2014-09, the effective date will be the first quarter of fiscal year 2018 with early adoption permitted in the first quarter of fiscal year 2017. The Company has adopted this guidance during the quarter ended March 31, 2018 on a modified retrospective basis. The adoption of this guidance did not have a significant impact on the operating results when adopted.

In March 2016, the FASB issued ASU 2016-09, "Compensation-Stock Compensation (Topic 718), Improvements to Employee Share-Based Payment Accounting," ("ASU 2016-09"). ASU 2016-09 is intended to simplify several aspects of accounting for share-based payment awards. The effective date will be the first quarter of fiscal year 2017, with early adoption permitted. The Company has adopted the guidance for the year ended December 31, 2017. The adoption of this guidance did not have an impact on the operating results when adopted.

In April 2016, the FASB issued ASU 2016-10, "Revenue from Contracts with Customers (Topic 606), Identifying Performance Obligations and Licensing" ("ASU 2016-10"). The amendments in ASU 2016-10 are expected to reduce the cost and complexity of applying the guidance on identifying promised goods or services in contracts with customers and to improve the operability and

understandability of licensing implementation guidance related to the entity's intellectual property. Similar to ASU 2014-09, the effective date will be the first quarter of fiscal year 2018 with early adoption permitted in the first quarter of fiscal year 2017. The Company has adopted this guidance during the quarter ended March 31, 2018 on a modified retrospective basis. The adoption of this guidance did not have a significant impact on the operating results when adopted.

In August 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments,” (“ASU 2016-15”). ASU 2016-15 reduces the existing diversity in practice in financial reporting by clarifying existing principles in ASC 230, “Statement of Cash Flows,” and provides specific guidance on certain cash flow classification issues. The effective date for ASU 2016-15 will be the first quarter of fiscal year 2018 with early adoption permitted. The Company made an election to use the “Cumulative Earning Approach” to classify distributions received from equity investments. Other than the aforementioned election (which may have a future impact), the adoption of this guidance during the quarter ended March 31, 2018, did not have an impact on the Company’s Statement of Cash Flows.

In October 2016, the FASB issued ASU 2016-16, “Income Taxes (Topic 740) - Intra-Entity Transfer of Assets Other than Inventory,” (“ASU 2016-16”). ASU 2016-16 requires recognition of current and deferred income taxes resulting from an intra-entity transfer of any asset (excluding inventory) when the transfer occurs. This is a change from existing GAAP which prohibits recognition of current and deferred income taxes until the asset is sold to a third party. The effective date for ASU 2016-16 will be the first quarter of fiscal year 2018 with early adoption permitted. The Company has adopted this guidance during the quarter ended March 31, 2018. The adoption of this guidance did not have a significant impact on the operating results when adopted.

In January 2017, the FASB issued ASU 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business,” (“ASU 2017-01”). ASU 2017-01 provides guidance in ascertaining whether a collection of assets and activities is considered a business. The effective date will be the first quarter of fiscal year 2018, with prospective application. The Company is evaluating the impact that adoption of this new standard will have on its consolidated financial statements. The Company has adopted this guidance during the quarter ended March 31, 2018. The adoption of this guidance did not have an impact on the operating results when adopted.

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

9. Inventory

The components of inventory are as follows:

	March 31,	December 31,

	2017 As Restated	2016 As Restated
Raw materials and purchased parts, net	$ 37,378	$ 35,855
Work in process	3,934	4,231
Finished goods	27,201	29,401
Inventory, net	$ 68,513	$ 69,487

The Company has established reserves for obsolete and excess inventory of $2,165 and $1,886 as of March 31, 2017 and December 31, 2016, respectively.

10. Goodwill and Intangible Assets

	March 31, 2017	December 31, 2016	Useful lives
Patented and unpatented technology	$ 17,545	$ 17,409	7-10 years
Amortization	(11,214)	(11,004)	
Customer relationships	22,582	22,444	10-20 years
Amortization	(8,593)	(7,870)	
Trade names and trademarks	11,975	11,892	25 years-indefinite
Amortization	(1,943)	(1,894)	
Non-competition agreements	50	50	2-5 years
Amortization	(43)	(42)	
Customer backlog	371	370	<1 year
Amortization	(371)	(370)	
Total Intangible assets	$ 30,359	$ 30,985	

Amortization expense for intangible assets was $940 and $1,043 for the three months ended March 31, 2017 and 2016, respectively.

