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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

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 001-38089

ASV HOLDINGS, INC.
(Exact name of Registrant as specified in its Charter)

Delaware	**82-1501649**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
840 Lily Lane	
Grand Rapids, MN	**55744**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (218) 327-3434

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.001 par value	The Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: **None**

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant as of June 30, 2018 (the last business day of the Registrant's most recently completed second fiscal quarter) was approximately $57,069,720 based on the closing price of the Registrant's common stock on June 30, 2018 of $5.79 per share, as reported by the Nasdaq Capital Market.

The number of shares of Registrant's Common Stock outstanding as of March 26, 2019 was 9,896,878.

Documents Incorporated by Reference

Portions of the Registrant's Definitive Proxy Statement relating to the Annual Meeting of Shareholders, scheduled to be held on June 13, 2019, are incorporated by reference into Part III of this Annual Report.

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Forward-Looking Statements

This Annual Report filed on Form 10-K and the information incorporated herein by reference, particularly in the sections captioned “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” contains forward-looking statements, which involve substantial risks and uncertainties. In this Annual Report, all statements other than statements of historical or present facts contained in this Annual Report, including statements regarding our future financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “intends” or “continue,” and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. Forward-looking statements in this Annual Report or incorporated documents include, without limitation: (1) projections of revenue, earnings, capital structure and other financial items, (2) statements of our plans and objectives, (3) statements regarding the capabilities and capacities of our business operations, (4) statements of expected future economic conditions and the effect on us and on dealers or OEM customers, (5) expected benefits of our cost reduction measures, and (6) assumptions underlying statements regarding us or our business. Our actual results may differ from information contained in these forward looking-statements for many reasons, including those described below and in the section entitled “Risk Factors”:

- our ability to sustain profitability;
- substantial deterioration in economic conditions, especially in our end-use markets in the United States, Australia and New Zealand;
- market acceptance of our rubber-tracked compact track loaders (“CTLs”);
- material decreases or delays in government spending;
- a substantial portion of our net sales are attributed to a limited number of dealers and OEM customers, which may decrease or cease purchasing any time;
- our level of indebtedness and the resulting restrictions on our operations and financial flexibility;
- our ability to protect our intellectual property and proprietary rights, including protection for our key patent for our Posi-Track undercarriage and suspension, which expire in 2023;
- changes in our product mix;
- inability to satisfy orders and conversion of our backlog and open orders into revenue;
- availability of third-party financing for dealers and the credit-worthiness of dealers;
- increases in interest rates;
- the collectability of and adequacy of our reserves for our trade receivables;
- delays or shortages from our key suppliers or the increase in the cost of materials;
- the quality of component parts we receive from third-party suppliers and our ability to develop and produce quality products that meet the needs of dealers, OEM customers and end-users;
- disruptions shut downs or damage to our information technology systems due to attacks by computer hackers, computer viruses, employee error or malfeasance, power outages or other catastrophes or unforeseen events;
- our ability to obtain additional funding for our future operations;
- our ability to integrate future acquired businesses;

- retention of qualified management personnel;
- competition from our key competitors, some of which have greater financial, production, research and development resources and substantially greater name recognition than us;
- our ability to effectively respond to technological changes and introduce new products;
- the inventory management decisions and sourcing practices of our dealers;
- legal proceedings and legal compliance risks;
- damage to, or other interruptions, including work stoppages and labor disputes, at our manufacturing facilities;
- the cost of compliance with applicable laws and regulations, including environmental laws and laws applicable to our international sales, such as anti-corruption laws;
- the risks associated with our international sales and the strength of the U.S. dollar against local currencies;
- unanticipated tax liabilities;
- changes in accounting standards or assumptions in applying accounting policies;
- future impairment to our intangible assets;
- the risks associated with the ability of Manitex and Terex to exert significant influence over us and the ability of Manitex and Terex (through its wholly-owned subsidiary) to sell our common stock pursuant to a registration rights agreement;
- the risks associated with the costs of operations as a public company, our limited history operating as an independent company, our ability to maintain effective internal control over financial reporting as a stand-alone company;
- the development of an active, liquid and orderly trading market in our common stock and the volatility of our stock price;
- the risk of a decline in our stock price due to unfavorable commentary or downgrades from analysts;
- the risk of securities litigation;
- our qualification as an "emerging growth company", which could make our common stock less attractive to investors;
- your profit from an investment in our common stock being limited to an increase in the market price of our shares due to the likelihood that we will not pay dividends; and
- anti-takeover provisions under Delaware law and our charter documents that may discourage an acquisition or replacement of current management even when it would be beneficial to our stockholders.

Management believes that the forward-looking statements contained herein are reasonable as and when made. Such forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this Annual Report may turn out to be inaccurate. You are cautioned not to place undue reliance on the forward-looking statements because they speak only as of the date when made. Unless required by law, we do not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We may not actually achieve the plans, projections or expectations disclosed in our forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements we make.

PART I

Item 1. Business.

Overview

ASV Holdings, Inc. (formerly A.S.V., LLC) (referred to herein as "ASV," "the Company," "we," "our" and/or "us") designs and manufactures a broad range of high-quality compact track loader ("CTL") and skid steer loader ("SSL") equipment, marketed through a distribution network in North America, Australia and New Zealand under the ASV brand. We also serve as a private label original equipment manufacturer ("OEM") for several manufacturers. Our products are used principally in the construction, agricultural and forestry industries. As a full-service manufacturer, we provide pre- and post-sale dealer support, after-sale technical support and replacement parts supplied from our dedicated logistics center. We also supply a limited version of our assembled undercarriage sets to Caterpillar for one configuration of Caterpillar's multi-terrain CTL machines marketed under the CAT brand under a supply contract with Caterpillar.

Background

A.S.V., Inc. was founded in 1983 and launched its first CTL machine in 1990. It launched as a publicly-traded company on Nasdaq in 1994 and operated as a public company until it was acquired by Terex Corporation ("Terex") on March 3, 2008. On December 19, 2014, Manitex International, Inc. ("Manitex") purchased 51% of ASV from Terex pursuant to a joint venture arrangement with Terex (the "Joint Venture"). On December 23, 2014, A.S.V., Inc. was converted to a Minnesota limited liability company and its name was changed to A.S.V., LLC. On May 11, 2017, in connection with the Company's initial public offering ("IPO"), we converted from a Minnesota limited liability company into a Delaware corporation and changed our name from A.S.V., LLC to ASV Holdings, Inc., which we refer to herein as the "LLC Conversion".

Business Outlook

A number of economic indicators that we believe are relevant to our industry and products trended favorably in 2018, although housing starts slowed significantly over the last two quarters raising concerns over the effect of higher interest rates and higher prices. A primary driver of demand for CTL and SSL products is the United States housing market, where the level of new housing starts continues to be below pre-2007 levels. Since 2009, according to the U.S. Census Bureau, new housing starts have incrementally increased to a seasonally adjusted annual rate of 1.1 million units in December 2018 from approximately 0.5 million in October 2009. The preliminary December 2018 rate of 1.1 million was 10.9% below the December 2017 rate.

Construction spending in the United States experienced growth in 2018. The U.S. Census Bureau reported on March 4, 2019, that total construction spending during December 2018 was estimated at a seasonally adjusted annual rate of $1.3 trillion, 1.6% above the December 2017 estimate. For full year 2018 construction spending was 4.1% above 2017.

The rental sector is another important market for construction equipment and is recording positive growth that is expected to continue. The five-year forecast from the ARA Rental Market Monitor, updated in February 2019, predicted equipment rental revenue in North America is expected to grow by 5.0% in 2019 to reach $43.5 billion, 4.5% in 2020, 4.7% in 2021 and 4.4% in 2022. This is a sector of the economy that we are actively targeting with our products.

Outside North America, our largest market is Australia. The Australian Bureau of Statistics in March 2019, reported GDP growth of 2.3% in 2018, which however, reflected a slowing to 0.2% in the December 2018 quarter. The lower rate of growth in the final quarter was influenced by soft household spending and a decline in dwelling investment.

The economies of the markets to which we sell our products have for the past few years operated with interest rates at historically low levels. Interest rate changes affect overall economic growth, which affects demand for residential and nonresidential structures which in turn affects sales of our products that serve these activities. Interest rate changes also affect the ability of dealers to finance machine purchases, can change the optimal time to keep machines in a fleet and can impact the ability of our suppliers to finance the production of parts and components necessary to manufacture and support our products. In the United States, during 2017 and 2018, the Federal Reserve continued increasing interest rates from their historically low levels. In 2018, the Federal Reserve has increased its benchmark rate four times, in March, June, September and December. The rate is now at a range of 2.25% to 2.5%. Increases in interest rates could negatively impact our sales and create supply chain inefficiencies.

Factors Affecting Revenues and Gross Profit

We derive most of our revenue from purchase orders from dealers and distributors and our two largest customers accounted for 28% and 32% of net sales for the years ended December 31, 2018 and 2017, respectively. The demand for our products depends upon the general economic conditions of the markets in which we compete, residential housing starts, general construction activity and upon dealer and end-user replacement or repair cycles. Adverse economic conditions may cause dealers or end-users to forego or postpone new purchases in favor of repairing existing machinery. In addition to the United States, we sell to dealers in Canada, Australia and New Zealand. All of our sales are denominated in U.S. dollars. The strengthening of the U.S. dollar against these other currencies may have a negative impact on sales volume and sales prices to dealers outside of the United States.

Factors that affect gross profit include product mix, production levels and cost of raw materials. Margins tend to increase when sales are skewed towards larger, tracked machines and replacement parts. As a consequence, gross profit margins can vary from period to period. Replacement parts generally command higher margins than product sales.

For further information on our revenues, profits and losses and total assets, see the audited financial statements and notes starting on page F-1 of this Annual Report.

Backlog

The Company's backlog as of December 31, 2018 and 2017, was $30.2 million and $12.7 million, respectively, and is based upon the value of received orders.

Competition

In all markets, we compete on the basis of product performance, customer service, quality and price. From time to time, the intensity of competition results in price discounting in a particular industry or region. Such price discounting puts pressure on margins and can negatively impact operating profit.

Raw Materials and Component Products

The Company's operating philosophy is to design, source, integrate, quantitatively assess, assemble, ship and integrate product from parts and systems available from third parties and our key suppliers include Kubota, Perkins, Cummins and Deutz. Consequently, we purchase a majority of our components as partially and fully finished assemblies, rather than raw materials for conversion. However, steel is a major component of the chassis, cabs and wheel rims of our product and as such availability and pricing from our suppliers is subject to the global steel market. Extreme movements in the cost and availability of steel and other materials and components may affect our financial performance. The prices we pay for raw materials used in our products may be impacted by tariffs. On March 8, 2018, the Trump administration signed an order that imposed a tariff of 25% on steel (Section 232 Tariff) that went into effect on March 23, 2018, and in September 2018 a further 10% on many other products imported from China (Section 301 Tariff). An additional 15% increase to the Section 301 Tariff proposed to be effective March 1, 2019, has currently been indefinitely delayed. As a result of these tariffs, if we are unable to obtain raw materials, including steel, at historical prices or unable to pass any material prices on to dealers, our margins could be adversely affected and it could have a material adverse effect on our business. Changes in input costs had a significant effect on our operating performance in 2018, as input prices, and steel components in particular, increased significantly, driven by the above-mentioned tariffs and higher levels of market demand driving increased prices. During the year we have implemented re-engineering and re-sourcing actions to help avoid these increases and have also implemented surcharge price increases to recover steel increases. The increase in our materials cost of goods sold of $2.4 million adversely impacted our gross profit percentage by approximately 190 basis points in 2018.

Patents, Trademarks and Trade Secrets

Our future success and competitive position depend in part upon our ability to obtain and maintain certain proprietary technologies used in our principal products. We generally rely on patent, trade secret and copyright laws as well as confidentiality agreements with other parties to protect our technologies. We believe that we have patent protection relating to certain existing products, specifically with respect to our proprietary Posi-Track undercarriage and suspension. We may also apply for and receive patent protection for our products in the future. We own or have rights to various trademark registrations and trademark registration applications in the United States that we use in connection with our business. The Company has and will continue to dedicate technical resources toward the further development of our products and processes in order to maintain its competitive position.

Environmental Matters

We generate hazardous and nonhazardous wastes in the normal course of our manufacturing operations. As a result, we are subject to a wide range of environmental laws and regulations. These laws and regulations govern actions that may have adverse environmental effects and require compliance with certain practices when handling and disposing of hazardous and nonhazardous wastes.

Employment

As of December 31, 2018, we employed a total of 179 people on a full-time basis.

Available Information

Our principal executive offices are located at 840 Lily Lane, Grand Rapids, Minnesota 55744. Our telephone number at this address is (218) 327-3434. Our website is located at www.asvi.com. The information contained on our website or connected to our website is not incorporated by reference into and should not be considered a part of this report.

You can access, free of charge, our filings with the Securities and Exchange Commission, including our annual report on Form 10-K, our quarterly reports on Form 10-Q, current reports on Form 8-K and any other amendments to those reports, at our website or at the Securities and Exchange Commission's website at www.sec.gov.

Item 1A. Risk Factors.

Risks Related to Our Business

Our growth and profitability are dependent on a number of factors, and our historical growth may not be indicative of our future growth.

Our historic results since our Initial Public Offering ("IPO") in May of 2017 should not be considered as indicative of our future performance. We may not be successful in executing our growth strategy, and even if we achieve our strategic plan, we may not be able to sustain profitability. In future periods, our revenue could continue to decline or grow more slowly than we expect. We also may incur significant losses in the future for a number of reasons, including the following risks and the other risks described in this report, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors.

Significant deterioration in economic conditions, especially in our end-use markets in the United States, Canada, Australia and New Zealand, may have negative effects on our results of operations and cash flows.

For the year ended December 31, 2018 and 2017, 99.6% and 99.3%, respectively, of our total revenue came from sales in the United States, Canada, Australia and New Zealand. Economic conditions, particularly in these countries, affect our sales volumes, pricing levels and overall profitability. Moreover, demand for many of our products depends on end-use markets. Our products are used primarily in residential construction and construction end-use markets and, to a lesser extent, in industrial, forestry and agricultural activity end-use markets. Weakness in our end-use markets, such as a decline in construction, residential construction and agriculture end-use markets or industrial activity may in the future lead to a decrease in the demand for our equipment or prices we can charge. Factors that may cause weakness in these countries and our end-use markets include:

- weakness in the economy, decreases in the market value of real estate or the onset of a recession;
- slowdowns in construction in these countries and the geographic regions in which we operate;
- reductions in spending levels by dealers and end-users;
- unfavorable credit markets affecting end-user access to capital;
- adverse changes in federal and local government infrastructure spending;
- an increase in the cost of construction materials;
- adverse weather conditions which may affect a particular region;
- oversupply of available commercial real estate in the markets we serve;
- increases in interest rates; and
- terrorism or hostilities involving the United States.

In addition, the cyclicality of our industry makes it more difficult for us to forecast trends. Uncertainty regarding future product demand could cause us to maintain excess equipment inventory and increase our equipment inventory costs.

Challenging economic conditions may also impair the ability of dealers to pay for products they have purchased. As a result, our reserves for doubtful accounts and write-offs for accounts receivable may increase and there may be deterioration in the credit quality of dealers and the estimated residual value of our equipment. This could further negatively impact the ability of dealers to obtain the resources they need to make purchases of our equipment. Reduced credit availability will diminish dealers' ability to invest in their businesses, refinance maturing debt obligations, and meet ongoing working capital needs. If dealers do not have sufficient access to credit, demand for our products will likely decline. Reduced access to credit and the capital markets will also negatively affect our ability to invest in strategic growth initiatives such as acquisitions.

If our rubber-tracked CTLs do not continue to receive market acceptance, our operating results will be harmed.

Our success is dependent upon continued market acceptance of rubber-tracked CTLs in the markets in which our products compete. Most tracked vehicles that compete with our Posi-Track products utilize a different steel embed design. There can be no assurance that our products will gain sufficient market acceptance to enable us to sustain profitable operations.

Our business is sensitive to government spending.

Many dealers and end-users depend substantially on government spending, including highway construction and maintenance and other infrastructure projects by U.S. federal and state governments and governments in other nations. Any decrease or delay in government funding of highway construction and maintenance and other infrastructure projects could cause our revenues and profits to decrease.

Our net sales are attributed to a limited number of customers, including OEM customers and dealers, which may decrease or cease purchasing any time.

Our two largest customers accounted for 28% and 32% of net sales for the years ended December 31, 2018 and 2017, respectively. We generally do not have long-term supply agreements with dealers or our OEM customers. Even if a multi-year contract exists, dealers and OEM customers are not required to commit to minimum purchases and can cease purchasing at any time. If we were to lose either a significant customer or several smaller customers, our operating results and cash flows would be adversely impacted.

Our level of indebtedness reduces financial flexibility and could impede our ability to operate.

As of December 31, 2018, our total debt was $29.4 million, which includes a revolving term credit facility and term debt.

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

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

The interest rates under our credit facilities may be impacted by the phase-out of LIBOR.

LIBOR, the London Interbank Offered Rate, is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rates on loans globally. We generally use LIBOR as a reference rate to calculate interest rates under our credit facilities. In 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if LIBOR will cease to exist at that time or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index, the Secured Overnight Financing Rate (SOFR), calculated using short-term repurchase agreements backed by Treasury securities. SOFR is observed and backward looking, unlike LIBOR under the current methodology, which is an estimated forward-looking rate and relies, to some degree, on the expert judgment of submitting panel members. Given that SOFR is a secured rate backed by government securities, it will be a rate that does not take into account bank credit risk (as is the case with LIBOR). SOFR also may be more volatile than LIBOR. Whether or not SOFR, or another alternative reference rate, attains market traction as a LIBOR replacement tool remains in question. If LIBOR ceases to exist, we may need to renegotiate our credit agreements to replace LIBOR with an agreed upon replacement index, and certain of the interest rates under our credit agreements may change. The new rates may not be as favorable to us as those in effect prior to any LIBOR phase-out. We may also find it desirable to engage in more frequent interest rate hedging transactions.

We may not be able to adequately protect our intellectual property and proprietary rights and our products could infringe on the intellectualproperty of others, which could harm our future success and competitive position.