Changes in goodwill for the three months ended March 31, 2017 are as follows:

	Total
Balance January 1, 2017	$ 39,669
Effect of change in exchange rates	387
Balance March 31, 2017	$ 40,056

11. Accrued Expenses

	March 31, 2017 As Restated	December 31, 2016 As Restated
Accrued payroll	$ 1,590	$ 914
Accrued employee benefits	771	1,215
Accrued bonuses	2	401
Accrued vacation expense	1,092	979
Accrued interest	796	1,753
Accrued commissions	340	351
Accrued expenses—other	1,745	1,052

Accrued warranty	1,404	1,568
Accrued taxes other than income taxes	1,599	1,950
Accrued product liability and workers compensation claims	386	95
Total accrued expenses	$ 9,725	$ 10,278

12. Accrued Warranty

The liability is established using historical warranty claim experience. Historical warranty experience is, however, reviewed by management. The current provision may be adjusted to take into account unusual or non-recurring events in the past or anticipated changes in future warranty claims. Adjustments to the initial warranty accrual are recorded if actual claim experience indicates that adjustments are necessary. Warranty reserves are reviewed to ensure critical assumptions are updated for known events that may impact the potential warranty liability.

	Three Months Ended March 31,	
	2017	2016
Balance January 1,	$1,568	$1,328
Accrual for warranties issued during the period	194	489
Warranty services provided	(427)	(446)
Changes in estimate	60	18
Foreign currency translation	9	35
Balance March 31,	$1,404	$1,424

13. Credit Facilities and Debt

U.S. Debt

U.S. Credit Facilities

At March 31, 2017, the Company and its U.S. subsidiaries have a Loan and Security Agreement, as amended, (the "Loan Agreement") with The Private Bank and Trust Company ("Private Bank"). The Loan Agreement provides a revolving credit facility with a maturity date of July 20, 2019. The aggregate amount of the facility is $25,000.

The maximum borrowing available to the Company under the Loan Agreement is limited to: (1) 85% of eligible receivables; plus (2) 50% of eligible inventory valued at the lower of cost or market subject to a $17,500 limit; plus (3) 80% of eligible used equipment, as defined, valued at the lower of cost or market subject to a $2,000 limit. At March 31, 2017, the maximum the Company could borrow based on available collateral was capped at $23,943. At March 31, 2017, the Company had borrowed $21,277 under this facility. Effective May 1, 2017 and June 1, 2017, the Company's collateral is subject to a $1,500 and $5,000 reserve, respectively, until the Fixed Charge Coverage ratio exceeds 1.10 to 1.00. The indebtedness under the Loan Agreement is collateralized by substantially all of the Company's assets, except for the certain assets of the Company's subsidiaries.

The Loan Agreement provides that the Company can opt to pay interest on the revolving credit at either a base rate plus a spread, or a LIBOR rate plus a spread. The base rate spread ranges from 0.25% to 1.00% depending on the Senior Leverage Ratio (as defined in the Loan Agreement). The LIBOR spread ranges from 2.25% to 3.00% also

depending on the Senior Leverage Ratio. At March 31, 2017, the base rate and LIBOR spreads were 1.00% and 3.00%, respectively. 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.

The underlying reference rate for our base rated borrowings at March 31, 2017 was 4.00%. At March 31, 2017, the Company had three outstanding advances with interest tied to LIBOR. The contracts had an underlying LIBOR rate of 0.85%. In addition, Private Bank assesses a 0.50% unused line fee that is payable monthly.

The Loan Agreement subjects the Company and its domestic subsidiaries to a quarterly EBITDA covenant (as defined). The quarterly EBITDA covenant (as defined) are $(1,000) for the quarter ended at March 31, 2017, $0 for the quarter ended June 30, 2017, and $2,000 for all quarters starting the quarter ended September 30, 2017 through the end of the agreement. Additionally, the Company and its domestic subsidiaries are subject to a Fixed Charge Coverage ratio of 1.05 to 1.00 measured on an annual basis beginning December 31, 2017, followed by a Fixed Charge Coverage ratio of 1.15 to 1.00 measured quarterly starting March 31, 2018 (based on a trailing twelve month basis) through the term of the agreement. 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 Loan Agreement has a Letter of Credit facility of $3,000, which is fully reserved against availability.

Notes Payable—Terex- ASV Acquisition

On December 19, 2014, the Company executed a note payable to Terex Corporation for $1,594. The note matures on June 19, 2017 and has an annual interest rate of 4.5%. Interest is payable semi-annually beginning on June 19, 2015. The note was issued in connection with acquisition of 51% interest in ASV from Terex Corporation. The note has an outstanding balance of $1,594 at March 31, 2017.

Note Payable—Bank

At March 31, 2017, the Company has a $292 note payable to a bank. The note dated January 18, 2017 had an original principal amount of $400 and an annual interest rate of 2.75%. Under the terms of the note the company is required to make eleven monthly payments of $37 commencing January 30, 2017. The 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.

Notes Payable – SVW

At March 31, 2017, SVW has six loans outstanding with five financial institutions. The Company is not a loan party, but has included the debt associated with these loans in its consolidated financial statements as SVW was determined to be a VIE that requires consolidation (see Note 3). SVW obtained financing using cranes that are included in the Company's inventory as collateral because of SVW's status as a VIE. The funds borrowed by SVW have been remitted to the Company. The finance companies that hold the loans have a perfected security interest in the inventory and therefore have recourse against this specific inventory. For accounting purposes, the Company did not recognize a sale and continues to include these cranes in its inventory. However, the finance company has taken legal title to the cranes used as collateral for the borrowings. The Company has entered into agreements to repurchase the cranes from the lenders in the event that SVW defaults on any of these loans. Additionally, the SVW debt was also effectively guaranteed by the Company pursuant to certain related agreements.

The following table summarizes the principal terms of the borrowings:

Lending Institutions	Equify	Evolve	Heartland	Element Loan 1	Element Loan 2	Trans Lease
Balance as of March 31, 2017	$ 2,799	$ 2,434	$ 1,520	$ 2,658	$ 1,376	$ 213
Loan origination date	June 27, 2016	July 8, 2016	July 16, 2016	July 28, 2016	September 28, 2016	February 5, 2017
Amount borrowed	$ 3,009	$ 2,710	$ 1,648	$ 2,941	$ 1,883	$ 254
Approximate Interest rate	8.07 %	6.75 %	8.00 %	8.00 %	8.04 %	8.00 %
Prepayment penalty	At stipulated Values	3% decreasing to 2% after 24 months	Not applicable	1% for each remaining year no penalty if equipment is sold	1% for each remaining year no penalty if equipment is sold	3% through 50% of note term
Required payments:						
First payment stream						
Frequencies of payment	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Number of payments	36	35	71	59	3	3
Date of First payment	August 1, 2016	August 8, 2016	September 1, 2016	September 1, 2016	October 1, 2016	February 5, 2017
Payment Amount	$ 47	$ 49	$ 29	$ 60	$ 156	$ 21
Second payment stream						
Frequencies of payment	—	—	—	—	Monthly	Monthly
Number of payments	—	—	—	—	57	56
Date of First payment	—	—	—	—	January 1, 2017	May 5,2017
Payment Amount	—	—	—	—	$ 30	$ 4
Final balloon payment						
Date of payment	August 1, 2019	June 8, 2019	August 1, 2022	August 1, 2021	—	January 5, 2022
Payment Amount	$ 1,947	$ 1,408	$ 39	$ 32	—	$ 3

The March 31, 2017 balances on the above table total $11,000. Total SVW debt on the accompanying balance sheet is $10,717, which is net of deferred finance costs of $283.

PM Group Short-Term Working Capital Borrowings

At March 31, 2017, PM Group had established demand credit and overdraft facilities with seven Italian banks and six banks in South America. Under the facilities, PM Group can borrow up to approximately €23,409 ($25,043) for advances against invoices, and letter of credit and bank overdrafts. Interest on the Italian working capital facilities is charged at the 3-month or 6-month Euribor plus 200 basis points, while interest on overdraft facilities is charged at the 3 month Euribor plus 350 basis points. Interest on the South American facilities is charged at a flat rate of points for advances on invoices ranging from 8% - 17%.

At March 31, 2017, the Italian banks had advanced PM Group €19,603 ($20,971), at variable interest rates, which currently range from 1.42% to 1.67%. At March 31, 2017, the South American banks had advanced PM Group €897 ($960), at variable interest rates, which currently range from 8% to 17%. Total short-term borrowings for PM Group were €20,500 ($21,931) at March 31, 2017.

PM Group Term Loans

At March 31, 2017, PM Group has a €12,057 ($12,899) term loan with two Italian banks, BPER and Unicredit. The term loan is split into three separate notes and is secured by PM Group's common stock. Debt issuance costs offset against these term loans totaled €392 ($419) at March 31, 2017.