Our future success and competitive position depend in part upon our ability to obtain and maintain certain proprietary technologies used in our principal products. We may not always be successful in preventing the unauthorized use of our existing intellectual property rights by our competitors. We may not be able to discover unauthorized use of our proprietary technologies in the future or be able to receive any payments therefor. If we are not successful in protecting our intellectual property, it may result in the loss of valuable technologies or require us to make payments to other companies for infringing on their intellectual property rights. We generally rely on patent, trade secret and copyright laws as well as confidentiality agreements with other parties to protect our technologies; however, some of our technologies may not be protected. Confidentiality agreements may be breached or terminated, and we may not have adequate remedies for any breach. A third party could copy or otherwise obtain and use our products or technology without authorization. Additionally, third parties may assert infringement or other intellectual property claims against us based on their patents or other intellectual property rights. Litigation may be necessary for us to defend against claims of infringement or to protect our intellectual property rights and could result in substantial cost to us and diversion of our efforts. Further, we might not prevail in such litigation, which could harm our business and could result in us having to obtain a license to sell our products or pay substantial royalties. Our failure to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business, results of operations and financial condition.

We believe that we have patent protection relating to certain existing products, specifically with respect to our proprietary Posi-Track undercarriage and suspension. We may also apply for and receive patent protection for our products in the future. We may not accurately predict all of the countries where patent protection will ultimately be desirable and currently have only filed for protection in the United States and Canada. If we have failed to timely file a patent application in other countries, we may be precluded from doing so at a later date. Further, competitors may infringe on our patents and we may not have adequate resources to enforce our patents. We may also have any of the following occur:

- any of our patents could be invalidated, circumvented or challenged;
- any of our pending or future patent applications could fail to be issued within the scope of the claims sought by us, if at all, and patents issued from such applications may not be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage;
- others may develop technologies that are similar or superior to our technologies, duplicate our technologies or design around our patents; or
- steps taken by us to protect our technologies may not prevent misappropriation of such technologies.

In addition, the key patent related to our Posi-Track undercarriage and suspension expires in 2023. Approximately 78.3% and 73.6% of our revenues for 2018 and 2017, respectively, excluding parts sales, were related to this key patent. The technology underlying our proprietary Posi-Track products can be used by any third party, including competitors, once the applicable patent terms expire. This may subject us to increased competition and reduce or eliminate our opportunity to generate revenues from the Posi-Track system and we cannot at this time estimate the financial impact on our business of the expiration of this patent.

We also own or have rights to various trademark registrations and trademark registration applications in the United States, Canada and Australia that we use in connection with our business. Monitoring unauthorized use of our trademarks is difficult and expensive, and we may not be able to prevent misappropriation of our trademark rights in all jurisdictions, particularly in countries other than the United States.

Changes in our product mix could materially and adversely affect our business.

The margins on our revenues from some of our product offerings are higher than the margins on some of our other product offerings. In particular, the margins vary between sales of equipment as compared to sales of our replacement parts, between our smaller and larger machines, and between our CTL and SSL machines. A decrease in demand for our higher margin products offerings, such as our larger machines and parts, could have a negative impact on our profitability. Our margins can also fluctuate based upon competition, alternative products and services, operating costs and contractual factors. In addition, we may not be able to accurately estimate the margins of some of our new and developing products and new products and services may have lower margins than our current products and services.

Our inability to satisfy orders on a timely basis could have a material adverse effect on our business, results of operations and financial condition and the conversion of our backlog and open orders into revenue may occur at a slower rate than historical trends.

Our backlog as of December 31, 2018 and 2017, was $30.2 million and $12.7 million, respectively. This backlog is based upon the value of received orders. Certain of our equipment are produced after a price has been agreed to, an order has been received and a deposit has been paid by a dealer or OEM customer and generally require delivery within a specified period of time. If we are unsuccessful in recruiting skilled labor, experience delays in purchase component deliveries or experience changes in specifications on ordered equipment, the rate at which backlog or open orders are converted into revenue may be slower than we have historically experienced. If it takes longer than expected to realize revenue, our results of operations and financial condition may be materially and adversely affected. Additionally, any failure to deliver products on a timely basis could result in dealers or OEM customers cancelling their orders, requesting discounts or ceasing to do business with us altogether. The historical relationship of backlog to sales revenues actually realized by us, should not be considered indicative of future results.

Some dealers rely on financing with third parties to purchase our products, and the unavailability to them of financing on favorable terms could reduce our revenues.

Significant portions of our sales are financed by third-party finance companies on behalf of our dealers. The availability of financing by third parties is affected by general economic conditions, the creditworthiness of dealers and the estimated residual value of our equipment. Deterioration in the credit quality of dealers or the estimated residual value of our equipment could negatively impact the ability of dealers to obtain the resources they need to purchase our equipment and reduce demand for new equipment. There can be no assurance that third party finance companies will continue to extend credit to dealers in terms dealers find favorable or at all.

Some dealers have been unable to obtain the credit they need to buy our equipment. As a result, in the future some dealers may need to cancel existing orders. Given the lack of liquidity, dealers may be compelled to sell their equipment at less than fair value to raise cash, which could have a negative impact on residual values of our equipment. These economic conditions could have a material adverse effect on demand for our products and on our financial condition and operating results.

Increases in interest rates in the United States may negatively impact our sales and create other supply chain inefficiencies.

The Federal Reserve increased interest rates in December 2016, March, June and December 2017 and March, June, September and December 2018 from the historically low levels with which we had operated in previous years. Interest rate changes affect dealers' ability to finance machine purchases, can change the optimal time to keep machines in a fleet and can impact the ability of our suppliers to finance the production of parts and components necessary to manufacture and support our products. Interest rate changes also affect overall economic growth, which affects demand for residential and nonresidential structures which in turn affects sales of our products that serve these activities. Increases in interest rates could negatively impact our sales and create supply chain inefficiencies.

We may experience losses in excess of our recorded reserves for accounts receivable.

As of December 31, 2018, and 2017, we had accounts receivable of $18.5 million and $18.3 million, respectively. We evaluate the collectability of open accounts receivable based on a combination of factors and establish reserves based on our estimates of probable losses. In circumstances where we believe it is probable that a specific dealer or OEM customer will have difficulty meeting its financial obligations, a specific reserve is recorded to reduce the receivable to the amount we expect to recover. We also establish additional reserves based upon our perception of the quality of the current receivables, the current financial position of dealers and OEM customers and past collections experience. Continued economic uncertainty could result in additional requirements for specific reserves, which could have a negative impact on our consolidated financial position.

We are dependent upon third-party suppliers, making us vulnerable to supply shortages.

We obtain materials and manufactured components, including rubber track components used in our products, from third-party suppliers, including Kubota, Perkins, Cummins and Deutz. Some components may not be easily interchanged with components from alternative suppliers and have been designed into our products. Any delay in the ability of our suppliers to provide us with necessary materials and components may affect our capabilities at a number of our manufacturing locations or may require us to seek alternative supply sources. Delays in obtaining supplies may result from a number of factors affecting our suppliers including capacity constraints, labor disputes, the impaired financial condition of a particular supplier, suppliers' allocations to other purchasers, weather emergencies or acts of war or terrorism. Any delay in receiving supplies could impair our ability to deliver products to dealers and OEM customers and, accordingly, could have a material adverse effect on business, results of operations and financial condition.

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

Price increases in materials could affect our profitability.

Our products contain a large amount of steel, rubber and other materials. In the past, market prices of some of our materials, including steel, increased significantly. If we experience future significant increases in material costs, including steel, we may not be able to reduce product cost in other areas or pass future material price increases on to dealers and our margins could be adversely affected.The prices we pay for raw materials used in our products may be impacted by tariffs. In March 2018, the Trump Administration signed an order that imposed an import tariff of 25% on steel (Section 232 Tariff), and in September 2018 a further 10% on many other products imported from China (Section 301 Tariff). An additional 15% increase to the Section 301 Tariff proposed to be effective March 1, 2019, has currently been indefinitely delayed. As a result of these tariffs, if we are unable to obtain raw materials, including steel, at historical prices or unable to pass any material price increases on to dealers, it could have a material adverse effect on our business, financial condition and results of operations.

The quality and performance of our equipment are, in part, dependent on the quality of our equipment's component parts that we obtain from various suppliers, which makes us susceptible to performance issues that could materially and adversely affect our business, reputation and financial results.

Our construction equipment is sophisticated and complex, and the success of our equipment is dependent, in part, upon the quality and performance of key components, such as rubber track components, engines, fuel systems, hydraulic pumps and hoses, tires and wheels, breakers, and complex electrical components and associated software. There can be no assurance that these parts and components will not have performance issues from time to time, and the warranties provided by our suppliers may not always cover the potential performance issues. We may face disputes with our suppliers with respect to those performance issues and their warranty obligations, and dealers or OEM customers could claim damages as a result of such performance issues.

If any of the component parts we obtain from our suppliers are defective, we may incur liabilities for warranty claims. The supplier in any such case may not fully compensate us for any such liabilities. We may also be responsible for obtaining replacement parts and incur liability related thereto.

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

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

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

We may be subject to information technology system failures, network disruptions, breaches in data security and computer crime and cyber-attacks.

Information technology system failures, network disruptions, breaches of data security and sophisticated and targeted computer crime and cyber-attacks could disrupt our operations by impeding the manufacture or shipment of products, the processing of transactions or reporting of financial results, or by causing an unintentional disclosure of confidential information. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. In the ordinary course of our business, we collect and store sensitive data on our networks, including IP, proprietary business information, and personal information of our business partners and employees. Despite our efforts to protect sensitive, confidential or personal data or information, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, theft, misplaced or lost data, programming and/or human errors that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of information, defective products, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations. While management has taken steps to address these concerns by employee training, implementing certain data and system redundancy, comprehensive monitoring of our networks and systems, maintenance of backup and protective systems and other internal control measures, there can be no assurance that the measures we have implemented to date would be sufficient in the event of a system failure, loss of data or security breach. As a result, in the event of such a failure, loss of data or security breach, our financial condition and operating results could be adversely affected.

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

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

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

We may face limitations on our ability to integrate acquired businesses.

From time to time, we may engage in acquisitions involving risks, including the possible failure to successfully integrate and realize the expected benefits of these acquisitions. We anticipate making acquisitions in the future and our ability to realize the anticipated benefits of these transactions, including the expected combination benefits, will depend, largely on our ability to integrate acquired businesses.

The risks associated with future acquisitions may include:

- the business culture of the acquired business may not match well with our culture;
- technological and product synergies, economies of scale and cost reductions may not occur as expected;
- we may acquire or assume unexpected liabilities;
- faulty assumptions may be made regarding the integration process;
- unforeseen difficulties may arise in integrating operations and systems;
- we may fail to retain, motivate and integrate key management and other employees of the acquired business;
- higher than expected finance costs may arise due to unforeseen changes in tax, trade, environmental, labor, safety, payroll or pension policies in any jurisdiction in which the acquired business conducts its operations; and
- we may experience problems in retaining dealers or OEM customers of the acquired business.

The successful integration of any newly acquired business would also require us to implement effective internal control processes in the acquired business. We cannot ensure newly acquired companies will operate profitably, the intended beneficial effect from these acquisitions will be realized or that we will not encounter difficulties in implementing effective internal control processes in these acquired businesses, particularly when the acquired business operates in foreign jurisdictions and/or was privately owned.

Our business depends on attracting and retaining qualified management personnel.

The unanticipated departure of any key member of our management team could have an adverse effect on our business. Given our relative size and the breadth of our operations, there are a limited number of qualified management personnel to assume the responsibilities of management level employees should there be management turnover. Our success depends to a significant extent upon a number of key employees, including members of senior management. The loss of the services of one or more of these key employees could have a material adverse effect on our results of operations and prospects. In addition, because of the specialized and technical nature of our business, our future performance depends on the continued service of, and our ability to attract and retain qualified management, and commercial and technical personnel. Competition for such personnel is intense, and we may be unable to continue to attract or retain such personnel to support our growth and operational initiatives and replace executives who retire or resign. Failure to retain our leadership team and attract and retain other important management and technical personnel could place a constraint on our growth and operational initiatives, which could have a material adverse effect on our revenues, results of operations and product development efforts and eventually result in a decrease in profitability.

We operate in a highly competitive industry and we are particularly subject to the risks of such competition.

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

The success of our business depends on our ability to develop, produce and market quality products that meet the needs of dealers, OEM customers and end-users.

Our business relies on continued demand for our brands and products from our key markets in North America, Australia and New Zealand. To achieve our business goals, we must develop and sell products that appeal to our dealers and the end-users of our products. This is dependent on a number of factors, including our ability to maintain key relationships, our ability to produce products that meet the quality, performance and price expectations of our dealers and the end-users of our products, and our ability to develop effective sales, advertising and marketing programs. In addition, our continued success in selling products that appeal to dealers, our OEM customers and end-users is dependent on leading-edge innovation, with respect to both products and operations, and on the availability and effectiveness of legal protection for our innovation. Failure to continue to deliver high quality, innovative, competitive products to the marketplace, to supply products that meet applicable regulatory requirements, including engine exhaust emission requirements, or to predict market demands for, or gain market acceptance of, our products, could have a negative impact on our business, results of operations and financial condition.

We may be unable to effectively respond to technological change, which could have a material adverse effect on our results of operations and business.

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

Our business is subject to the inventory management decisions and sourcing practices of our dealers.

We sell finished products primarily through an independent dealer network and are subject to risks relating to their inventory management decisions and operational and sourcing practices. Dealers carry inventories of finished products as part of ongoing operations and adjust those inventories based on their assessments of future needs. Such adjustments may impact our results positively or negatively. If the inventory levels of our dealers are higher than they desire, they may postpone product purchases from us, which could cause our sales to be lower than the end-user demand for our products and negatively impact our results. Similarly, our results could be negatively impacted through the loss of time-sensitive sales if our dealers do not maintain inventory levels sufficient to meet end-user demand or if dealers decide to discontinue carrying our products.

Costs associated with lawsuits or investigations or adverse rulings in enforcement or other legal proceedings may have an adverse effect on our results of operations.

We face an inherent business risk of exposure to various types of claims, lawsuits and government investigations. From time to time, we are involved in various intellectual property, product liability, product warranty and environmental claims and lawsuits and other legal proceedings that arise in and outside of the ordinary course of our business. The industries in which we operate are also periodically reviewed or investigated by regulators, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims. It is not possible to predict with certainty the outcome of claims, investigations and lawsuits, and we could in the future incur judgments, fines or penalties or enter into settlements of lawsuits and claims that could have an adverse effect on our business, results of operations and financial condition in any particular period.

The nature of our operations means that the risk of legal proceedings, regulatory investigations, enforcement actions and related fines and penalties, and private litigation claims will continue to exist and that additional legal proceedings and other contingencies, the outcome of which cannot be predicted with certainty, will arise from time to time. In addition, subsequent developments in legal proceedings may affect our assessment and estimates of loss contingencies recorded as a reserve and require us to make payments in excess of our reserves, which could have an adverse effect on our results of operations.

The Company maintains insurance coverage for product liability exposures, certain exposures related to general, workers' compensation and automobile liability, catastrophic losses as well as those risks required to be insured by law or contract. Any material liabilities not covered by insurance could have an adverse effect on our financial condition.

We may be unable to manufacture our products if anyof our manufacturing facilities is damaged, destroyed or becomes otherwise inoperable.

We manufacture products at our manufacturing facility in Grand Rapids, Minnesota. If this manufacturing facility were to be damaged or destroyed or become otherwise inoperable, we may be unable to manufacture our products for sale until the facility is either repaired or replaced, either of which could take a considerable period of time. Although we maintain business interruption insurance, there can be no assurance that our insurance would adequately compensate us for the losses we would sustain in the event that our manufacturing facility was unavailable for any reason.

We may be adversely impacted by work stoppages and other labor matters, including an adverse outcome in a proceeding before the National Labor Relations Board.

As of December 31, 2018, we employed 179 people. Future issues with our employees or labor unions may not be resolved favorably or we may encounter future strikes, further unionization efforts or other types of conflicts with labor unions or our employees. Six of our employees are represented by the International Brotherhood of Boilermakers Local 647 under a collective bargaining agreement that expires on May 10, 2019. In addition, the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers brought a proceeding against us before the National Labor Relations Board in May 2014 regarding alleged unfair labor practices at our Grand Rapids, Minnesota facility. The union alleged, among other things, that we unlawfully violated the prohibition against interference, restraint and coercion of employees under Section 8(a)(1) of the National Labor Relations Act ("NLRA") with respect to the employees' right to engage in concerted activities and collective bargaining under the NLRA and that we unlawfully violated the prohibition in Section 8(a)(3) of the NLRA against retaliatory termination related to union activities. In June 2015, a federal administrative judge found that we violated Section 8(a)(1) in connection with speeches and statements made by management in connection with a union election and Section 8(a)(3) in connection with terminations that followed the same election. The administrative judge entered an order in favor of the union that requires, among other things, that we offer reinstatement to 13 terminated employees and make such employees whole for loss of earnings and benefits (including a gross up for adverse tax consequences for lump-sum back pay). Under this order, we are also required to bargain with the union as a representative of the assembly employees at our Grand Rapids, Minnesota facility and post informational notices at our facility. We appealed the June 2015 decision. On August 21, 2018, the NLR Board affirmed the administrative judge's rulings, findings and conclusions, although it amended the judge's tax compensation and Social Security reporting remedy and adopted a modified order which, among other things, retains the requirements to bargain with the union as a representative of the assembly employees. On September 13, 2018 we filed a request for reconsideration of the NLR Board's decision regarding the recognition of the assembly union, as the legal standard on which the NLR Board relied was overruled and not considered in the decision. We do not know whether we will be successful in our reconsideration request and the outcome may result in additional unionization at our Grand Rapids, Minnesota facility.

We may not be able to satisfactorily renegotiate our existing collective bargaining agreement or a new collective bargaining agreement, and we could encounter strikes or work stoppages or other types of conflicts with labor unions as a result. We may also be subject to general country strikes or work stoppages unrelated to our business or our collective bargaining agreement. A work stoppage or other limitations on production at our facilities for any reason could have an adverse effect on our business, results of operations and financial condition. In addition, many dealers and suppliers have unionized work forces. Strikes or work stoppages experienced by dealers or suppliers could have an adverse effect on our business, results of operations and financial condition.

Compliance with environmental regulations could be costly and require us to make significant expenditures.