The first note has an outstanding principal balance of €3,986 ($4,264), is charged interest at the 6-month Euribor plus 236 basis points, effective rate of 2.12% at March 31, 2017. The note is payable in semi-annual installments beginning June 2017 and ending December 2021. The second note has an outstanding principal balance of €4,865 ($5,205), is charged interest at the 6-month Euribor plus 286

basis points, effective rate of 2.62% at March 31, 2017. The note is payable in semi-annual installments beginning June 2017 and ending December 2021. The third note has an outstanding principal balance of €3,206 ($3,430) and is non-interest bearing. The note is payable in semi-annual installments of €353 ($378), beginning June 2016 and ending December 2017 and a final balloon payment of €2,500 ($2,675) in December 2022.

An adjustment in the purchase accounting to value the non-interest bearing debt at its fair market value was made. At January 15, 2015 it was determined that the fair value of the debt was €1,460 or $1,561 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 March 31, 2017 the remaining balance was €748 or $800 and has been offset to the debt.

PM Group is subject to certain financial covenants as defined by the debt restructuring agreement with BPER and Unicredit 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.

At March 31, 2017 PM Group has unsecured borrowings with four Italian banks totaling €13,015 ($13,923). Interest on the unsecured notes is charged at the 3-month Euribor plus 250 basis points, effective rate of 2.17% at March 31, 2017. Principal payments are due on a semi-annual basis beginning June 2019 and ending December 2021. Accrued interest on these borrowings through the date of acquisition at January 15, 2015, totaled €358 ($378) and is payable in semi-annual installments beginning June 2019 and ending December 2019.

At March 31, 2017 Autogru PM RO, a subsidiary of PM Group, has two notes. The first note is payable in 60 monthly principal installments of €8 ($9), plus interest at the 1-month Euribor plus 300 basis points, effective rate of 3.00% at March 31, 2017, maturing October 2020. At March 31, 2017, the outstanding principal balance of the note was €363 ($388). The second note is payable in one instalment in June 2017 is charged interest at the 1-month Euribor plus 250 basis points, effective rate of 2.50% at March 31, 2017. At March 31, 2017, the outstanding principal balance of the note was €440 ($471).

PM has an interest rate swap with a fair market value at March 31, 2017 of €8 or $8 which has been included in debt.

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

- The provision of subordinated shareholders’ loans by the Company to PM Group, consisting of (i) conversion of an existing trade receivable in the amount of €3.1 million into a loan; (ii) an additional subordinated shareholders’ loan in the aggregate maximum amount of up to €2.4 million, to be made currently; and (iii) a further loan of €1.8 million to be made by December 31, 2018, in each case to be used to repay a portion of PM Group’s outstanding obligations to the Lenders;

- Amendments to the 2014 put and call options agreement with BPER to, among other things, extend the exercise of the options until the approval of PM Group’s financial statements for the 2021 fiscal year and permit the assignment of certain subordinated receivables to the Company;

- New amortization and repayment schedules for amounts owed by PM Group to the Lenders under the various outstanding tranches of indebtedness, along with revised interest rates and financial covenants. Under the Restructuring agreement term debt is repaid over a nine-year period starting in 2018 and ending in 2026 (2022 prior to Debt Restructuring Agreement); and

- The effect of PM not meeting its December 31, 2017 financial covenants was cured by the Debt Restructuring Agreement.

Valla Short-Term Working Capital Borrowings

At March 31, 2017, Valla had established demand credit and overdraft facilities with two Italian banks. Under the facilities, Valla can borrow up to approximately €930 ($995) 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 4.50% - 4.75%. At March 31, 2017, the Italian banks had advanced Valla €401 ($429).

Valla Term Loans

At March 31, 2017, Valla has a €110 ($118) term loan with Carisbo. The note is payable in 14 quarterly principal installments of €8 ($9), plus interest at the 3-month Euribor plus 470 basis points, effective rate of 4.37% at March 31, 2017, maturing on January 2021. At March 31, 2017, the outstanding principal balance of the note was €110 ($118).

Discontinued Operations

ASV Loan Facilities

On December 23, 2016, ASV completed a new unitranche credit agreement with PNC Bank, National Association (“PNC”), and White Oak Global Advisors, LLC (“White Oak”) to provide a $65,000, 5-year credit facility. This new facility replaces ASV’s previous revolving credit and term loan facilities with JPMorgan Chase Bank, N.A., and Garrison Loan Agency Services LLC. The new facility consists of a $35,000 revolving credit facility (which is subject to availability based primarily on eligible accounts receivable and eligible inventory), a Term Loan A facility of $8,500 and a Term Loan B facility of $21,500.