We generate hazardous and nonhazardous wastes in the normal course of our manufacturing operations. As a result, we are subject to a wide range of environmental laws and regulations. These laws and regulations govern actions that may have adverse environmental effects and require compliance with certain practices when handling and disposing of hazardous and nonhazardous wastes. Some environmental laws impose strict, retroactive and joint and several liability for the remediation of the release of hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. Failure to comply with environmental laws could expose us to substantial fines or penalties and to civil and criminal liability. These liabilities, sanctions, damages and remediation efforts related to any non-compliance with such laws and regulations could have a material adverse effect on our business or results of operations.

In addition, increasing laws and regulations dealing with environmental aspects of the products we manufacture can result in significant expenditures in designing and manufacturing new forms of equipment that satisfy such new laws and regulations. In particular, climate change is receiving increasing attention worldwide. Many scientists, legislators and others attribute climate change to increased levels of greenhouse gases, including carbon dioxide, which has led to significant legislative and regulatory efforts to limit greenhouse gas emissions. Increased regulation of emissions would likely increase our compliance expenditures, which would negatively affect our business, operations or financial results.

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

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

- challenges associated with managing geographically diverse operations, which require an effective organizational structure and appropriate business processes, procedures and controls;
- the increased cost of doing business with foreign dealers in foreign jurisdictions, including compliance with international and U.S. laws and regulations that apply to our international sales;
- potentially adverse tax consequences;
- complexities and difficulties in obtaining protection and enforcing our intellectual property;
- compliance with additional regulations and government authorities in a highly regulated business; and
- general economic and political conditions internationally.

The risks that we face with our international sales may continue to intensify as we further develop and expand our international sales.

Our financial performance is subject to risks associated with changes in the value of the U.S. dollar versus local currencies.

Our sales to dealers in international markets are denominated and reported in U.S. dollars. Therefore, weakening of foreign currencies relative to the U.S. dollar may cause dealers to increase the price in foreign currency sales to end-users in those markets, potentially reducing demand for our products to such dealers and end-users. We do not use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates and should we choose to enter into such derivative instruments in the future, they may not adequately protect against such exposures.

We may have unanticipated tax liabilities that could adversely impact our results of operations and financial condition.

We are subject to various types of taxes in the U.S., as well as foreign jurisdictions into which we supply our products. The determination of our provision for income taxes and other tax accruals involves various judgments, and therefore the ultimate tax determination is subject to uncertainty. Also, changes in tax laws, regulations, or rules may adversely affect our future reported financial results, may impact the way in which we conduct our business, or may increase the risk of audit by the Internal Revenue Service or other tax authority. In addition, in our normal course of business, we are subject to Internal Revenue Service audits or other audits by state, local and foreign tax authorities. The final determinations of any tax audits in the U.S. or abroad could be materially different from our historical income tax provisions and accruals. If any taxing authority disagrees with the positions taken by us on our tax returns, we could incur additional tax liabilities, including interest and penalties.

Changes in accounting standards or inaccurate estimates or assumptions in applying accounting policies could adversely affect us.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Some of these policies require use of estimates and assumptions that may affect the reported value of our assets or liabilities and results of operations and are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain. If those assumptions, estimates or judgments were incorrectly made, we could be required to correct and restate prior-period financial statements.

We have significant intangible assets and future impairment could have a material impact on our financial results.

At December 31, 2018, our intangible assets were approximately $20.7 million, which represented approximately 23.7% of our total assets. In accordance with generally accepted accounting principles, we review our amortizable intangible assets for impairment when events or changes indicate the carrying value may not be recoverable. Events that may adversely impact the value of our assets and require impairment charges may include, but are not limited to, declines in sales and operating profit that do not meet our current and forecasted operating budget, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on dealers and end-users, a material adverse change in our relationship with significant dealers or OEM customers or other business partners, or a sustained decline in our stock price. Because of the significance of our intangible assets, any future impairment of these assets could have a material adverse impact on our financial results.

The amount of any impairment could be significant and could have a material adverse impact on our financial condition and results of operations for the period in which the charge is taken.

Risks Related to Our Relationship with Manitex and Terex

Our principal stockholders currently own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval while that ownership continues.

As of December 31, 2018, Manitex and Terex together beneficially own approximately 45% of our outstanding voting stock and have the ability to exert significant influence over us through this ownership position. Manitex and/or Terex, if they retain a significant portion of their shares of common stock, will retain the ability to exert significant influence over all matters requiring stockholder approval, including with respect to elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders. The interests of Manitex and Terex may not always coincide with your interests or the interests of other stockholders and they may act in a manner that advances their best interests and not necessarily those of other stockholders.

If a substantial number of shares of our common stock are sold in a short period of time, the market price of our common stock could decline.

As of December 31, 2018, we have 9,851,186 shares of common stock outstanding. Manitex and a wholly-owned subsidiary of Terex collectively hold 4,430,000 shares of our common stock. Pursuant to a registration rights agreement, we have granted registration rights to Manitex and the subsidiary of Terex with respect to their shares of common stock. In connection with our recent IPO, the Company registered the resale of all 2,080,000 shares of our common stock held by Manitex, which represents approximately 21.2% of our outstanding common stock, and all 3,350,000 shares of our common stock held by the subsidiary of Terex, which represents approximately 34.2% of our outstanding common stock. On February 26, 27 and 28, 2018, pursuant to our resale registration, Manitex sold an aggregate of 1,000,000 shares of our common stock in separately negotiated transactions with unrelated purchasers.

If Manitex or the subsidiary of Terex sell substantial amounts of our common stock in the public market, or if our other stockholders sell substantial amounts of our common stock in the public market, the market price of our common stock could decrease significantly as the perception in the public market that our existing stockholders are selling shares of common stock could depress our market price. A decline in the price of shares of our common stock might impede our ability to raise capital through the issuance of additional shares of our common stock or other equity securities.

We must incur increased costs as a result of operating as a public company, and our management must devote substantial time to compliance initiatives.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a privately held joint venture between Manitex and Terex. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Protection Act, as well as rules adopted, and to be adopted, by the SEC and Nasdaq. Our management and other personnel must devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have substantially increased our legal and financial compliance costs and made some activities more time-consuming and costly. The increased costs have negatively impacted our results of operations, and we expect they will continue to do so. For example, these rules and regulations make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain the sufficient coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors (“Board”), committees or as executive officers.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations and Nasdaq rules are creating uncertainty for public companies. We are presently evaluating and monitoring developments with respect to new and proposed rules and cannot predict or estimate the amount of the additional compliance costs we may incur or the timing of such costs. These new or changed laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by courts and regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Maintaining appropriate standards of corporate governance and public disclosure will result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. In addition, if we fail to comply with new or changed laws, regulations and standards, regulatory authorities may initiate legal proceedings against us which could have a material adverse effect on our reputation, business and financial condition.

We have no significant recent operating history as an independent company upon which you can evaluate our performance and, accordingly, our prospects must be considered in light of the risks that any newly independent company encounters.

Following the acquisition of A.S.V., Inc. by Terex in 2008, we operated as part of Terex, and following the establishment of the Joint Venture, we operated as a majority-owned subsidiary of Manitex. Accordingly, except for the period since May 2017, we have no recent experience operating as an independent company and performing various corporate functions which were previously undertaken on a centralized basis by Terex and/or Manitex, including human resources, tax administration, legal, investor relations, internal audit, insurance and information technology. Our prospects must be considered in light of the risks, expenses and difficulties encountered by companies in the early stages of independent business operations, particularly companies such as ours in highly competitive markets.

Further, our historical financial statements and financial information included elsewhere in this Annual Report have been created using our historical results of operations and bases of assets and liabilities as a joint venture between Manitex and Terex. In connection with the preparation of the financial statements, we made estimates, assumptions and allocations based on current facts and historical experience. The historical financial information included in this report may not necessarily reflect the financial condition, results of operations or cash flows we would have achieved as a stand-alone company during the periods presented or that we will achieve in the future, including due to the following factors:

- our historical combined financial statements may not reflect the expenses for support functions such as human resources, tax administration, legal, investor relations, internal audit, insurance and information technology, that we would have actually incurred, or will incur in the future, as a stand-alone company;
- increases will occur in our cost structure as a result of being a stand-alone public company, including costs related to public company reporting, investor relations and compliance with the Sarbanes-Oxley Act of 2002.

Our failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 as a stand-alone company could have a material adverse effect on our business and share price.

Prior to the acquisition of A.S.V., Inc. in 2008, we were required to maintain internal control over financial reporting in a manner that met the standards of publicly traded companies as required by Section 404(a) of the Sarbanes-Oxley Act of 2002. However, since that time, we have not had to independently comply with Section 404(a) of the Sarbanes-Oxley Act of 2002. Since the completion of our initial public offering, we are required to meet these standards in the course of preparing our financial statements, and our management will be required to report on the effectiveness of our internal control over financial reporting. Additionally, once we are no longer an emerging growth company or a smaller reporting company, our independent registered public accounting firm will be required pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002 to attest to the effectiveness of our internal control over financial reporting on an annual basis. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. We are currently in the process of reviewing, documenting and testing our internal control over financial reporting, and although we expect to be in compliance with the requirements of Section 404(a), we may be unable to meet such requirements. We may encounter problems or delays in implementing any changes necessary to make a favorable assessment of our internal control over financial reporting. In addition, we may encounter problems or delays in completing the implementation of any requested improvements and receiving a favorable attestation in connection with the attestation to be provided by our independent registered public accounting firm after we cease to be an emerging growth company or a smaller reporting company. If we cannot favorably assess the effectiveness of our internal control over financial reporting, or if our independent registered public accounting firm is unable to provide an unqualified attestation report on our internal controls after we cease to be an emerging growth company or a smaller reporting company, investors could lose confidence in our financial information and the price of our shares could decline.

Additionally, the existence of any material weakness or significant deficiency would require management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiencies and management may not be able to remediate any such material weaknesses or significant deficiencies in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause stockholders to lose confidence in our reported financial information, all of which could materially and adversely affect our business and share price.

Our disclosure controls and procedures and internal control over financial reporting may not prevent or detect all errors or acts of fraud and we may be unable to accurately and timely report our financial results or file our periodic reports in a timely manner.

As a public company, we are subject to the periodic reporting requirements of the Exchange Act, including the requirement to maintain disclosure controls and procedures. We designed our disclosure controls and procedures to reasonably assure that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

Risks Related to Ownership of our Common Stock

An active, liquid and orderly trading market for our common stock may not develop or be sustained and, as a result, it may be difficult for you to sell your shares of our common stock.

Before our initial public offering in May 2017, no market for shares of our common stock existed and an active trading market for our shares may never develop or, if developed, may not be sustained. The market value of our common stock may decrease significantly from the initial public offering price or from the current market price. The lack of an active market may impair your ability to sell your shares or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. Furthermore, an inactive market may also impair our ability to raise capital by selling shares of our common stock and may impair our ability to enter into strategic collaborations or acquire companies or products by using our shares of common stock as consideration.

The market price of our stock may be volatile, and you could lose all or part of your investment.

The trading price of our common stock is likely to be highly volatile and subject to wide fluctuations in response to various factors, some of which neither we nor the selling stockholders can control. In addition to the factors discussed in this “Risk Factors” section and elsewhere in this Annual Report, these factors include:

- the success of competitive products or technologies;
- regulatory actions with respect to our products or our competitors’ products;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements by us or our competitors of significant acquisitions, strategic collaborations, joint ventures, collaborations or capital commitments;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our officers, directors, or their affiliated funds or our other stockholders;
- rumors or new announcements by third parties, including competitors; and
- general economic, industry and market conditions.

In addition, the stock market in general, and The Nasdaq Capital Market specifically, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance. The realization of any of the above risks or any of a broad range of other risks, including those described in this "Risk Factors" section, could have a dramatic and material adverse impact on the market price of our common stock.

If equity research analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock relies in part on the research and reports that equity research analysts publish about us and our business. We do not control these analysts. The price of our common stock could decline if one or more equity analysts downgrade our common stock or if analysts issue other unfavorable commentary or cease publishing reports about us or our business.

We may be subject to securities litigation, which is expensive and could divert management attention.

The market price of our common stock may be volatile, and in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could have a material adverse effect on our business and financial condition.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and will be able to avail ourselves of reduced disclosure requirements, which could make our common stock less attractive to investors and adversely affect the market price of our common stock

We are an "emerging growth company" as defined in the JOBS Act, and we may take advantage of certain exemptions from various requirements including:

- the provisions of Section 404(b) of the Sarbanes-Oxley Act of 2002 requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting;
- the "say on pay" provisions (requiring a non-binding stockholder vote to approve compensation of certain executive officers) and the "say on golden parachute" provisions (requiring a non-binding stockholder vote to approve golden parachute arrangements for certain executive officers in connection with mergers and certain other business combinations) of the Dodd-Frank Act and some of the disclosure requirements of the Dodd-Frank Act relating to compensation of our executives;
- the requirement to provide detailed compensation discussion and analysis in proxy statements and reports filed under the Exchange Act, and instead provide a reduced level of disclosure concerning executive compensation; and
- any rules that the Public Company Accounting Oversight Board may adopt requiring mandatory audit firm rotation or a supplement to the auditor's report on the financial statements.

We may take advantage of these exemptions until we are no longer an "emerging growth company." We would cease to be an "emerging growth company" upon the earliest of: (i) the first fiscal year following the fifth anniversary of our initial public offering; (ii) the first fiscal year after our annual gross revenues are $1.07 billion or more; (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt securities; or (iv) as of the end of any fiscal year in which the market value of our common stock held by non-affiliates exceeded $700 million as of the end of the second quarter of that fiscal year. Our independent registered public accounting firm will not be required to provide an attestation report on the effectiveness of our internal control over financial reporting so long as we qualify as an "emerging growth company," which may increase the risk that material weaknesses or significant deficiencies in our internal control over financial reporting go undetected. Likewise, so long as we qualify as an "emerging growth company," we may elect not to provide you with certain information, including certain financial information and certain information regarding compensation of our executive officers, that we would otherwise have been required to provide in filings we make with the Securities and Exchange Commission, or the SEC, which may make it more difficult for investors and securities analysts to evaluate the Company.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies, which may mean that our financial statements may not be comparable to companies that comply with all public company accounting standards.

We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile and may decline.

We have never paid dividends on our capital stock and we do not anticipate paying anydividends in the foreseeable future. Consequently, any profits from an investment in our common stock will depend on whether the price of our common stock increases.

We have not paid dividends on any of our classes of capital stock to date and we currently intend to retain our future earnings, if any, to fund the development and growth of our business. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would benefit our stockholders and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us or increase the cost of acquiring us or remove our current management, even if doing so would benefit our stockholders. These provisions include:

- creating a classified board of directors whose members serve staggered three-year terms;
- authorizing the issuance of "blank check" preferred stock, the terms of which we may establish and shares of which we may issue without stockholder approval;
- prohibiting cumulative voting in the election of directors, which would otherwise allow for less than a majority of stockholders to elect director candidates;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
- eliminating the ability of stockholders to call a special meeting of stockholders;
- requiring a supermajority vote to remove directors or to amend certain provisions of our certificate of incorporation; and
- establishing advance notice requirements for nominations for election to our Board or for proposing matters that can be acted upon at stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board, who are responsible for appointing the members of our management. Because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, or the DGCL, which may discourage, delay or prevent someone from acquiring us or merging with us whether or not it is desired by or beneficial to our stockholders. Under the DGCL, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, our Board has approved the transaction.

Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change of control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We own our principal manufacturing facility and administrative offices, located in Grand Rapids, Minnesota, which comprises 27 acres with 227,910 sq. ft. for manufacturing, an additional storage building of 16,000 sq. ft. and a retail outlet store of 10,080 sq. ft. We lease a sixty-five-acre test track facility located three miles from our facility from Terex under a lease agreement that expires in 2034. We also lease 53,000 square feet of warehouse space located adjacent to our principal manufacturing facilities. This facility is used to distribute aftermarket parts.

We believe our buildings have been generally well maintained, are in good operating condition and are adequate for our current production requirements.

Item 3. Legal Proceedings.

We are involved in various legal proceedings, including the proceeding before the National Labor Relations Board described above in our "Risk Factors". We are also involved in products liability and workers' compensation matters which have arisen in the normal course of our business operations.

Item 4. Mine Safety Disclosures.

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common shares trade on the Nasdaq Capital Market in the United States under the symbol "ASV" since May 12, 2017.

Holders

As of December 31, 2018, there were 9,851,186 common shares outstanding, with 6 shareholders of record.

Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12 "*Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters"* of this Annual Report.

Dividends

We have not declared any cash dividends on our common stock to date and we do not anticipate declaring any cash dividends on our common stock in the foreseeable future.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. Selected Financial Data.

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the Company's financial statements and the notes to those statements included in this report. This discussion and analysis may contain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth under the heading "Risk Factors," and elsewhere in this Annual Report.

Cautionary Statement Regarding Non-GAAP Measures

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" section contains references to "EBITDA". EBITDA is defined for the purposes of this Annual Report as net income or loss before interest, income taxes, depreciation and amortization. Management believes that EBITDA is a useful supplemental measure of our operating performance and provide meaningful measures of overall corporate performance exclusive of our capital structure and the method and timing of expenditures associated with building and placing our products. EBITDA is also presented because management believes that it is frequently used by investment analysts, investors and other interested parties as a measure of financial performance.

However, EBITDA is not a recognized earnings measure under generally accepted accounting principles of the United States ("U.S. GAAP") and does not have a standardized meaning prescribed by U.S. GAAP. Therefore, EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss or other income statement data (which are determined in accordance with U.S. GAAP) as an indicator of our performance or as a measure of liquidity and cash flows. Management's method of calculating EBITDA may differ materially from the method used by other companies and accordingly, may not be comparable to similarly titled measures used by other companies.

Overview

We design and manufacture a broad range of high-quality compact track loader ("CTL") and skid steer loader ("SSL") equipment, marketed through a distribution network in North America, Australia and New Zealand under the ASV brand. We also serve as a private label original equipment manufacturer for several manufacturers, which accounted for 16% of our sales in 2018 and 20% of our sales in 2017. Our products are used principally in the construction, agricultural and forestry industries. As a full-service manufacturer, we provide pre- and post-sale dealer support, after-sale technical support and replacement parts supplied from our dedicated logistics center. We also supply a limited version of our assembled undercarriage sets to Caterpillar for one configuration of Caterpillar's multi-terrain CTL machines marketed under the CAT brand under a supply contract with Caterpillar.

For 2018, our first full year as a public company, our objectives were to make progress on the following strategic objectives: Firstly, grow our machine sales through a combination of increasing the ASV brand awareness, continuing to expand the number of retail and rental locations with the ASV product line in North America, securing a greater presence in the rental market and increasing the sell through rate of our distribution network. Secondly, to complete the relocation of our aftermarket parts distribution adjacent to our manufacturing facility, and to improve the operational service of this portion of our business.

We had good success with these objectives, growing machine sales in total by 12.8% and by 26.4% in our North America market, achieving a net increase, after cancellations, of 64 retail and rental locations with the ASV brand, securing $0.7 million of sales with a new independent rental account, and sales to our same store dealer locations (dealers signed prior to January 1, 2018) increased 15.7%. Our aftermarket part distribution center commenced operating at its new location in March 2018, slightly earlier than planned, and has shown steady improvement in delivery and order fulfillment rates. The cash cost of this project in the year of $0.6 million was partly offset by securing local Minnesota state funding on favorable terms. Our activity to increase the ASV brand awareness included increased advertising and marketing expenditures and the launch of two new products, the RT-25 and RT-40 compact track loaders, both of which received good recognition in trade publications.

Several headwinds challenged us in 2018, such as the rapid increase in input costs, particularly steel and tariff related items and the constraint on engine availability. Although we implemented price increases during the year there was an adverse impact of approximately $1.2 million from input costs that reduced our gross margin and gross margin percent of sales. The shortage of engines from the manufacturers was caused by equipment manufacturers pre-buying engines for 2019 due to emission regulation changes, several industrial disputes and weather-related manufacturing impacts and high overall demand globally for engines from economic activity. These events resulted in engine manufacturers placing us on a very limited allocation of engines, requiring us to reduce production and to move orders required by the customers in 2018 into 2019, adversely impacting our sales and profitability.

Emerging Growth Company Status

We are an "emerging growth company," as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can elect to delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We may avail ourselves of this exemption from adopting new or revised accounting standards and, therefore, would not be subject to new or revised accounting standards until such time as those standards apply to private companies.

Results of Operations

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

For the year ended December 31, 2018, the Company had a net loss of $(32.1) million compared to a net income of $1.7 million for the year ended December 31, 2017.

For the year ended December 31, 2018, the net loss of $(32.1) million consisted of revenue of $127.6 million, cost of sales of $112.3 million, research and development costs of $1.9 million, selling, general and administrative ("SG&A") expenses of $12.2 million, loss on impairment of goodwill of $30.6 million, interest expense of $1.9 million and an income tax benefit of $(0.4) million.

For the year ended December 31, 2017, net income of $1.7 million consisted of revenue of $123.3 million, cost of sales of $104.7 million, research and development costs of $2.1 million, SG&A expenses of $11.5 million, interest expense of $3.0 million, loss on extinguishment of debt of $1.0 million, and an income tax benefit of $(0.6) million.

Net Sales: For the year ended December 31, 2018, net sales were $127.6 million, an increase ofapproximately $4.3 million or 3.5% from net sales of $123.3 million for the same period in 2017. The increase in net sales is attributable to increased machine sales of $10.5 million, offset by decreased sales of undercarriages to Caterpillar of $3.1 million and decreased sales of aftermarket parts and other of $3.1 million.

Increased machine volume and an improved machine mix of larger higher revenue machines resulted in an increase in machine revenues of 12.8% or $10.4 million from the same period in 2017. The increase in volume was primarily due to increased sales into our North American distribution channels, offset in part by fewer units shipped into Australia and New Zealand for the period. Growth in revenue from sales of machines through the ASV North American distribution channels was 26.4% compared to the prior year. For orders placed after May 1, 2018, steel surcharge pricing was implemented, which accounted for $1.1 million of machine revenue in the period. During 2018 we added 64 dealer and independent rental locations, bringing our total to 286 at December 31, 2018.

Total parts, Caterpillar undercarriages and other sales for the year ended December 31, 2018 decreased $6.2 million compared to the same period in 2017. This comprised a decrease in Caterpillar undercarriage and corresponding parts shipments of $4.3 million for the period, a result of lower demand, a decrease in aftermarket parts of $1.5 million and other sales of $0.4 million. Total parts as a percentage of total sales was 22.3% and 25.2%, for the periods ended December 31, 2018 and 2017, respectively.

Gross Profit: For the year ended December 31, 2018, our gross profit was $15.2 million or 11.9% of net sales compared to $18.6 million or 15.1% of net sales for the same period in 2017. Gross profit as a percent of net sales decreased primarily as a result of (i) a $1.2 million net increase in input costs as a result of steel increases and tariffs, (ii) $0.7 million in increased inventory reserves, (iii) $0.6 million in distribution center start-up costs, (iv) an engine supply impact on production in the fourth quarter of $0.3 million (v) a decrease in aftermarket parts as a percentage of total sales, and (vi) an increase of in-house distribution center costs previously paid to Terex under the Terex Cross Marketing Agreement, as referenced in Note 13, "Related Party Transactions".

Research and Development: Research and development expense was $1.9 million or 1.5% of net sales for the year ended December 31, 2018, compared to $2.1 million or 1.7% of net sales for the same period in 2017. The decrease of $0.2 million is attributable to fewer expenditures related to the launch of new product designs for the ASV brand in connection with the implementation of Tier 4 emissions standards during the period.

Selling, general and administrative expense: SG&A expense was $12.2 million or 9.6% of net sales for the year ended December 31, 2018, compared to $11.5 million or 9.3% of net sales for the same period in 2017, an increase of approximately $0.8 million or 7%, respectively. The main contributing factors to the increase were (i) a $0.1 million increase from costs associated with stock compensation, (ii) a $0.5 million increase from costs associated with operating as a public company, (iii) a $0.2 million increase in general administrative costs relating to adding key management positions, (iv) a $0.1 million increase from software costs associated with upgraded and new systems, (v) a $0.4 million increase in advertising and marketing costs, offset by (vi) a $0.9 million decrease in selling expense associated with aftermarket parts.

Operating Loss: For the year ended December 31, 2018, our operating loss was $29.4 million or (23.1)% of net sales, compared to $5.1 million or 4.1% of net sales for the same period in 2017. Operating income as a percent of net sales decreased due to the explanations above. The decline in 2018 was primarily driven by a loss on impairment of goodwill of $30.6 million.

Interest expense: Interest expense, including amortization of debt issuance costs, for the year ended December 31, 2018, was $1.9 million compared to $3.0 million for the same period in 2017, principally due to lower borrowings on our debt facilities, pay down of debt from IPO proceeds in 2017, and improved rates as a result of refinancing our debt in December of 2017.

Tax: For the year ended December 31, 2018, the Company recorded an income tax expense of $0.7 million compared to an income tax benefit of $0.6 million for the year ended December 31, 2017. For more information on the impact of the recent tax law change, see Note 13, Income Tax, to the audited financial statements elsewhere in this Annual Report.

Net income: For the year ended December 31, 2018, the Company had a net loss of $(32.1) million compared to a net income of $1.7 million for the same period in 2017, a decrease of $33.8 million and is attributable to the items discussed above.

EBITDA:

EBITDA totaled $5.9 million or 4.7% of net sales for the year ended December 31, 2018 compared to $9.9 million or 8.1% of net sales for the same period in 2017. The offsetting changes in EBITDA for the year ended December 31, 2018 compared to the year ended December 31, 2017 were due to decreased net income of $32.1 million offset by reduced interest charges of $1.1 million, reduced loss on debt extinguishment of $1.0 million and a tax expense of $0.7 million. The primary contributing factors that led to the decrease were (i) a non-cash loss on impairment of goodwill of $30.6 million, (ii) a $1.2 million net increase in input costs as a result of steel increases and tariffs, (iii) $0.7 million in increased inventory reserves, (iv) $0.6 million in distribution center start-up costs, (v) $0.5 from costs associated with operating as a public company, and (vi) an engine supply impact on production in the fourth quarter of $0.3 million.

The table below sets forth a reconciliation of Net Income to EBITDA (in thousands of dollars):

	For the Year Ended December 31, 2018	2017
Net (loss) income	$ (32,130)	$ 1,709
Interest expense	1,946	3,034
Loss on sale of debt extinguishment	-	989
Depreciation & amortization	4,850	4,809
Other income	(9)	(2)
Income tax expense (benefit)	698	(608)
EBITDA (1)	$ (24,645)	$ 9,931
% of sales	(19.3%)	8.1%

(1) EBITDA is defined as income or loss before interest, income taxes, depreciation and amortization. EBITDA is not a recognized measure under U.S. GAAP and does not have a standardized meaning prescribed by U.S. GAAP. Therefore, EBITDA may not be comparable to similar measures presented by other companies. The table above reconciles net income to EBITDA. See "—Cautionary Statements Regarding Non-GAAP Measures" for further information regarding EBITDA.

Liquidity and Capital Resources

We fund our business activities by utilizing a revolving credit facility, a term loan for financing, and cash generated from operations. In connection with our revolving credit facility, in October 2018 the Company entered into an amendment which included revisions to the definition of EBITDA, an increase in the allowance of certain foreign receivables and a change to the required leverage ratio. On March 28, 2019, the Company entered into a Second Amendment (the "Second Amendment") to the Amended and Restated Credit Agreement with PNC Bank, National Association, as administrative agent ("PNC"), described in Note 9, "Debt". The principal modification to the Amended and Restated Credit Agreement resulting from the Second Amendment replaces the maximum leverage ratio requirements for 2019 with a minimum EBITDA covenant and beginning in March of 2020, removes the minimum EBITDA covenant and reverts to a leverage ratio requirement of 2.75 to 1.00, which shall step down to 2.25 to 1.00 by September 30, 2020. In addition, the applicable margin for each advance under the credit agreement was increased by 50 basis points for the period from March 28, 2019 until the first business day following receipt by PNC of the Company's certificate of compliance with the applicable leverage ratio for the quarter ended March 31, 2020 and the inventory sub-limit was increased to $18 million. This summary of the material terms of the Second Amendment is qualified in its entirety by reference to the full text of the Second Amendment, a copy of which is filed as Exhibit10.20 hereto and incorporated herein by reference.

We use our capital resources to:

- fund operating costs;
- fund capital requirements, including capital expenditures;
- make debt and interest payments; and
- invest in new ventures.

We need cash to meet our working capital needs as the business grows, to acquire capital equipment, and to fund acquisitions and debt repayment. We intend to use cash flows from operations and existing availability under the current revolving credit facility to fund anticipated levels of operations for the next twelve months. As our availability under our credit lines is limited, it is important that we manage our working capital. We may need to raise additional capital through debt or equity financings to support our growth strategy, which may include additional acquisitions. There is no assurance that such financing will be available or, if available, on acceptable terms.

We believe that cash flows from operating activities, together with our existing cash and borrowings available under our Credit Facility, will be sufficient for at least the next twelve months from the date of this report to fund our current anticipated uses of cash. After that, our ability to fund these expected uses of cash and to comply with the financial covenants under our debt agreements will depend on the results of future operations, performance and cash flow. Our ability to fund these expected uses from the results of future operations will be subject to prevailing economic conditions and to financial, business, regulatory, legislative and other factors, many of which are beyond our control.

Cash Flows

Year ended December 31, 2018

Operating activities consumed $0.9 million of cash for the year ended December 31, 2018 as compared to operating activities generating $7.5 million of cash for the year ended December 31, 2017. Changes in net (loss) income, non-cash items and assets and liabilities were factors in the change year over year. The primary change in non-cash items was a loss on impairment of goodwill of $30.6 million and an increase in inventory reserves of $0.6 million.

The changes in assets and liabilities consumed $6.6 million in 2018 and consumed $0.2 million in 2017. Inventory consumed $8.7 million in 2018 as compared to generating $3.5 million in 2017. Inventory has increased as input costs rise, we continue to secure long lead time production components for future builds, and we maintain a larger finished goods machine inventory to satisfy demand. The fluctuation in the remaining assets and liabilities are within a range that would normally be expected to occur.

Investing activities for the year ended December 31, 2018 consumed $1.0 million of cash to purchase machinery and equipment, compared to December 31, 2017, consuming $0.5 million. Purchases related to tooling for new products, information technology systems up-grades, fabrication equipment and building improvements.

Financing activities generated $1.8 million in cash for the year ended December 31, 2018, as compared to consuming $8.1 million for year ended December 31, 2017. Cash was generated by increased borrowing under the revolving credit facilities, increased borrowing on new long-term loans associated with relocating our parts distribution facility to Minnesota, offset by the use of cash for principal payments on debt.

Capital Expenditures

The capital intensity of our operations is low since we focus on design, assembly and compliance with regulatory specifications and many components are sourced from third party suppliers rather than fabricating these components ourselves. Capital expenditure is also used to fund productivity related projects, which tend to be of relatively low cost. Investment in information technology is required to ensure our business systems are appropriate for our operations. The Company invested $1.0 million and $0.5 million in capital expenditures in the years ended December 31, 2018 and 2017, respectively. During 2018, the Company implemented system enhancements, particularly relating to the dealer and OEM customer interface for sales and after-sales service and parts and invested in updated fabrication equipment. The Company anticipates additional investments, such as investing capital to the maintenance on certain track tooling, which may cause us to exceed our historical capital expenditures.

Critical Accounting Policies and Estimates

We believe that our application of the following accounting policies, each of which require significant judgments and estimates on the part of management, are the most critical to aid in fully understanding and evaluating our financial condition and results of operations. Our significant accounting policies are more fully described in Note 2, "Summary of Significant Accounting Policies," to the audited financial statements included elsewhere in this Annual Report.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts of assets, liabilities, income and expense. Estimates including those related to allowance for doubtful accounts, materials and inventory obsolescence, property, plant and equipment depreciation, intangible amortization, long-lived asset impairment assumptions, warranties, and contingencies are evaluated on a regular basis. Actual amounts could differ from such estimates.

Inventory: Inventory consists of raw materials and supplies, finished equipment and replacement parts stated at the lower of cost (first in, first out) or net realizable value. All equipment classified as inventory is available for sale. We record excess and obsolete reserves and such reserves were $1.2 million and $0.6 million at December 31, 2018 and December 31, 2017, respectively. The estimated reserve is based upon specific identification of excess or obsolete inventories. The establishment of a reserve for lower of cost or net realizable value, excess and obsolete inventory establishes a new cost basis in the inventory. Such reserves are not reduced until the product is sold or disposed.

Accounts Receivable and Allowance for Doubtful Accounts: Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in its existing accounts receivable. The Company determines the allowance based on individual account review, current economic conditions and expected collectability. A review is completed of the allowance for doubtful accounts at least quarterly. Individual balances exceeding a threshold amount that are over 90 days past due are reviewed individually for collectability. All other balances are reviewed on a pooled basis by type of receivable. Account balances are charged off against the allowance when we determine it is probable the receivable will not be recovered. Although we occasionally encounter isolated credit concerns related to our dealer base, management is not aware of any significant credit risks related to our dealer base and generally does not require collateral or other security to support account receivables, other than any UCC related sales. The balance of the allowance for doubtful accounts was $109 and $82 at December 31, 2018 and December 31, 2017, respectively.

Revenue Recognition: The Company's revenues result from the sale of goods or services and reflect the consideration to which the Company expects to be entitled. The Company records revenue based on a five-step model in accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606"). For its customer contracts, the Company identifies the performance obligations (goods or services), determines the transaction price, allocates the contract transaction price to the performance obligations, and recognizes the revenue when (or as) the performance obligation is satisfied. A good or service is transferred when the customer obtains control of that good or service. The Company principally generates revenue from the sale of equipment and parts to dealers, distributors and OEM customers and recognizes revenue at a point in time when control transfers. Transfer of control is generally determined based on the shipping terms of the contract. The Company recognizes revenue for delivered goods or services when the delivered good or service is distinct, control of the good or service has transferred to the customer, and only customary refund or return rights related to the goods or services exist. Generally, there is no-post shipment obligation on product sold other than standard warranty obligations in the normal and ordinary course of business.

Provisions for sales program incentives (such as wholesale subsidies, retail subsidies and customer cash), product returns, and discounts and allowances are variable consideration and are accounted for as a reduction of revenue and establishment of a liability (or contra asset receivable as appropriate) using the expected value method. The Company considers historical data in determining its best estimates of variable consideration. These estimates are reviewed regularly for appropriateness, considering also whether the estimates should be constrained in order to avoid a significant reversal of revenue recognition in a future period. If updated information or actual amounts are different from previous estimates of variable consideration, the revisions are included in the results for the period in which they become known through a cumulative effect adjustment to revenue. In addition, the Company's contracts with customers generally do not include significant financing components or noncash consideration. The Company expenses incremental costs of obtaining a contract (primarily sales commissions) as selling, general and administrative expense in the Statements of Operations, because the amortization period would be less than one year.

The Company disaggregates revenue from contracts with customers by geographic location and major customer as we believe this best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

Accrued Warranties: We record accruals for potential warranty claims based on our claim experience. Our products are typically sold with a standard warranty described below. A liability for estimated warranty claims is accrued at the time of sale. The liability is established using historical warranty claim experience for each product sold. Historical claim experience may be adjusted for known design improvements or for the impact of unusual product quality issues. Warranty reserves are reviewed quarterly to ensure critical assumptions are updated for known events that may affect the potential warranty liability. The provision for warranty was $1.58 million and $1.87 million at both December 31, 2018 and December 31, 2017.

Our standard product warranty is a limited product warranty that covers all of our products for a period of twelve months from delivery to and place into service by the first user (including as a demonstration or rental unit) or delivery to the first retail purchaser, whichever occurs first. We provide a separate limited warranty for our rubber tracks that extends for a period of twenty-four months from the date of start-up or 1,500 hours of operation (whichever occurs first) from delivery to and place into service by the first user (including as a demonstration or rental unit) or delivery to the first retail purchaser, whichever occurs first. All products and rubber track warranties commence within twenty-four months of the initial sale to an authorized distributor, regardless of use. Our warranties cover, at our option, the repair or replacement of any part that upon our inspection appears to have been defective in manufacture or materials. We also have the option, with respect to the limited warranty for our rubber track, to provide an allowance toward the purchase of a new rubber track. Our limited warranty is subject to certain conditions and will be voided under certain circumstances, including the installation of non-ASV parts and improper or unauthorized maintenance, alteration or repair. We also provide a separate warranty on our OEM replacement parts that are installed by our authorized dealers for a period of twelve months from the date of shipment or the period remaining in the product warranty for the affected product (whichever is shorter).