Revolving Loan Facility with PNC

The $35,000 revolving loan facility includes two sub-facilities: (i) a $2,000 letter of credit sub-facility, and (ii) a $3,500 swing loan sub-facility, each of which is fully reserved against availability under the revolving loan facility. The facility matures on December 23, 2021.

The $35,000 revolving loan facility is a secured financing facility under which borrowing availability is limited to existing collateral as defined in the agreement. The maximum amount available is limited to (i) the sum of (a) 85% of Eligible Receivables, plus (b) 90% of Eligible Insured Foreign Receivables, plus (c) the lesser of (I) 95% of Eligible CAT Receivables, or $8,600 plus (ii) the lesser of (A) the sum of (I) up to 65% of the value of the Eligible Inventory (other than Eligible Inventory consisting of finished goods machines and service parts that are current), plus (II) 80% of the value of Eligible Inventory consisting of finished goods machines, plus (III) 75% of the value of Eligible Inventory consisting of service parts that are current) or, (B) up to 90% of the appraised net orderly liquidation value of Eligible Inventory. Inventory collateral is capped at $15,000 less outstanding letters of credit and any reasonable reserves as established by the bank. At March 31, 2017, the maximum ASV could borrow based on available collateral was capped at $18,058.

At March 31, 2017, ASV had drawn $13,959 under the $35,000 PNC Credit Agreement. ASV can opt to pay interest at either a domestic rate plus a spread, or a LIBOR rate plus a spread. The initial spread for domestic and LIBOR is fixed at 1.5% and 2.5% until delivery of certain reporting documents with respect to the fiscal quarter ending March 31, 2017, respectively. At which point the spread for domestic rate will range from 1% to 1.5% and LIBOR spread from 2% to 2.5% depending on the average undrawn availability (as defined in the loan agreement). Funds borrowed under the LIBOR options can be borrowed for periods of one, two, or three months. The weighted average interest rate for the period ending March 31, 2017, was 3.8%. Additionally, the bank assesses a 0.375% unused line fee that is payable monthly.

Term Loan A with PNC

On December 23, 2016, ASV borrowed $8,500 under a term loan (“Term Loan A”) facility with PNC as the administrative agent.

At March 31, 2017, ASV had an outstanding balance of $8,500 (less $86 debt issuance cost, for net debt of $8,414). ASV can opt to pay interest at either a domestic rate plus a spread, or a LIBOR rate plus a spread. The initial spread for domestic and LIBOR rates are initially fixed at 2% and 3% until delivery of certain reporting documents with respect to the fiscal quarter ending March 31, 2017, respectively. At which point the spread for domestic rate will range from 1% to 1.5% and LIBOR spread from 2% to 2.5% depending on the average undrawn availability (as defined in the loan agreement). Funds borrowed under the LIBOR options can be borrowed for periods of one, two, or three months. The weighted average interest rate for the period ending March 31, 2017, was 4.00%.

ASV is obligated to make quarterly principal payments of $212 commencing on March 31, 2017. Any unpaid principal is due on maturity, which is December 23, 2021. Interest is payable monthly.

Term Loan B with White Oak

On December 23, 2016, ASV borrowed $21,500 under a term loan (“Term Loan B”) facility with White Oak as the administrative agent.

At March 31, 2017, ASV had an outstanding balance of $20,963 (less $618 debt issuance cost, for net debt of $20,344). The interest rate is fixed at a LIBOR rate plus 10% until delivery of the same reporting documents referenced above. After delivery of the reporting documents, ASV will pay interest at the LIBOR rate plus a spread of either 9% or 10% depending on the leverage ratio, provided that at no time will the LIBOR rate be less than 1%. The interest rate for the three months ended March 31, 2017 was 11%.

ASV is obligated to make quarterly principal payments of $538 commencing on March 31, 2017. Any unpaid principal is due on maturity, which is December 23, 2021. Interest is payable monthly.

ASV Covenants

ASV indebtedness is collateralized by substantially all of ASV’s assets and the respective equity interests of ASV’s members. The facilities contain customary limitations including, but not limited to, limitations on additional indebtedness, acquisitions, and payment of dividends. ASV is also required to comply with certain financial covenants as defined in the Credit Agreements. The revolving credit facility and the term loans require ASV to maintain a Minimum Fixed Charge Coverage ratio of not less than 1.20 to 1.0. Additionally, the term loans require ASV not exceed a Leverage Ratio of 5.00 to 1.00 which shall step down to 2.85 to 1.00 on March 31, 2021 and also limits capital expenditures to $1,300 in any fiscal year.