Intangible Assets: The Company identified intangible assets, consisting of patented technology, unpatented know how, tradename and trademarks and customer relationships, are recorded at approximately $20.7 million and $23.3 million at December 31, 2018 and December 31, 2017, respectively, net of accumulated amortization. We capitalize certain costs related to patent technology. Additionally, a substantial portion of the purchase price related to the Joint Venture in December 2014 has been assigned to patents or unpatented technology, trade name, and customer relationships. Intangible Assets with definite lives are amortized over their estimated useful lives. These definite lived intangible assets are amortized on a straight-line basis over the period of expected benefit, which range from ten to twenty-five years.

Goodwill: Goodwill, representing the difference between the total purchase price and the fair value of assets (tangible and intangible) and liabilities at the date of acquisition, is reviewed for impairment annually, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets exceed their fair value. Adverse industry or economic trends, lower projections of profitability, or a substantial decline in our market capitalization, among other items, may be indicators of potential impairment issues, which are triggering events requiring testing of an asset's carrying value for recoverability. Annual impairment tests are performed by the Company in the fourth quarter of each year using information available as of October 1. These tests resulted in an estimated excess fair value over carrying value of 7.4%. Subsequent to October 1, 2018, our stock price declined significantly and we experienced a significant decline in revenue as a result of delays in engine supply from certain vendors, which persisted into the first quarter of 2019. As a result, we concluded, that in the fourth quarter of 2018, that it was more likely than not that the fair value of our business had declined below the carrying value and that goodwill was impaired. We completed an impairment test on December 31, 2018 and concluded that all of our $30,579 goodwill was impaired.

Taxes: The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that the Company believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize our deferred taxes in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The Company recognizes interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statement of operations. Accrued interest and penalties would be included on the related tax liability line in the consolidated balance sheet.

On December 22, 2017, the U.S. government enacted comprehensive tax reform commonly referred to as the Tax Cuts and Jobs Act ("TCJA'). Under ASC 740, the effects of changes in tax rates and laws are recognized in the period which the new legislation is enacted. Among other things, the TCJA (1) reduces the U.S. statutory corporate income tax rate from 34% to 21% effective January 1, 2018 (2) eliminates the corporate alternative minimum tax (3) eliminates the Section 199 deduction (4) changes rules related to uses and limitations of net operating loss carryforwards beginning after December 31, 2017.

In response to the TCJA, the SEC staff issued SAB 118, which provides guidance on accounting for the tax effects of TCJA. The purpose of SAB 118 was to address any uncertainty or diversity of view in applying ASC 740 in the reporting period in which the TCJA was enacted. In addition, SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting under ASC 740. For the year ended December 31, 2017, the Company recorded a provisional decrease in our deferred tax assets and liabilities with a corresponding net adjustment to deferred income tax expense of $0.3 million for the year ended December 31, 2017. During the year ended December 31, 2018, the Company finalized the accounting for the tax effects of TCJA with no material changes to the provisional estimate recorded in prior periods.

For the year ended December 31, 2018, the Company recorded an income tax expense of $0.7 million primarily related to current provision for state and local taxes and a deferred provision related to the recognition of a valuation allowance against our net deferred tax assets.

For the year ended December 31, 2017, the Company recorded an income tax benefit of (0.6) million which consists of the recognition of a net deferred tax asset related to a change in the entity's tax status with the conversion from a Minnesota limited liability company to a Delaware corporation on May 11, 2017, offset by a one-time re-measurement of our deferred tax assets and liabilities for the TCJA. Prior to May 11, 2017, the Company was taxed as a partnership and was not subject to federal and state income tax.

Off-Balance Sheet Arrangements

At December 31, 2018, the Company had a $0.2 million of standby letter of credit outstanding. PNC Bank, National Association has issued a $0.2 million standby letter of credit in favor of an insurance carrier to secure obligations which may arise in connection with future deductible payments that may be incurred under our workers' compensation insurance policies.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to certain market risks that exist as part of our ongoing business operations.

Interest Rate Risk

We are exposed to interest rate volatility with regard to future issuances of fixed rate debt and existing issuances of variable rate debt. Primary exposure includes movements in the PNC prime rate and LIBOR. At December 31, 2018, we had approximately $27.5 million of variable rate debt with a weighted average interest rate of approximately 5.33%. An increase of 1% in our average floating interest rates at December 31, 2018 would increase interest expense by approximately $0.3 million.

Commodities Risk

We purchase a majority of our components as partially and fully finished assemblies, rather than raw materials for conversion. However, steel is a major part of the chassis, cabs and wheel rims of our product and as such availability and pricing from our suppliers is subject to the global steel market. Extreme movements in the cost and availability of steel and other materials and components may affect our financial performance. The prices we pay for raw materials used in our products may be impacted by tariffs. On March 8, 2018, the Trump administration signed an order that imposed a tariff of 25% on steel that went into effect on March 23, 2018. As a result of this tariff, if we are unable to obtain raw materials, including steel, at historical prices or unable to pass any material prices on to dealers, our margins could be adversely affected and it could have a material adverse effect on our business. Changes in input costs had a significant effect on our operating performance in 2018, as input prices, and steel components in particular, increased significantly, driven by the above-mentioned tariffs and higher levels of market demand driving increased prices. During the year we have implemented re-engineering and re-sourcing actions to help avoid these increases and have also implemented surcharge price increases to recover steel increases. The increase in our materials cost of goods sold of $2.4 million adversely impacted our gross profit percentage by approximately 190 basis points in 2018.

In the absence of labor strikes or other unusual circumstances, the materials and components used in our products are normally available from multiple suppliers. However, some of the components may not be easily interchanged with components from alternative suppliers and have been designed into our products. We evaluate current and potential suppliers on a regular basis on their ability to meet our requirements and standards. We actively manage our material supply sourcing, and may employ various methods to limit risk associated with commodity cost fluctuations and availability. The inability of suppliers to deliver materials and components promptly could result in production delays and increased costs to manufacture our products. To mitigate the impact of these risks we continue to search for acceptable alternative supply sources and less expensive supply options on a regular basis.

Item 8. Financial Statements and Supplementary Data.

The financial statements required by this item are included after the signature page of this filing.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Management's Evaluation of our Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of December 31, 2018, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, as of December 31, 2018, our disclosure controls and procedures were effective at the reasonable assurance level.

This Annual Report on Form 10-K does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to the rules of the SEC that permit the Company to provide only management's report in the Annual Report on Form 10-K.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2019 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 30, 2019, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

Item 11. Executive Compensation.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2019 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 30, 2019, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2019 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 30, 2019, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2019 Annual Meeting of Stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 30, 2019, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

Item 14. Principal Accounting Fees and Services.

Fees billed to us by the firms BDO USA, LLP (“BDO”) and UHY LLP (“UHY”) for services rendered for 2018 and 2017, respectively, in the following categories and amounts were:

Type of Service	Fiscal Year 2018	Fiscal Year 2017
	in thousands	
Audit Fees (1)	$ 224	$ 231
Audit-Related Fees	0	0
Tax Fees	0	0
All Other Fees	0	0
Total	**$ 224**	**$ 231**

(1) This category includes the audit of the Company’s annual financial statements, review of financial statements included in the Company’s Quarterly Reports on Form 10-Q and services that are normally provided by the independent auditors in connection with statutory and regulatory filings and are inclusive of reimbursement of travel and travel-related expenses.

All fees described above were approved by the Company’s audit committee.

Pre-Approval Policies and Procedures.

The Company’s audit committee has not adopted a policy or procedure for the pre-approval of audit and non-audit services rendered by the Company’s independent registered public accounting firm, and consequently all audit and non-audit services are approved by the whole audit committee.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as a part of the report:

(1) Financial statements. The required financial statements and notes thereto are presented starting on page F-1 of this Annual Report.

(2) Financial statement schedules. All financial statement schedules are omitted because the required information is included in the financial statements or notes thereto.

(3) Those exhibits required by Item 601 of Regulation S-K (§ 229.601 of this chapter) and by paragraph (b) below. Identify in the list each management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to Item 15(b) of this Annual Report.

(b) Exhibits. The exhibits listed on the Exhibit Index on page 30 are filed as part of this Annual Report.

Item 16. Form 10-K Summary.

None.

Exhibit Index

Exhibit Number		Description
2.1		Plan of Conversion of A.S.V., LLC, dated as of April 25, 2017 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on May 18, 2017).
3.1		Certificate of Incorporation of ASV Holdings, Inc., dated as of May 11, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 18, 2017).
3.2		Bylaws of ASV Holdings, Inc., dated as of May 11, 2017 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 18, 2017).
4.3		Registration Rights Agreement, dated as of May 17, 2017, by and among the Company, Terex Corporation and Manitex International, Inc. (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on May 18, 2017).
10.1+		ASV Holdings, Inc. 2017 Equity Incentive Plan, effective as of May 11, 2017 (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on May 18, 2017).
10.2+		Form of Restricted Stock Unit Agreement under ASV 2017 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).
10.3+		Employment Agreement, dated January 9, 2017, by and between the Company and Andrew Rooke (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).
10.4+		Letter Agreement, dated January 18, 2017, among the Company, Manitex International, Inc., Terex Corporation and Andrew Rooke (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).
10.5+		Employment Agreement, dated November 29, 2016, by and between the Company and Melissa How (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).
10.6+		Letter Agreement, dated November 29, 2016, by and between the Company and Melissa How (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).
10.7		Lease Agreement, dated December 19, 2014, by and between the Company and Terex USA, LLC (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).
10.8		Agreement Regarding the Winddown and Termination of the Distribution and Cross Marketing Agreement and Services Agreement, by and among the Company, Terex Corporation and Manitex International, Inc. (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on April 26, 2017).
10.9		Employee Matters Agreement, dated as of May 11, 2017, by and between ASV Holdings, Inc. (as successor-in-interest to A.S.V., LLC) and Manitex International, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 18, 2017).
10.10		Separation Agreement, dated as of May 11,2017, by and among ASV Holdings, Inc. (as successor-in-interest to A.S.V., LLC), Terex Corporation and Manitex International, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 18, 2017).
10.11		Subsidy Agreement, dated March 12, 2015, by and between the Company and Terex Financial Services, Inc. (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).
10.12		Registration Rights Agreement, dated as of May 17, 2017, by and among ASV Holdings, Inc., A.S.V. Holding, LLC and Manitex International, Inc. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on May 18, 2017).
10.13		Credit Agreement, dated December 19, 2014, by and among the Company, Loegering Mfg. Inc., Garrison Capital Inc., Garrison Loan Holdings LLC, Garrison Funding 2013-2 Ltd., Garrison Funding 2015-2 LP, CM Finance SPV Ltd., and Garrison Loan Agency Services LLC (incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).
10.14		First Amendment, dated March 15, 2016, to Credit Agreement, dated December 19, 2014, by and among the Company, Manitex International, Inc., ASV Holding, LLC, Garrison Funding 2013-2 Ltd., Garrison Middle Market II LP, GMMF Loan Holdings LLC, CM Finance SPV Ltd., and Garrison Loan Agency Services LLC (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).
10.15		Credit Agreement, dated December 19, 2014, by and among the Company, Loegering Mfg. Inc., and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).

10.16	Amendment No. 1 to Credit Agreement, dated October 6, 2015, by and among the Company, Manitex International, Inc., ASV Holding, LLC, and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).
10.17	Amendment No. 2 to Credit Agreement, dated March 15, 2016, by and among the Company, Manitex International, Inc., ASV Holding, LLC, and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).
10.18	Revolving Credit, Term Loan and Security Agreement, dated December 23, 2016, by and among the Company and the lenders named therein (incorporated by reference to Exhibit 10.20 to the Company's Registration Statement on Form S-1 (File No. 333-216912) filed on March 24, 2017).
10.19	First Amendment to Amended and Restated Revolving Credit, Term Loan and Security Agreement, dated as of October 29, 2018 by and among ASV Holdings, Inc., the Loan Parties thereto, the Lenders and PNC Bank, National Association, as agent for the Lenders (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 1, 2018.
10.20*	Second Amendment to the Amended and Restated Revolving Credit, Term Loan and Security Agreement, dated as of March 28, 2019 by and among ASV Holdings, Inc., the Loan Parties thereto, the Lenders and PNC Bank, National Association, as agent for the Lenders.
10.21^ *	Letter Pricing Agreement, dated October 3, 2017, by and between the Company and Caterpillar Inc.
10.22	Distributorship Agreement (Construction-AUS), dated August 20, 2009, by and among the Company, Terex United Kingdom Limited, Terex GmbH, and CEG Distributions Pty Limited (incorporated by reference to Exhibit 10.22 to the Company's Registration Statement on Form S-1/A (File No. 333-216912) filed on April 28, 2017).
10.23	Distribution and Cross Marketing Agreement, dated December 19, 2014, by and among Terex Corporation, Manitex International, Inc. and the Company (as successor-in-interest to A.S.V., Inc.) (incorporated by reference to Exhibit 10.23 to the Company's Registration Statement on Form S-1/A (File No. 333-216912) filed on April 28, 2017).
10.24±	Services Agreement, dated December 19, 2014, by and between Terex Corporation and the Company (as successor-in-interest to A.S.V., Inc.) (incorporated by reference to Exhibit 10.24 to the Company's Registration Statement on Form S-1/A (File No. 333-216912) filed on April 28, 2017).
10.25	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.25 to the Company's Registration Statement on Form S-1/A (File No. 333-216912) filed on April 26, 2017).
10.26	First Amendment to Revolving Credit, Term Loan and Security Agreement and Consent, dated April 25, 2017 (incorporated by reference to Exhibit 10.26 to the Company's Registration Statement on Form S-1/A (File No. 333-216912) filed on April 26, 2017).
10.27	Second Amendment, dated as of October 5, 2017, to Revolving Credit, Term Loan and Security Agreement and Consent dated as of December 23, 2016 among ASV Holdings, Inc. (as successor-in-interest to A.S.V., LLC), the Loan Parties thereto, the Lenders and PNC Bank, National Association, as agent for Lenders (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 10, 2017).
10.28	Amended and Restated Revolving Credit, Term Loan and Security Agreement dated as of December 27, 2017 among ASV Holdings, Inc., the Loan Parties thereto, the Lenders and PNC Bank, National Association, as agent for Lenders (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 28, 2017).
23.1*	Consent of Independent Registered Public Accounting Firm (BDO USA, LLP).
23.2*	Consent of Independent Registered Public Accounting Firm (UHY LLP).
24.1*	Powers of Attorney (included on signature page)
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
01.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

\+ Management contract or compensatory plan.

^ Confidential treatment has been sought regarding the agreement.

± Confidential treatment has been granted as to portions of this exhibit.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

Company Name

Date: March 29, 2019

By: /s/ Andrew M. Rooke
Andrew M. Rooke
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew M. Rooke and Melissa How, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution for him or her, and in his or her name in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and any of them or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ Andrew M. Rooke **Andrew M. Rooke**	Chief Executive Officer, Director *(Principal Executive Officer)*	March 29, 2019
/s/ Melissa How **Melissa How**	Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 29, 2019
/s/ Brian J. Henry **Brian J. Henry**	Director	March 29, 2019
/s/ Michael A. Lisi **Michael A. Lisi**	Director	March 29, 2019
/s/ Joseph M. Nowicki **Joseph M. Nowicki**	Director	March 29, 2019
/s/ David Rooney **David Rooney**	Director	March 29, 2019

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
ASV Holdings, Inc.
Grand Rapids, Minnesota

Opinion on the Financial Statements

We have audited the accompanying balance sheet of ASV Holdings, Inc. (the “Company”) as of December 31, 2018, the related statements of operations, stockholders’ equity, and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

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

/s/ BDO USA, LLP

BDO USA, LLP
Minneapolis, Minnesota
March 29, 2019

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of ASV Holdings, Inc.,

Opinion on the Financial Statements
We have audited the accompanying balance sheets of ASV Holdings, Inc. (the "Company") as of December 31, 2017, and the related statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes (collectively, the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We served as the Company's auditor from 2015 through May 2018.