Capital Leases

Georgetown facility

The Company leases its Georgetown facility under a capital lease that expires on April 30, 2028. The monthly rent is currently $64 and is increased by 3% annually on September 1 during the term of the lease. At March 31, 2017, the outstanding capital lease obligation is $5,284.

Winona facility

The Company has a lease which expired on February 1, 2017, that includes a one year extension through February 1, 2018, at the option of the Company. The Company exercised its option to extend the lease. The lease provides for monthly lease payments of $2 for its Winona, Minnesota facility. The Company has an option to purchase the facility for $500 by giving notice to the landlord of its intent to purchase the facility. The Landlord must receive such notice at least three months prior to end of the lease term. At March 31, 2017, the Company has outstanding capital lease obligation of $500 which is the amount of the purchase option.

Equipment

The Company has entered into a lease agreement with a bank pursuant to which the Company is permitted to borrow 100% of the cost of new equipment with 60 months repayment periods, respectively. At the conclusion of the lease period, for each piece of equipment the Company is required to purchase that piece of leased equipment for one dollar.

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

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

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

	Amount Borrowed	Repayment Period	Amount of Monthly Payment	Balance as of March 31, 2017
New equipment	$ 829	60	$ 16	$ 400

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 has a December 19, 2020 maturity date.

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

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

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

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

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

As of March 31, 2017, the note had a remaining principal balance of $6,897 and an unamortized discount of $603. The difference between current unamortized discount and the $893 initially recorded represents $290 of amortization of excess discount.

Perella Notes

On January 7, 2015, the Company entered into a Note Purchase Agreement (the "Perella Note Purchase Agreement") with MI Convert Holdings LLC (which is owned by investment funds constituting part of the Perella Weinberg Partners Asset Based Value Strategy) and Invemed Associates LLC (together, the "Investors"), pursuant to which the Company agreed to issue $15,000 in aggregate principal amount of convertible notes due January 7, 2021 (the "Perella Notes") to the Investors. The Notes are subordinated, carry a 6.50% per annum coupon, and are convertible, at the holder's option, into shares of Company common stock, based on an initial conversion price of $15.00 per share, subject to customary adjustments. Following an election by the holder to convert the debenture into common stock of

the Company in accordance with the terms of the debenture, the Company has the discretion to deliver to the holder either (i) shares of common stock, (ii) a cash payment, or (iii) a combination of cash and stock. Upon the occurrence of certain fundamental corporate changes, the Perella Notes are redeemable at the option of the holders of the Perella Notes. The Perella Notes are not redeemable at the Company's option prior to the maturity date, and the payment of principal is subject to acceleration upon an event of default. The issuance of the Perella Notes by the Company was made in reliance upon the exemptions from registration provided by Rule 506 and Section 4(2) of the Securities Act of 1933.

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

In accounting for the issuance of the note, the Company separated the note into liability and equity components. The carrying amount of the liability component was calculated by measuring the estimated fair value of a similar liability that does not have an associated

convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the face value of the Note as a whole. The excess of the principal amount of the liability component over its carrying amount ("debt discount") is amortized to interest expense over the term of the note using the effective interest method with an effective interest rate of 7.5 percent per annum. The equity component is not remeasured as long as it continues to meet the conditions for equity classification.

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

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

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

As of March 31, 2017, the note had remaining principal balance of $14,518 (less debt issuance costs of $367 for a net debt of $14,151) and an unamortized discount of $482. The difference between current unamortized discount and the $714 initially recorded represents $232 of amortization of excess discount.

Note 15. Legal Proceedings and Other Contingencies

The Company is involved in various legal proceedings, including product liability, employment related issues, and workers' compensation matters which have arisen in the normal course of operations. The Company has product liability insurance with self- insurance retention 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.

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 ASV and PM lawsuits in conjunction with the accounting for these two acquisitions.

Additionally beginning on December 31, 2011, the Company's workmen's compensation insurance policy has per claim deductible of $250 and aggregates of $1,000, $1,150, $1,325, $1,875 $1,575 and $1,575 for 2012, 2013, 2014, 2015, 2016 and 2017 policy years, respectively. 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 workmen 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 March 31, 2017, the Company has a remaining obligation under the agreements to pay the plaintiffs an aggregate of $1,425 without interest in 15 annual installments of $95 on or before May 22 of each year. On, February 3, 2016, the Company entered into another legal settlement with a single plaintiff for €640 ($729). The liability had been fully accrued and resulted in no gain or loss. The Company has paid €500 ($535). As of March 31, 2017 the Company has a remaining obligation under the agreement to pay the plaintiff €140 ($150) without interest in monthly installments of €20 ($21). The Company has recorded a liability for the net present value of the liability. The difference between the net present value and the total payment will be charged to interest expense over payment period.