/s/ UHY LLP
UHY LLP
Sterling Heights, Michigan
March 29, 2019

ASV HOLDINGS, INC.
BALANCE SHEETS
(In thousands, except par value)

	December 31, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS		
Cash	$ 2	$ 3
Accounts receivable, net	18,462	18,276
Receivables from affiliates	7	76
Income tax receivable	840	—
Inventory, net	34,055	26,691
Prepaid income tax	43	896
Prepaid expenses and other	593	591
Total current assets	54,002	46,533
Property, plant and equipment, net	12,662	13,797
Intangible assets, net	20,730	23,277
Goodwill	—	30,579
Other long-term assets	237	311
Deferred tax asset	—	624
Total assets	$ 87,631	$ 115,121
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Note payable - current portion	$ 2,991	$ 2,000
Trade accounts payable	18,834	15,174
Payables to affiliates	480	1,063
Accrued compensation and benefits	1,394	1,483
Accrued warranties	1,584	1,869
Accrued product liability	—	778
Accrued other current liabilities	1,405	1,039
Total current liabilities	26,688	23,406
Revolving loan facility	16,026	12,511
Note payable - long term, net	10,159	12,664
Other long-term liabilities	727	739
Total liabilities	53,600	49,320
Commitments and Contingencies (Note 12)		
STOCKHOLDERS' EQUITY		
Preferred stock, $0.001 par value, 5,000 authorized, none outstanding at December 31, 2018 and December 31, 2017, respectively	—	—
Common stock, $0.001 par value, 50,000 authorized, 9,851 and 9,806 shares issued and outstanding at December 31, 2018 and December 31, 2017, respectively	10	10
Additional paid-in capital	65,794	65,434
(Accumulated deficit) Retained Earnings	(31,773)	357
Total Stockholders' Equity	34,031	65,801
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 87,631	$ 115,121

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

ASV HOLDINGS, INC.
STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	For the Year Ended December 31, 2018		For the Year Ended December 31, 2017	
Net sales	$	127,580	$	123,340
Cost of goods sold		112,348		104,698
Gross profit		15,232		18,642
Research and development costs		1,896		2,070
Selling, general and administrative expense		12,252		11,450
Loss on impairment of goodwill		30,579		—
Operating (loss) income		(29,495)		5,122
Other income (expense)				
Interest expense		(1,946)		(3,034)
Loss on debt extinguishment		—		(989)
Other income		9		2
Total other expense		(1,937)		(4,021)
(Loss) income before income taxes		(31,432)		1,101
Income tax expense (benefit)		698		(608)
Net (loss) income	$	(32,130)	$	1,709
Earnings per share:				
Basic net (loss) income per share of common stock	$	(3.27)	$	0.19
Diluted net (loss) income per share of common stock	$	(3.27)	$	0.19
Weighted average common shares outstanding:				
Basic weighted average common shares outstanding		9,828		9,125
Diluted weighted average common shares outstanding		9,828		9,125

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

ASV HOLDINGS, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except per share data)

	Common Stock Shares	Common Stock Amounts	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
Balances, January 1, 2017	$ 8,000	8	$ 54,779	$ (1,352)	$ 53,435
Initial Public Stock Offering	1,800	2	10,403	-	10,405
Stock-based compensation expense	-	-	277	-	277
Employee 2017 incentive plan grant	9	-	-	-	-
Repurchase to satisfy withholding and cancelled	(3)	-	(25)	-	(25)
Net income	-	-	-	1,709	1,709
Balances, December 31, 2017	9,806	10	65,434	357	65,801
Stock-based compensation expense	-	-	455	-	455
Incentive plan grant	63	-	-	-	-
Repurchase to satisfy withholding and cancelled	(18)	-	(95)	-	(95)
Net loss	-	-	-	(32,130)	(32,130)
Balances, December 31, 2018	$ 9,851	10	$ 65,794	$ (31,773)	$ 34,031

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

ASV HOLDINGS, INC.
STATEMENTS OF CASH FLOWS
(in thousands)

	For the Year Ended December 31, 2018	2017
OPERATING ACTIVITIES		
Net (loss) income	$ (32,130)	$ 1,709
Adjustments to reconcile to net (loss) income to net cash provided by operating activities:		
Depreciation	2,303	2,263
Amortization	2,547	2,547
Share-based compensation	498	353
Deferred income tax (benefit)	624	(624)
Loss on disposal of fixed assets	7	57
Amortization of deferred finance cost	142	212
Loss on debt extinguishment	—	989
Loss on impairment of goodwill	30,579	—
Prepayments and other fees incurred in debt extinguishment	—	(364)
Bad debt expense	27	14
Inventory reserves	1,112	544
Changes in operating assets and liabilities		
Accounts receivable	(213)	(4,687)
Net accounts receivable from/payable to affiliates	(514)	102
Income tax receivable	(840)	—
Other long-term assets	—	(13)
Inventory	(8,662)	3,494
Prepaid income tax	853	(896)
Prepaid expenses	(2)	(53)
Trade accounts payable	3,660	3,198
Accrued expenses	(829)	(1,288)
Other long-term liabilities	(12)	(34)
Net cash (used in) provided by operating activities	(850)	7,523
INVESTING ACTIVITIES		
Purchase of property and equipment	(989)	(548)
Net cash (used in) investing activities	(989)	(548)
FINANCING ACTIVITIES		
Principal payments on term debt	(2,007)	(1,075)
Repayment of existing debt	—	(28,924)
Borrowings on new term debt	425	15,000
Debt issuance costs incurred	—	(366)
Shares repurchased for income tax withholding on share-based compensation	(95)	(25)
Proceeds from issuance of common stock, net of offering costs	—	10,405
Net proceeds (payments) on revolving credit facilities	3,515	(3,094)
Net cash provided by (used in) financing activities	1,838	(8,079)
NET CHANGE IN CASH	(1)	(1,104)
Cash at beginning of period	3	1,107
Cash at end of period	$ 2	$ 3

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

Note 1. Business Description

Nature of Operations

ASV Holdings, Inc. (the "Company" or "ASV") primarily designs, manufactures and markets compact track loaders and skid steer loaders as well as related parts for use primarily in the construction, landscaping, and agricultural industries. The Company's headquarters and manufacturing facility is located in Grand Rapids, Minnesota. Products are marketed and sold in North America, Australia, New Zealand and Latin America.

Initial Public Offering

On May 17, 2017, the Company completed its underwritten initial public offering ("IPO") of 3,800 shares of the Company's common stock, including 1,800 shares sold by the Company and 2,000 shares sold by Manitex International, Inc. ("Manitex"), at a price to the public of $7.00 per share. After underwriting discounts and commissions and offering expenses payable by the Company, the Company received net proceeds of $10,405 from the offering. The Company did not receive any proceeds from the sale of shares by Manitex.

On May 23, 2017, the underwriters exercised their over-allotment option in full by purchasing an additional 570 shares of the Company's common stock from A.S.V. Holding, LLC, a selling stockholder in the IPO and subsidiary of Terex Corporation ("Terex"), at the IPO price of $7.00 per share, less underwriting discounts and commissions. The Company did not receive any proceeds from the sale of the shares by A.S.V. Holding, LLC.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States, which require the Company to make estimates, judgments and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses and related disclosures and contingencies. The Company evaluates estimates used in preparation of the accompanying financial statements on a continual basis. The Company bases estimates on historical experience and on other various assumptions believed to be reasonable under the circumstances. Such estimates are established using consistent reasonable and appropriate methods. Accordingly, actual results could differ from the estimates used by management.

Recent Accounting Pronouncements

Recent accounting pronouncements are described in Note 16, "Recent Accounting Pronouncements."

Cash

The Company considers all short-term securities purchased with maturity dates of three months or less to be cash. The Company from time to time during the years covered by these financial statements may have bank balances in excess of its insured limits. Management has deemed this a normal business risk. At December 31, 2018 and 2017, respectively the Company had classified $1,969 and $1,605 of checks issued in excess of bank balances as accounts payable.

Restricted Cash

Certain of the Company's lending arrangements require the Company to post cash collateral or maintain minimum cash balances in escrow. These cash amounts are reported as current assets on the balance sheets based on when the cash will be contractually released. There was no restricted cash at December 31, 2018 and 2017, respectively.

Fair Value of Financial Instruments

The carrying amounts reported in the consolidated balance sheets as of December 31, 2018 and 2017 for cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short-term nature of these instruments (Level I). The

carrying value of the Company’s long-term debt with variable interest rates approximates fair value based on instruments with similar terms (Level II).
The Company has adopted ASC 820, Fair Value Measurements, which defines fair value, establishes a framework for assets and liabilities being measured and reported at fair value and appends disclosures about fair value measurements.
For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. A three-level fair value hierarchy prioritizes the inputs used to measure fair value as follows:

Level I: quoted prices in active markets for identical instruments;
Level II: quoted prices in active markets for similar instruments, quoted prices for identical instruments in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the instrument; and
Level III: significant inputs to the valuation model are unobservable.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined principally by the first-in, first-out (“FIFO”) method. Labor and overhead is applied to work-in-process and finished goods as appropriate. In valuing inventory, management is required to make assumptions regarding the level of reserves required to value potentially obsolete or over-valued items at the lower of cost or net realizable value. These assumptions require the Company to analyze the aging of and forecasted demand for its inventory, forecast future products sales prices, pricing trends and margins, and to make judgments and estimates regarding obsolete or excess inventory. The valuation of used equipment taken in trade from customers requires the Company to use the best information available to determine the value of the equipment to potential customers. Inventory reserves are established taking into account age, frequency of use, or sale, and in the case of repair parts the installed base of machines. The Company makes adjustments to its inventory reserve based on the identification of specific situations and increases its inventory reserves accordingly.

The establishment of a reserve for lower of cost or net realizable value, excess and obsolete inventory establishes a new cost basis in the inventory. Such reserves are not reduced until the product is sold or disposed.

Intangible Assets

Intangible assets include patented and unpatented technology, trade names and trademarks, and customer relationships and are amortized on a straight-line basis over the period of expected benefit, which range from ten to twenty-five years.

Technology: The Company holds a number of U.S. patents covering its undercarriage technology. The key patent related to the Company’s Posi-Track undercarriage and suspension expires in 2023. The average estimated useful life for the Company’s patents is ten years, but useful life is determined in part by any legal, regulatory or contractual provisions that limit useful life.

Goodwill

Goodwill, representing the difference between the total purchase price and the fair value of assets (tangible and intangible) and liabilities at the date of acquisition, is reviewed for impairment annually, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets exceed their fair value. Adverse industry or economic trends, lower projections of profitability, or a substantial decline in our market capitalization, among other items, may be indicators of potential impairment issues, which are triggering events requiring testing of an asset’s carrying value for recoverability. Annual impairment tests are performed by the Company in the fourth quarter of each year using information available as of October 1. These tests resulted in an estimated excess fair value over carrying value. Subsequent to October 1, 2018, our stock price declined significantly and we experienced a significant decline in revenue as a result of delays in engine supply from certain vendors, which persisted into the first quarter of 2019. As a result, we concluded, that in the fourth quarter of 2018, that it was more likely than not that the fair value of our business had declined below the carrying value and that goodwill was impaired. We completed an impairment test on December 31, 2018 and concluded that all of our $30,579 goodwill was impaired.

The Company concluded there was no impairment of goodwill as of the annual impairment test date in 2018 or 2017.

Deferred Financing Costs

Deferred financing costs represent the costs incurred in connection with obtaining debt financing. The Company amortizes deferred financing costs in interest expense using the effective interest method over the term of the related debt instrument. The Company records the deferred financing costs related to their term debt as a direct reduction from the carrying amount of that debt liability on the Company's balance sheet. Deferred financing costs associated with revolving credit lines are included as a non-current asset on the Company's balance sheet. As of December 31, 2018 and 2017, the Company has net deferred financing costs of $492 and $634, respectively. Amortization expense associated with the capitalized deferred financing costs for the years endedDecember 31, 2018 and 2017 was $142 and $212, respectively.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Expenditures for major repairs and improvements are capitalized to the extent they extend the useful life of the asset.

Expenditures for routine maintenance and repairs not expected to extend the life of an asset beyond its normal useful life are charged to expense when incurred. Plant and equipment are depreciated over the estimated useful lives (three to twenty-one years) of the assets under the straight-line method of depreciation for financial reporting purposes.

Impairment of Long-Lived Assets

The Company's policy is to assess the recoverability of long-lived assets, including definite-lived intangible assets, and to evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (or group of assets) may not be recoverable. Impairment is determined to exist if the estimated future undiscounted cash flows are less than the carrying value. Future cash flow projections include assumptions for future sales and working capital levels, among others. The Company uses data developed by management as well as macroeconomic data in making these calculations. The amount of any impairment then recognized would be calculated as the difference between estimated fair value and the carrying value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying value or fair value less cost to dispose. The Company concluded there was no triggering events or impairment test of long-lived assets in 2017. In the fourth quarter of 2018 we concluded that a triggering event had occurred, resulting in an impairment of our goodwill. We completed an impairment test of our long-lived assets and concluded that there was no impairment of long-lived assets as of December 31, 2018.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company determines the allowance based on individual customer review and current economic conditions. The Company reviews its allowance for doubtful accounts at least quarterly. Individual balances exceeding a threshold amount that are over 90 days past due are reviewed individually for collectability. All other balances are reviewed on a pooled basis by type of receivable. Account balances are charged off against the allowance when the Company determines it is probable the receivable will not be recovered.

The balance of the allowance for doubtful accounts was $109 and $82 at December 31, 2018 and 2017, respectively.

Revenue Recognition

The Company's revenues result from the sale of goods or services and reflect the consideration to which the Company expects to be entitled. The Company records revenue based on a five-step model in accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). For its customer contracts, the Company identifies the performance obligations (goods or services), determines the transaction price, allocates the contract transaction price to the performance obligations, and recognizes the revenue when (or as) the performance obligation is satisfied. A good or service is transferred when the customer obtains control of that good or service. The Company principally generates revenue from the sale of equipment and parts to dealers, distributors and Original Equipment Manufacturer ("OEM") customers and recognizes revenue at a point in time when control transfers. The Company recognizes revenue for each distinct good or service when control of the good or service has transferred to the customer. Transfer of control is generally determined based on the shipping terms of the contract, with most of our sales recognized F.O.B. shipping point, as that is the time we have a present right to payment, the customer takes possession of the goods, and the customer has the risks and reward of ownership. For most of our contracts, the customer takes legal title upon shipment; however, under the terms of our contract with certain international distributors, title does not transfer until we are paid for the goods. We retain title solely to maintain a security interest in the assets and have concluded that such right is protective in nature and that control transfers at the time of shipment based on the other control indicators. Generally, there is no-post shipment obligation on product sold other than standard assurance-type warranty obligations in the normal and ordinary course of business, typically a twelve to eighteen-month warranty period. Payment terms range from 0-60 days for domestic sales and 0-180 days for international sales.

Provisions for sales program incentives (such as wholesale subsidies, retail subsidies and customer cash), product returns, and discounts and allowances are variable consideration and are accounted for as a reduction of revenue and establishment of a liability (or contra asset receivable as appropriate) using the expected value method. The Company considers historical data in determining its best estimates of variable consideration. These estimates are reviewed regularly for appropriateness, considering also whether the estimates should be constrained in order to avoid a significant reversal of revenue recognition in a future period. Typically, all qualifying machine sales to distributors or dealers provide for program incentives that are accrued at the time of sales. The Company reduced revenue by $5,520 during the year ended December 31, 2018. The Company has accrued $1,050 for program incentives as of December 31, 2018. If updated information or actual amounts are different from previous estimates of variable consideration, the revisions are included in the results for the period in which they become known through a cumulative effect adjustment to revenue. In addition, the Company's contracts with customers generally do not include significant financing components or noncash consideration. The Company expenses incremental costs of obtaining a contract (primarily sales commissions) as selling, general and administrative expense in the Condensed Statements of Operations, because the amortization period would be less than one year.

The Company disaggregates revenue from contracts with customers by geographic location and major customer (see Concentrations of Business and Credit Risk) as we believe this best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

Shipping and Handling Costs

The Company records the amount of shipping and handling costs billed to customers as revenue and has elected as its policy to treat these services as a fulfillment activity. The costs incurred for shipping and handling have been included as cost of goods sold on the statements of operations.

Accrued Warranties

The Company records accruals for potential warranty claims based on its claim experience. The Company's products are typically sold with a standard warranty covering defects that arise during a fixed period.

A liability for estimated warranty claims is accrued at the time of sale. The liability is established using historical warranty claim experience for each product sold. Historical claim experience may be adjusted for known design improvements or for the impact of unusual product quality issues. Warranty reserves are reviewed quarterly to ensure critical assumptions are updated for known events that may affect the potential warranty liability.

Litigation Claims

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

Research and Development Costs

Research and development costs are expensed as incurred. Such costs are incurred in the development of new products or significant improvements to existing products.

Net Earnings Per Share

Net earnings per share is calculated by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that the Company believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Companydetermines that the Company would be able to realize our deferred taxes in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The Company recognizes interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying statement of operations. Accrued interest and penalties would be included on the related tax liability line in the balance sheet.

Concentrations of Business and Credit Risk

Caterpillar Inc., an OEM customer, and CEG Distributions PTY Ltd., the Company's Australian master distributor, accounted for 28% and 32% of the Company's Net Sales for the year ended December 31, 2018 and 2017, respectively, as well as 71% and 63% of the Company's Accounts Receivable at December 31, 2018 and 2017, respectively.

Sales by major customer consisted of the following for the year ended December 31, 2018 and 2017:

	For the Year Ended December 31, 2018		For the Year Ended December 31, 2017	
	Percent of Total	Amount	Percent of Total	Amount
Caterpillar	14%	$ 17,911	18%	$ 22,275
CEG Distributions PTY Ltd.	14%	18,224	14%	17,775
Other	72%	91,445	68%	83,290
Total	100%	$ 127,580	100%	$ 123,340

Any disruptions to these two customer relationships could have adverse effects on the Company's financial results. The Company manages dealer and OEM concentration risk by evaluating in advance the financial condition and creditworthiness of its dealers and OEM customers. The Company establishes an allowance for doubtful accounts receivable, if needed, based upon expected collectability. Any reserves established for doubtful accounts is reevaluated on a case-by-case basis when it is believed the payment of specific amounts owed to us is unlikely to occur. The Company has secured a credit insurance policy for certain accounts with a policy limit of liability of not more than $8,600.

Note 3. Inventory

Inventory consisted of the following as of December 31, 2018 and December 31, 2017:

	December 31, 2018	December 31, 2017
Raw materials and supplies	$ 20,897	$ 16,757
Work in process	36	98
Finished equipment and replacement parts	13,122	9,836
	$ 34,055	$ 26,691

Note 4. Property, Plant and Equipment

Property, plant and equipment, net consisted of the following:

	December 31, 2018	December 31, 2017
Land	$ 420	$ 420
Buildings	9,898	9,788
Machinery and equipment	10,151	9,475
Construction in progress	504	318
	20,973	20,001
Less: accumulated depreciation	(8,311)	(6,204)
Property, plant and equipment, net	$ 12,662	$ 13,797

Depreciation expense was $2,117 and $2,096 for the years ended December 31, 2018 and 2017, respectively.

Note 5. Goodwill and Intangible Assets, Net

Goodwill

Goodwill represents the excess of the cost of businesses acquired over the fair market value of identifiable net assets at the dates of acquisition. The following table summarizes the Company's goodwill as of December 31, 2018.

	Total Goodwill
Balance at January 1, 2018	$ 30,579
Impairment charge	(30,579)
Balance at December 31, 2018	$ -

The Company conducts its evaluation of goodwill at the reporting unit level on an annual basis as of October 1 and more frequently if events or circumstances indicate that the carrying value of a reporting unit exceeds its fair value. All of the Company's operations are in one reporting unit.

As of October 1, 2018, our equity market capitalization was approximately $49,000 compared to our carrying value of equity of $66,700. We also considered that our stock had traded as high as $8.13 per share on August 6, 2018 and that due to the historical volume activity that the market conditions as of October 1, 2018 were only one indication of the fair value of the Company's stock. In performing the impairment test, we determined the fair value of our single reporting unit using an average of the income and market approaches. Under the income approach, we estimated fair value based on a discounted cash flow model using a 16.5% discount rate determined by management to be commensurate with the risk inherent in our current business model. A long-term cash flow growth rate of 3% was used to determine the terminal value. Under the market approach, we calculated our fair value using selected enterprise value to EBITDA pricing multiples based on observations of the pricing multiples for identified comparable publicly traded companies. Management's evaluation resulted in an implied enterprise value control premium of 35.7% to our capital markets indicated enterprise value, and the conclusions did not result in an impairment of goodwill at that time.