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

Residual Value Guarantees

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

16. Transactions between the Company and Related Parties

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

On December 16, 2014, Manitex International, Inc. (the "Company"), BGI USA Inc. ("BGI"), Movedesign SRL and R & S Advisory S.r.l., entered into an operating agreement (the "Operating Agreement") for Lift Ventures LLC ("Lift Ventures"), a joint venture entity. The purposes for which Lift Ventures is organized are the manufacturing and selling of certain products and components, including the Schaeff line of electric forklifts and certain LiftKing products. Pursuant to the Operating Agreement, the Company was granted a 25% equity stake in Lift Ventures in exchange for the contribution of certain inventory and a license of certain intellectual property related to the Company's products.

As a result of the sale, in the third quarter 2016, of the Company's Liftking subsidiary, Lift Ventures LLC will no longer have the right to sell Schaeff and Liftking products in the future. Additionally, as a result of certain financial difficulties experienced by the partner, who was to contribute design services, it will not be able to provide such services. As a result of these events, the Company had determined that its investment in Lift Ventures has become impaired and wrote off its entire investment in Lift Ventures LLC in third quarter of 2016.

The Company, through its subsidiaries, purchases and sells parts to BGI USA, Inc. ("BGI") including its subsidiary SL Industries, Ltd ("SL"). BGI is a distributor of assembly parts used to manufacture various lifting equipment. SL Industries, Ltd is a Bulgarian subsidiary of BGI that manufactures fabricated and welded components used to manufacture various lifting equipment. The Company's former President of Manufacturing Operations is the majority owner of BGI.

The Company through its Manitex Liftking subsidiary provided parts and services to LiftMaster, Ltd ("LiftMaster") or purchased parts or services from LiftMaster. LiftMaster is a rental company that rents and services rough terrain forklifts. LiftMaster is owned by an individual who was a Vice President of Manitex Liftking ULC during the period that the Company owned this subsidiary and a relative of his.

As of March 31, 2017 the Company had an accounts receivable of $28 and $19 from BGI and SL and accounts payable of $7, $413, $306 and $63 to BGI, Lift Ventures, SL and Terex respectively. As of December 31, 2016 the Company had an accounts receivable of $47 and $22 from SL and Lift Ventures, respectively and accounts payable of $471, $749, $7 and $940 to SL, Lift Ventures, BGI and Terex, respectively.

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

		Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Rent paid	Bridgeview Facility (1)	$ 65	$ 65
Sales to:	SL Industries, Ltd.	$ —	$ 32
Purchases from:			
	Lift Ventures	$ 618	$ 454
	SL Industries, Ltd.	69	917
	BGI	191	—
	LiftMaster	—	1
Total Purchases		$ 878	$ 1,372

1. The Company leases its 40,000 sq. ft. Bridgeview facility from an entity controlled by Mr. David Langevin, the Company's Chairman and CEO. Pursuant to the terms of the lease, the Company makes monthly lease payments of $22. The Company is also responsible for all the associated operations expenses, including insurance, property taxes, and repairs. The lease will expire on June 30, 2020 and has a provision for six one year extension periods. The lease contains a rental escalation clause under

which annual rent is increased during the initial lease term by the lesser of the increase in the Consumer Price Increase or 2.0%. Rent for any extension period shall however, be the then-market rate for similar industrial buildings within the market area. The Company has the option, to purchase the building by giving the Landlord written notice at any time prior to the date that is 180 days prior to the expiration of the lease or any extension period. The Landlord can require the Company to purchase the building if a Change of Control Event, as defined in the agreement occurs by giving written notice to the Company at any time prior to the date that is 180 days prior to the expiration of the lease or any extension period. The purchase price regardless whether the purchase is initiated by the Company or the Landlord will be the Fair Market Value as of the closing date of said sale.
Transactions with Terex

The Company has the following notes payable to Terex:

	March 31, 2017	December 31, 2016
Note payable related to ASV acquisition	$ 1,594	$ 1,594
Convertible note, (net)	$ 6,897	$ 6,862

See Note 13 and Note 14 for additional details regarding the above debt obligations.