In the fourth quarter of 2018, our common stock price experienced a sustained decline resulting in a diminished market capitalization. The common stock fell to a low of $2.00 per share on December 31, 2018 and had an average closing price of $2.85 per share from the date following the 2018 third quarter's earnings release through December 31, 2018. On December 31, 2018, our equity market capitalization was approximately $19,700 compared to our carrying value of equity of $65,700. Over the same time period, the market capitalizations of peer group companies and the overall U.S. stock market declined, but not as severely. Based upon our declining market capitalization and shortfall from financial targets resulting from engine supply constraints and the impact of tariffs on imports, we concluded that a triggering event had occurred and proceeded with an interim goodwill impairment test as of December 31, 2018. In performing the impairment test, we determined the fair value of our single reporting unit using an average of the income and market approaches. Under the income approach, we estimated fair value based on a discounted cash flow model using a 21.5% discount rate determined by management to be commensurate with the risk inherent in our current business model. A long-term cash flow growth rate of 3% was used to determine the terminal value. Under the market approach, selected enterprise value of EBITDA pricing multiples based on observations of the pricing multiples for identified comparable publicly traded companies. Management's evaluation resulted in an implied enterprise value control premium of 29.1%. Based upon our fair value conclusions, which contemplated the financial forecasts and market capitalization as of December 31, 2018, we recorded a $30,579 non-cash goodwill impairment charge on December 31, 2018, which was reflected as a loss on impairment of goodwill in the Statement of Operations. The goodwill impairment charge did not adversely affect our cash flow, liquidity or compliance with financial covenants.

Intangible Assets, net

Intangible assets, net comprised the following as of December 31, 2018:

	Weighted Average Life (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents and unpatented technology	10	$ 8,000	$ (3,227)	$ 4,773
Tradenames and trademarks	25	7,000	(1,128)	5,872
Customer relationships	11	16,000	(5,915)	10,085
	12	$ 31,000	$ (10,270)	$ 20,730

Intangible assets, net comprised the following as of December 31, 2017:

	Weighted Average Life (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents and unpatented technology	10	$ 8,000	$ (2,427)	$ 5,573
Tradenames and trademarks	25	7,000	(848)	6,152
Customer relationships	11	16,000	(4,448)	11,552
	12	$ 31,000	$ (7,723)	$ 23,277

Amortization of intangible assets for the years ended December 31, 2018 and 2017 was $2,547 and $2,547, respectively.

Estimated aggregate intangible asset amortization expense for the next five years and thereafter is as follows:

2019	2,547
2020	2,547
2021	2,547
2022	2,547
2023	2,547
Thereafter	7,995

Note 6. Accrued Warranties

The following table provides the changes in the Company's product warranties for the years ended December 31, 2018 and 2017:

	2018	2017
Balance as January 1	$ 1,869	$ 1,870
Accruals for warranties issued during the period	1,038	1,220
Warranty services provided	(1,235)	(1,105)
Changes in estimates	(88)	(116)
Balance as of December 31	$ 1,584	$ 1,869

Note 7. Accrued Other Current Liabilities

Accrued other current liabilities consist mainly of worker's compensation, accrued subsidies and programs, accrued legal, and accrued interest. Balances as of year ended December 31, 2018 and 2017 were $1,405 and $1,039, respectively.

Note 8. Retirement Plans

The Company has established a 401(k) plan to provide retirement benefits to eligible executive officers and employees. Employees may enter the plan after they have been employed by the Company for at least thirty days. Under the plan, the Company contributes a matching contribution of 100% of the first 4% of eligible compensation for each plan participant.

The Company sponsors a nonqualified Supplemental Executive Retirement Plan ("SERP") for a former senior executive. The SERP is unfunded. The Companyaccounts for this plan pursuant to ASC 710, "Compensation – General." This guidance requires balance sheet recognition of the overfunded or underfunded status of the defined benefit plan. Actuarial gains and losses, prior service costs or credits, and any remaining transition assets or obligations that have not been recognized under previous accounting guidance must be recognized in the Statement of Operations. The defined benefit obligation for this plan as of December 31, 2018 is $766, of which, $64 and $702 is reflected in "Accrued Other Current Liabilities" and "Other Long-Term Liabilities," respectively, on the balance sheet. The balance at December 31, 2017 was $803, of which, $64 and $739 was reflected in the "Accrued Other" and "Other Long-Term Liabi lities," respectively. The Company expects to make annual benefit payments of $65 per year over the next five years.

Note 9. Debt

Loan Facilities

On December 23, 2016, the Company 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 (the "Credit Agreement'). The facility consisted of a $35,000 revolving credit facility (which was 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. A total of $46,700 was drawn by the Company at closing of the Credit Agreement.

On December 27, 2017 the Company entered into an amended and restated credit agreement with PNC, and another lender (the "Lenders") to provide a $50 million, 5-year credit facility (the "Amended and Restated Credit Agreement"). The facility consists of a $35 million revolving credit facility (which is subject to availability based primarily on eligible accounts receivables and eligible inventory), and a term loan facility of $15 million. At the closing of the Amended and Restated Credit Agreement, the Company had outstanding borrowings under it of approximately $28.4 million, consisting of $18.7 million in new borrowings and approximately $9.7 million which was carried over from the Company's previously-outstanding revolving credit facility.

On October 29, 2018, the Company entered into a First Amendment (the "First Amendment") to the Amended and Restated Credit Agreement. The principal modifications to the Amended and Restated Credit Agreement resulting from the First Amendment were as follows: (i) a revision to one of the components of the "EBITDA" definition permitting extraordinary gains and losses in an amount not to exceed $1 million for any trailing twelve month period, (ii) a revision allowing for an increase in ineligible insured foreign receivables for a specific customer, (iii) a revision to the term loan requiring the Company not to exceed a leverage ratio of 4.00 to 1.00, which shall step down to 2.25 to 1.00 by September 30, 2020, as well as certain other immaterial changes consistent with provisions in similar agreements.

On March 28, 2019, the Company entered into a Second Amendment (the "Second Amendment") to the Amended and Restated Credit Agreement with PNC Bank, National Association, as administrative agent ("PNC"). The principal modification to the Amended and Restated Credit Agreement resulting from the Second Amendment replaces the maximum leverage ratio requirements for 2019 with a minimum EBITDA covenant and beginning in March of 2020, removes the minimum EBITDA covenant and reverts to a leverage ratio requirement of 2.75 to 1.00, which shall step down to 2.25 to 1.00 by September 30, 2020.In addition, the applicable margin for each advance under the credit agreement was increased by 50 basis points for the period from March 28, 2019 until the first business day following receipt by PNC of the Company's certificate of compliance with the applicable leverage ratio for the quarter ended March 31, 2020 and the inventory sub-limit was increased to $18 million.

Revolving Loan Facility with PNC

The Company's $35,000 revolving loan facility with PNC 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 27, 2022.

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) up to 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 December 31, 2018, the maximum the Company could borrow based on available collateral was capped at $24,574.

At December 31, 2018, the Company had drawn $16,026 under the $35,000 revolving loan facility. The Company can opt to pay interest on the revolving credit facility at either a domestic rate plus a spread, or a LIBOR rate plus a spread. The domestic rate spread is initially fixed at 1.00% for revolving loan advances until delivery of certain reporting documents with respect to the fiscal quarter ending March 31, 2018, at which point it ranges from 1.00% to 1.5% depending on the Average Undrawn Availability (as defined in the Amended and Restated Credit Agreement). The LIBOR spread is initially fixed at 2.00% for revolving loan advances until delivery of the same reporting documents, at which point it ranges from 2.00% to 2.50% depending on the Average Undrawn Availability. Funds borrowed under the LIBOR op tions can set the borrowing rate for periods of one, two, or three months. The weighted average interest rate for the period ending December 31, 2018 was 4.8%. Additionally, the bank assesses a 0.25% unused line fee that is payable quarterly.

Term Loan A with PNC

On December 23, 2016, the Company entered into an $8,500 term loan ("Term Loan A") facility, with PNC as the administrative agent.

The Company repaid this facility on May 18, 2017.

The Company also incurred a loss on extinguishment of this debt totaling $83 associated with the payoff of this term loan with IPO proceeds.

Term Loan B with White Oak

On December 23, 2016, the Company entered into a $21,500 term loan ("Term Loan B") facility, with White Oak as the administrative agent.

The Company repaid this facility on December 27, 2017.

The Company incurred a loss on extinguishment of this debt totaling $906 associated with the refinancing of its debt, of which $547 related to the expensing of previously capitalized debt issuance costs and $359 was for prepayment and other fees incurred in debt extinguishment.

Term Loan C with PNC

On December 27, 2017 the Company entered into an $15,000 term loan ("Term Loan C") facility, with PNC as the administrative agent.

At December 31, 2018, the Company had an outstanding balance of $13,000, less $268 debt issuance costs, for net debt of $12,732. The Company can opt to pay interest on the Term Loan C facility at either a domestic rate plus a spread, or a LIBOR rate plus a spread. For term loan advances the domestic rate spread is fixed at 3.75%, and the LIBOR spread is fixed at 4.75%. Funds borrowed under the LIBOR options can set the borrowing rate for periods of one, two, or three months. The weighted average interest rate for the period ending December 31, 2017 was 7.1%.

The Company is obligated to make quarterly principal payments of $500 commencing on January 1, 2018. If the term loan is prepaid in full or in part prior to the maturity date, the Company will be required to pay a prepayment penalty. If paid prior to December 27, 2019 the prepayment penalty will be equal to 2.0% of the prepayment. The prepayment penalty percentage reduces to 1% on or after December 27, 2020, and no penalty if on or after the December 27, 2021. There will be no prepayment obligation in the event that the prepayment of the obligation in full is funded in connection with a refinancing for which PNC is the administrative agent. Any unpaid principal is due on maturity, which is December 27, 2022. Interest is payable monthly beginning on January 1, 2018.

Loan Agreements with State Agencies

In October 2017, the Company entered into two loan agreements with the State of Minnesota related to the establishment of a new parts distribution center in Grand Rapids, Minnesota. The first loan agreement is a $300 loan with a ten-year term at an interest rate of 3%, with loan forgiveness if certain criteria is met. The lender will forgive $150 of principal and all accrued interest should the Company attain and maintain agreed upon employment levels on the fifth anniversary date of the loan (and not otherwise be in default) and will forgive the remaining $150 of principal and all accrued interest should the Company attain and maintain employment levels at the tenth anniversary of the loan. Should the Company not attain or maintain the agreed upon levels of employment, $150 in principal plus accrued interest will be due on the fifth anniversary of the closing date with the remaining balance being due and payable on the due date of the loan. The second loan agreement is a $125 no interest loan with a seventy-five-month term that includes partial forgiveness if certain criteria are met. The lender will forgive up to $50 of the $125 loan should ASV attain and maintain job creation goals and wage level commitments. The zero-interest loan is to be paid back through monthly payments over the term of the loan.

The establishment of the parts distribution center was completed, and loan proceeds disbursed during 2018.

Covenants

The Company's indebtedness is collateralized by substantially all of the Company's assets. The facilities contain customary limitations including, but not limited to, limitations on additional indebtedness, acquisitions, and payment of dividends. The Company is also required to comply with certain financial covenants as defined in the Amended and Restated Credit Agreement. The Company is limited to capital expenditures not to exceed $2,000 in any fiscal year. The revolving credit facility and the term loans require the Company to maintain a Minimum Fixed Charge Coverage ratio of not less than 1.20 to 1.0. Additionally, the term loan requires, as per the First Amendment to the Amended and Restated Credit Agreement, the Company cannot exceed a Leverage Ratio of 4.00 to 1.00 which shall step down to 2.25 to 1.00 by September 30, 2020. The Company was in compliance with all covenants at December 31, 2018.
The following summarizes the contractual principal maturities of long-term debt as of December 31, 2018:

2019	$	2,991
2020		2,012
2021		2,012
2022		5,915
2023		12
Thereafter		208

Note 10. Equity

2017 Equity Incentive Plan

On May 11, 2017, the Company adopted the ASV Holdings, Inc. 2017 Equity Incentive Plan (the "2017 Plan"). The maximum number of shares of common stock reserved for issuance under the 2017 Plan is 1,250 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 the Company's employees or employees of the Company's affiliates are eligible to participate in the 2017 Plan. The 2017 Plan is administered by the compensation committee of the Company's board of directors. The 2017 Plan provides that the committee has the authority to, among other things, select plan participants, determine the type and amount of rewards, determine the award terms, fix all other conditions of any awards, interpret the plan and any plan awards. Under the 2017 Plan, the committee can grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and performance units. The 2017 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.

The Company awarded a total of 10 restricted stock units to directors and non-employees under the 2017 Plan during 2018. The fair value of restricted stock units is based on the price of the stock in the open market on the date of grant. The restricted stock units are subject to the same conditions as the restricted stock awards except the restricted stock units will not have voting rights and the common stock will not be issued until the vesting criteria are satisfied.

The following table contains information regarding restricted stock units:

	December 31, 2018	December 31, 2017
Outstanding on January 1	166	—
Units granted during the period	10	172
Vested and issued, net of repurchases for income tax withholding	(66)	(6)
Forfeited	(33)	—
Outstanding on December 31	77	166

On March 15, 2018, the Company granted an aggregate of 9 restricted stock units to directors pursuant to the 2017 Plan. These restricted stock units were immediately vested.

On March 15, 2018, the Company granted 1 restricted stock unit to a non-employee pursuant to the 2017 Plan. These restricted stock units vest on March 15, 2018, 2019 and 2020, respectively.

The value of the restricted stock is being charged to compensation expense over the requisite service period and the Company has elected to account for forfeitures as the occur. Compensation expense includes expense related to restricted stock units of $498 and $353 for the year ended December 31, 2018 and 2017, respectively. Unrecognized compensation expense related to non-vested restricted stock units was $482 at December 31, 2019 and will be recognized as follows: $301, $178 and $3 for 2019, 2020 and 2021, respectively.

Note 11. Income Tax

On December 22, 2017, the U.S. government enacted comprehensive tax reform commonly referred to as the Tax Cuts and Jobs Act ("TCJA"). Under ASC 740, the effects of changes in tax rates and laws are recognized in the period which the new legislation is enacted. Among other things, the TCJA (1) reduces the U.S. statutory corporate income tax rate from 34% to 21% effective January 1, 2018 (2) eliminates the corporate alternative minimum tax (3) eliminates the Section 199 deduction (4) changes rules related to uses and limitations of net operating loss carryforwards beginning after December 31, 2017.

For the year ended December 31, 2017, the Company recorded a provisional decrease in our deferred tax assets and liabilities with a corresponding net adjustment to deferred income tax expense of $0.3 million for the year ended December 31, 2017.

The Company's benefit for income taxes is comprised of the following:

	2018	2017
Current:		
Federal	$ -	$ -
State and local	74	16
Total current provision (benefit)	74	16
Deferred:		
Federal	487	(564)
State and local	137	(60)
Total deferred provision (benefit)	624	(624)
Total provision (benefit)	$ 698	$ (608)

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

	2018	2017
Deferred tax assets:		
Net operating losses	$ 271	$ 74
Amortization of intangible assets	379	278
Share-based compensation	94	77
Inventory	833	515
Accruals and reserves	128	326
Tax credits	238	74
Amortization of goodwill	1,993	—
Total deferred tax assets before valuation allowance	3,936	1,344
Less Valuation Allowance	(3,742)	—
Total deferred tax assets, net of valuation allowance	194	1,344
Deferred tax liabilities:		
Amortization of goodwill	$ -	$ (466)
Fixed assets	(194)	(254)
Total deferred tax liabilities	(194)	(720)
Net deferred tax assets	$ -	$ 624

In assessing the Company's ability to recover its deferred tax assets, the Company evaluated whether it is more likely than not that some portion or the entire deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in those periods in which temporary differences become deductible and/or net operating losses can be utilized. The Company considered all positive and negative evidence when determining the amount of the net deferred tax assets that are more likely than not to be realized. This evidence includes, but is not limited to, historical earnings, scheduled reversal of taxable temporary differences, tax planning strategies and projected future taxable income. Based on cumulative losses in recent years, the Company has concluded that its net deferred tax assets are not realizable on a more-likely-than-not basis as of December 31, 2018.

As of December 31, 2018, the Company had federal net operating loss carryforwards of approximately $0.9 million of which $0.6 million are set to expire in 2037 if not utilized. The remaining balance of $0.3 million may be carried forward indefinitely but are only available to offset 80% of future taxable income. The Company also had approximately $0.2 million of research and development tax credits which expire in varying amounts beginning in 2037 through 2038.

The Company's effective tax rate differs from the U.S. federal statutory income tax rate as follows:

	2018	2017
Income tax expense (benefit) at federal statutory rate	21.0%	34.0%
Partnership income not subject to tax	—	(17.2%)
Other permanent items	0.0%	0.4%
Goodwill impairment	(12.8%)	—
State and local taxes	0.7%	(2.4%)
State tax law changes	—	—
Deferred tax adjustment	0.5%	—
Change in entity tax status	—	(93.2%)
Federal tax reform	—	25.4%
Other	—	—
Valuation allowance	(11.9%)	—
R&D tax credits	0.3%	(2.3%)
Effective tax rate	(2.2%)	(55.3%)

The Company applies the applicable authoritative guidance which prescribes a comprehensive model for the manner in which a company should recognize, measure, present and disclose in its financial statements all material uncertain tax positions that the Company has taken or expects to take on a tax return. As of December 31, 2018, the Company has no uncertain tax positions. There are no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within twelve months from December 31, 2018.

The Company files a federal income tax return and income tax returns in various state tax jurisdictions. The earliest years' tax returns filed by the Company that are still subject to examination by authorities in the major tax jurisdictions are as follows:

Federal	Illinois	Minnesota	North Carolina
2017	2017	2017	2017

Note 12. Commitments and Contingencies

The Company is involved in various legal proceedings, including product liability, general liability, workers' compensation liability, and employment litigation, which have arisen in the normal course of operations. The Company is insured for product liability, general liability, workers' compensation, employer's liability, property damage and other insurable risk required by law or contract, with retained liability or deductibles. The Company has recorded and maintains an estimated liability in the amount of management's estimate of the Company's aggregate exposure for such retained liabilities and deductibles. For such retained liabilities and deductibles, the Company determines its exposure based on probable loss estimations, which requires such losses to be both probable and the amount or range of probable loss to be estimable. The Company believes it has made appropriate and adequate reserves and accruals for its current contingencies.