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Purchases from Terex	$ 69	$ 99

On March 4, 2016, CVS and Terex Operations Italy S.R.L. (“TOI”) entered into an agreement whereby TOI acquired certain inventories and intellectual property related to CVS’ terminal tractor line. The transaction totaled €2,839 ($3,119) inclusive of VAT taxes and resulted in a gain of €1,987 ($2,212). This gain was included in other income on the Consolidated Statement of Operations when the March 31, 2016 10-Q was filed. It has subsequently been reclassed to discontinued operations.

17. Income Taxes

For the three months ended March 31, 2017, the Company recorded an income tax provision of $171, which included a discrete income tax provision of $97. The calculation of the overall income tax provision primarily consists of a foreign tax benefit and an income tax provision resulting from state and local taxes, and an increase in deferred tax liabilities related to indefinite-lived intangible assets. For the three months ended March 31, 2016, the Company recorded an income tax benefit of $310 which consisted primarily of anticipated federal, state and local, and foreign taxes.

The effective tax rate for three months ended March 31, 2017 was an income tax provision of 5.8% compared to an income tax benefit of 10.4% in the comparable prior period. The effective tax rate for the three months ended March 31, 2017 differs from the U.S. statutory rate of 35% primarily due to the mix of domestic and foreign earnings, state and local income taxes, and an income tax provision resulting from the increase in deferred tax liabilities related to indefinite-lived intangible assets.

The Company’s total unrecognized tax benefits as of March 31, 2017 and 2016 were approximately $741 and $715, which, if recognized, would affect the Company’s effective tax rate. Included in the unrecognized tax benefits is a liability for the PM Group’s potential IRES and IRAP audit adjustments for the tax years 2009 – 2013. While it is often difficult to predict the outcome or the timing of resolution of any particular tax matter, the Company believes its liability at March 31, 2017 for unrecognized tax benefits is adequate. Favorable resolution of an unrecognized tax benefit could be recognized as a reduction in tax provision and effective tax rate in the period of resolution. Unfavorable settlement of an unrecognized tax benefit could increase the tax provision and effective tax rate and may require the use of cash in the period of resolution.

Note 18. Discontinued Operations

ASV

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

Prior to the quarter ended June 30, 2017, the Company owned a 51% interest in ASV Holdings, Inc., which was formerly known as A.S.V., LLC ("ASV Holdings"). On May 11, 2017, in anticipation of an initial public offering, ASV Holdings converted from an LLC to a C-Corporation and the Company's 51% interest was converted to 4,080,000 common shares of ASV Holdings. On May 17, 2017, in connection within its initial public offering, ASV Holdings sold 1,800,000 of its own shares and the Company sold 2,000,000 shares of ASV Holdings common stock. The Company held a 21.2% interest in ASV Holdings, but no longer has a controlling interest in ASV holdings. ASV Holdings was deconsolidated during the quarter ended June 30, 2017 and is recorded as an equity investment starting with quarter ended June 30, 2017. Since this 10-Q/A is being filed after above described events, current and prior period financial statements included in this 10-Q/A have been restated to reflect ASV Holdings as a discontinued operation.

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

Over the period February 26-28, 2018, the Company sold an aggregate of 1,000,000 shares of ASV Holdings, Inc. in privately-negotiated transactions with institutional purchasers. All such shares were sold for $7.00 per share. Following such sale transactions, the Company owns an aggregate of 1,080,000 shares of ASV Holdings, Inc., which equates to the Company owning approximately 11.0% percent of ASV Holdings, Inc. After this transaction, the investment in ASV Holdings, Inc. will no longer be accounted for under the equity method.

On September 30, 2016, the Company completed the sale of Manitex Liftking, ULC and on December 22, 2016, Manitex International, Inc. (the "Company") completed the sale of CVS Ferrari srl ("CVS").

As disclosed in Note 22, in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, the Company recognized a gain of $2,212 from the sale of inventory and intellectual property related to CVS's terminal tractor line which was included in other income. In the quarter ended December 31, 2016, this amount was considered a component of the loss on sale and, therefore, was reclassified out of other income.

The following is the detail of major classes of assets and liabilities of discontinued operations that were summarized on the Company's Consolidated Balance Sheets:

	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash	$—	$ 573
Restricted cash	—	535
Trade receivables (net)	14,996	13,603
Accounts receivable from related parties	89	501
Inventory, net	28,543	30,922
Prepaid expense and other	864	511
Total current assets of discontinued operations	44,492	46,645
Long-term assets		
Total fixed assets (net)	14,877	15,402
Intangible assets (net)	25,187	25,824
Goodwill	30,579	30,579
Other long-term assets	355	372
Total long-term assets of discontinued operations	70,998	