The product liability case Jones v. Terex Corp, et. al., an agreement of $1,600 was reached in March 2017. The Company agreed to pay $200 within 14 days of full execution of settlement agreement, followed thereafter by monthly payments in the amount of $82 per month for 17 months. Settlement for $53 was reached with co-plaintiff, Kerch, in June 2017.

Purchase Commitments
As of December 31, 2018 and 2017, the Company has open purchase orders of approximately $26,070 and $21,077, respectively. Purchase obligation include non-cancellable and cancellable commitments. In certain cases, cancellable commitments contain penalty provisions for cancellation.

Operating Leases
The Company's leasing operations consist principally of the leasing of real estate, office equipment and vehicles under operating leases that expire over the next one to seventeen years.

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2018:

2019	$	252
2020		236
2021		221
2022		221
2023		170
Subsequent to 2023		160
Total	$	1,260

Total rent expense for the year ended December 31, 2018 and 2017 was $355 and $137, respectively.

Note 13. Related Party

Effective December 19, 2014, the Company entered into a Distribution and Cross Marketing Agreement with Terex and Manitex (the "Terex Cross Marketing Agreement") that set forth the terms under which the Company would manufacture and sell ASV products, certain services Terex would provide in assisting in the sales and marketing of ASV products and the costs to be paid by the Company in exchange for such services. The Terex Cross Marketing Agreement defined dealers and customers to which, and territories for which, Terex would have the exclusive right on behalf of the Company to market and sell Terex-branded ASV products. The Terex Cross Marketing Agreement defined the compensation to Terex for its machine sales selling expense, part sales selling expense and general and administrative costs associated with such sales. In addition, for the provision of marketing services by Terex, the

Company would pay an annual fee of $250, subject to annual escalation of 3% plus 0.2% of net incremental sales. Unless terminated, the term of the Terex Cross Marketing Agreement was five years, and the parties could agree to renew for additional one-year terms. The Company expensed $319 and $1,185 for the year ended December 31, 2018 and 2017, respectively, under the Terex Cross Marketing Agreement.

Effective December 19, 2014, the Company entered into a Services Agreement with Terex (the "Terex Services Agreement") that set forth the terms under which Terex would provide certain services to the Company and the Company retained access to certain services provided by Terex and the compensation related thereto. The scope of the Terex Services Agreement covered amongst other items, temporary transition services arising from the transfer of majority ownership to Manitex, third party logistics services for parts fulfillment, warranty and field service and information technology ("IT") services for both transitional and ongoing services. Unless terminated, the term of the Terex Services Agreement was specific to each service provided, and the parties could agree to renew for additional one-year terms. The Company expensed $175 and $1,261 for the year ended December 31, 2018 and 2017, respectively, under the Terex Services Agreement.

Effective March 27, 2017, the Company entered into a Winddown and Termination of Distribution and Cross Marketing Agreement and Services Agreement with Terex and Manitex (the "Winddown Agreement"). Pursuant to the Winddown Agreement, Terex continued to provide certain services to the Company following the completion of the IPO under the Terex Cross Marketing Agreement and the Terex Services Agreement, including parts sales, shipment and purchases and parts planning, customer parts phone support, and administrative services, including IT support and accounting input information for parts cost and pricing. Pursuant to the Winddown Agreement, these services continued on a transitional basis. Terex no longer markets ASV machines under the Terex Cross Marketing Agreement and the Company was responsible for marketing all ASV machines to all distribution channels, but Terex continued to market ASV parts under the Terex Cross Marketing Agreement during the transition period. Pursuant to the Winddown Agreement, the Company was permitted to produce and sell Terex-branded ASV products to existing Terex dealers and continue to use applicable Terex trademarks during the transition period and will also be permitted to do so for one year after termination of the Winddown Agreement. The Company had the right to terminate any service related to parts sales and distribution upon six months' notice to Terex, and the Company also had the right to terminate all services upon six months' notice to Terex. After one year from the date of the Winddown Agreement, Terex also had the right to terminate services upon six months' notice. In no event would the services continue beyond December 19, 2019.

The Winddown Agreement did not immediately terminate the Terex Cross Marketing Agreement of the Terex Services Agreement, each of which remained in effect until terminated in accordance with the Winddown Agreement. By notice dated October 5, 2017, the Company provided notice to Terex and Manitex of the termination, effective April 5, 2018, of all services provided by Terex thereunder. Such notice also indicated that, also effective as of April 5, 2018, the Terex Cross Marketing Agreement and Terex Services Agreement would also be deemed terminated.

Included in the Company's Statements of Operations are sales to Terex of $108 and $267 for the year ended December 31, 2018 and 2017, respectively. Also included are sales to Manitex of $3 and $25 for the year ended December 31, 2018 and 2017, respectively. The Company recorded purchases from Terex of $5,899 and $6,454 for the year ended December 31, 2018 and 2017, respectively, which are primarily for shared freight services. The Company also recorded charges for insurance and employee benefit costs from Manitex of $0 and $2,701 for the year ended December 31, 2018 and 2017, respectively.

Receivables from affiliates include $5 due from Terex and $2 due from Manitex (total $7) at December 31, 2018, and $67 due from Terex and $9 due from Manitex (total $76) at December 31, 2017.

Payables from affiliates includes $480 due to Terex and $0 due to Manitex at December 31, 2018, and $1,037 due to Terex and $26 due to Manitex (total $1,063) at December 31, 2017.

Note 14. Segment Information

Operating segments are defined as components of an enterprise that engage in business activities for which separate financial information is available and evaluated by the chief operating decision maker in deciding how to allocate resources and assessing performance. Our chief operating decision maker is our chief executive officer.

The chief executive officer reviews financial information for purposes of allocating resources and evaluating financial performance. We have one business activity, the sales of machines and related parts, and we operate as a single operating and reportable segment.

Revenue by geographic area consisted of the following for the years ended December 31, 2018 and 2017:

	For the Year Ended December 31,			
	2018		2017	
	Percent of Total	Amount	Percent of Total	Amount
United States	74 %	$ 93,926	70 %	$ 86,747
Australia	16 %	20,656	20 %	24,504
Other	10 %	12,998	10 %	12,089
Total	100 %	$ 127,580	100 %	$ 123,340

All of our long-lived assets are located in the United States and Canada.

Note 15. Supplemental Cash Flow Information

Interest and income taxes paid during the years ended December 31, 2018 and 2017 are as follows:

	For the Year Ended December 31,	
	2018	2017
Interest paid in cash	$ 1,741	$ 2,845
Income tax payments in cash	$ 99	$ 912

The Company settled an accrued liability in exchange for stock during period ended March 31, 2018 with a fair value of $79, which resulted in a non-cash decrease in accrued liabilities and increase in stockholders' equity.

Note 16. Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Effective January 1, 2018, we adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), and ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date, which deferred the effective date of ASU 2014-09 by one year. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605, Revenue Recognition, and is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue, cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. The adoption of ASU 2014-09, using the modified retrospective approach, had no significant impact on our results of operations, cash flows, or financial position. Revenue continues to be recognized at a point in time for our product sales when products are delivered to or picked up by the customer and revenue for shipping and handling charges continues to be recognized when products are delivered to or picked up by the customer. We continue to reduce revenue for estimates of sales incentives based on probability estimates and for product returns based on historical return rates. Additional information and disclosures required by this new standard are contained in Note 2, "Revenue Recognition".

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," which simplifies the measurement of goodwill impairment by eliminating the requirement of performing a hypothetical purchase price allocation. Instead, impairment will be measured using the difference between the carrying amount and fair value of the reporting unit. The amended guidance also eliminates the requirement for any reporting unit with a zero or a negative carrying amount to perform a qualitative assessment and will require disclosure of the amount of goodwill allocated to each reporting unit with a zero or a negative carrying amount of net assets. The provisions of ASU 2017-04 are effective for all public entity's annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company adopted ASU 2017-04 in the fourth quarter of 2018 and performed a Step I goodwill impairment test, resulting in a full impairment charge. Refer to Note 5, Goodwill and Intangible Assets, Net for further information.

Recent Accounting Pronouncements – Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," ("ASU 2016-02"). ASU 2016-02 requires lessees to recognize on the balance sheet the assets and liabilities associated with the rights and obligations created by those leases. The guidance for lessors is largely unchanged from current U.S. GAAP. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. 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 effective date will be the first quarter of fiscal 2020, for emerging growth companies, with early adoption permitted. The Company plans to early adopt using the modified retrospective method, upon its effective date of January 1, 2019. The most significant impact relates to our accounting for our distribution center lease. We anticipate the impact of the adoption will to recognize right of use asset and lease liability of approximately $1.1 million as of January 1, 2019. The adoption of this standard is not expected to have an impact on the Company's cash flow. Our conclusions are preliminary and subject to changes as we finalize our analysis.

In August 2016, the FASB issued ASU No. 2016-15, "Classification of Certain Cash Receipts and Cash Payments (Topic 230): Statement of Cash Flows" ("ASU 2016-15"), which clarifies how entities should classify certain cash receipts and cash payments on the statement of cash flows. ASU 2016-15 also clarifies how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. ASU 2016-15 is effective for fiscal years and interim periods beginning after December 15, 2018, for the Company, an emerging growth company. The Company is currently evaluating the impact that this standard will have on its financial statements.

In May 2017, the FASB issued ASU No. 2017-09, "Compensation – Stock Compensation: Scope of Modification Accounting." This ASU is intended to provide guidance about which changes to the terms or conditions on a share-based payment award require an entity to apply modification accounting. This new standard is effective for reporting periods beginning after December 15, 2018, and interim periods within that reporting period, for the Company, an emerging growth company, with early adoption permitted. The Company does not expect these amendments to have a material effect on its financial statements.

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

Note 17. Subsequent Events

On March 28, 2019, the Company entered into a Second Amendment to the Amended and Restated Credit Agreement with PNC Bank, National Association, as administrative agent ("PNC"), described in Note 9, "Debt". The principal modification to the Amended and Restated Credit Agreement resulting from the Second Amendment replaces the maximum leverage ratio requirements for 2019 with a minimum EBITDA covenant and beginning in March of 2020, removes the minimum EBITDA covenant and reverts to a leverage ratio requirement of 2.75 to 1.00, which shall step down to 2.25 to 1.00 by September 30, 2020. In addition, the applicable margin for each advance under the credit agreement was increased by 50 basis points for the period from March 28, 2019 until the first business day following receipt by PNC of the Company's certificate of compliance with the applicable leverage ratio for the quarter ended March 31, 2020 and the inventory sub-limit was increased to $18 million.

EX 10.20

SECOND AMENDMENT TO AMENDED AND RESTATED REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT

This SECOND AMENDMENT TO AMENDED AND RESTATED REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT (this "**Second Amendment**") is entered into as of March 28, 2019, by and among ASV HOLDINGS, INC., a Delaware corporation ("**ASV**", together with each Person joined to the Credit Agreement (as defined below) as a borrower from time to time, collectively, the "**Borrowers**" and each a "**Borrower**"; the Borrowers together with the Guarantors, collectively the "**Loan Parties**" and each a "**Loan Party**"), the financial institutions which are now or which hereafter become a party to the Credit Agreement as lenders (collectively, the "**Lenders**" and each individually a "**Lender**") and PNC BANK, NATIONAL ASSOCIATION (" **PNC**"), as agent for Lenders (PNC, in such capacity, the "**Administrative Agent**") with respect to the following:

PRELIMINARY STATEMENTS

A. Borrowers, Lenders and Administrative Agent, previously entered into that certain Amended and Restated Revolving Credit, Term Loan and Security Agreement dated as of December 27, 2017 (as has been and may hereafter be amended, restated or otherwise modified from time to time, the "**Credit Agreement**");

B. Borrowers have requested that Administrative Agent and Lenders agree to amend certain provisions in the Credit Agreement and Administrative Agent and Lenders have agreed to such amendment, subject to the terms and conditions contained herein; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Definitions. Capitalized terms used in this Second Amendment are as defined in the Credit Agreement, as amended hereby, unless otherwise stated.

2. Amendments to Credit Agreement. Subject to and in accordance with the terms and conditions set forth herein, the parties hereto agree that as of the Second Amendment Date:[1]

A. **Definitions.**

a. The following definition contained in Section 1.2 of the Credit Agreement is hereby amended and restated as follows:

"Fee Letter" shall mean collectively, (a) the amended and restated fee letter dated the Closing Date among Borrowers and Administrative Agent, (b) the fee letter dated as of the First Amendment Date among Borrowers and Administrative Agent *(the "First Amendment Fee Letter") and (c) the fee letter dated as of the*

---

[1] Certain language has been italicized in this Second Amendment solely for purposes of indicating new or changed language in this Second Amendment; deletions are not reflected.

Second Amendment Date among Borrowers and Administrative Agent (the "Second Amendment Fee Letter").

b. The following sentence shall be added to the end of the definition of "Applicable Margin" contained in Section 1.2 of the Credit Agreement:

Notwithstanding anything to the contrary contained above, the Applicable Margin in effect for each type of Advance shall be increased by fifty (50) basis points for the period from the Second Amendment Date until the first Business Day following Administrative Agent's receipt of a quarterly Compliance Certificate required pursuant to Section 9.9 hereof evidencing that Borrowers' Leverage Ratio, as of the last day of such fiscal quarter (measured as set forth in Section 6.5(b)) is not greater than 2.75 to 1.00.

B. **New Definitions.** The following definition is hereby added to Section 1.2 of the Credit Agreement in the appropriate alphabetical sequence:

"Second Amendment Date" shall mean March 28, 2019.

C. **Sublimits.** Section 2.1(a)(ii) of the Credit Agreement is hereby amended and restated, with respect to subsection (C) thereof, as follows:

(ii) the least 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) (as applicable, the "Inventory Advance Rate"), (B) up to 90% of the appraised net orderly liquidation value of Eligible Inventory (as evidenced by an Inventory appraisal satisfactory to Administrative Agent in its sole discretion exercised in good faith) (the "Inventory NOLV Advance Rate", together with the Inventory Advance Rate and the Receivables Advance Rates, collectively, the "Advance Rates"), or (C) $*18,000,000* in the aggregate at any one time, minus

D. **Leverage Ratio.** Section 6.5(b) of the Credit Agreement is hereby amended and restated as follows:

(b) Leverage Ratio. Maintain as of the end of each fiscal quarter, commencing with the fiscal quarter ending March 31, 2020, a ratio (the "Leverage Ratio") of Funded Debt, calculated as of such date, to EBITDA, measured for the period of four fiscal quarters then ended, of not greater than the ratios set forth below for the applicable fiscal quarter then ending:

Fiscal Quarter Ending	**Maximum Leverage Ratio**
March 31, 2020	2.75
June 30, 2020	2.50

September 30, 2020 and each fiscal quarter thereafter	2.25

E. **Minimum EBITDA.** A new Section 6.5(c) shall be added to the Credit Agreement as follows:

(c) Minimum EBITDA. Cause the Borrowers on a Consolidated Basis to maintain EBITDA of not less than the amounts set forth below for the corresponding fiscal quarter then ending, in each case measured on a trailing twelve month basis:

Fiscal Quarter Ending	**Minimum EBITDA**
March 31, 2019	$5,943,438
June 30, 2019	$5,913,857
September 30, 2019	$6,043,309
December 31, 2019	$8,472,716

3. Conditions to Effectiveness. The effectiveness of this Second Amendment is subject to the satisfaction of the following conditions precedent, unless specifically waived in writing by Agents:

(a) Administrative Agent shall have received this Second Amendment duly executed by Borrowers, the other Loan Parties, Lenders and Administrative Agent; and

(b) no Default or Event of Default shall have occurred and be continuing; and

(c) Borrower shall pay all fees and expenses set forth in that certain Second Amendment Fee Letter executed on the date hereof.

4. Ratifications. Except as expressly modified and superseded by this Second Amendment, the terms and provisions of the Credit Agreement and the Other Documents are ratified and confirmed and shall continue in full force and effect. Loan Parties hereby agree that all liens and security interests securing payment of the Obligations under the Credit Agreement (as amended hereby) are hereby collectively renewed, ratified and brought forward as security for the payment and performance of the Obligations. Borrowers, the other Loan Parties, Lenders and Administrative Agent agree that the Credit Agreement and the Other Documents, as amended hereby, shall continue to be legal, valid, binding and enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

5. Representations and Warranties with respect to Other Documents. Each of the Loan Parties hereby represents and warrants to Administrative Agent and Lenders as follows: (a) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (b) the execution, delivery and performance by it of this Second Amendment and all Other Documents executed and/or delivered in connection herewith are within its company powers, have been duly authorized, and do not contravene (i) its Organizational Documents, or (ii) any applicable law; (c) no Consent of any Governmental Body or other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Second Amendment, except as has been obtained; (d) this Second Amendment and all Other Documents executed and/or delivered in connection herewith have been duly executed and delivered by it; (e) this Second Amendment and all Other Documents executed and/or delivered in connection herewith constitute its legal, valid and binding obligation of such Person enforceable against it in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity; (f) no Default or Event of Default has occurred and is continuing or would immediately thereafter result by the execution, delivery or performance of this Second Amendment; (g) the representations and warranties contained in the Credit Agreement and the Other Documents are true and correct in all material respects (except to the extent already qualified by materiality in which case such representation and warranties shall be true and correct in all respects) on and as of the date hereof and on and as of the date of execution hereof as though made on and as of each such date (except to the extent any such representation or warranty expressly relates only to any earlier and/or specified date); and (h) ASV has not amended its Organizational Documents in a manner that would constitute a Default or Event of Default.

6. Survival of Representations and Warranties. All representations and warranties made in the Credit Agreement or the Other Documents, including, without limitation, any document furnished in connection with this Second Amendment, shall survive the execution and delivery of this Second Amendment and the Other Documents.

7. Reference to Credit Agreement. Each of the Credit Agreement and the Other Documents, and any and all other agreements, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement, as amended hereby, are hereby amended so that any reference in the Credit Agreement and such Other Documents to the Credit Agreement shall mean a reference to the Credit Agreement as amended hereby.

8. Expenses of Administrative Agent and Lenders. Borrowers agree to pay on demand all reasonable out-of-pocket costs and expenses actually incurred by Administrative Agent and Lenders in connection with the preparation, negotiation, execution and closing of the Second Amendment, any and all amendments, modifications and supplements thereto and any Other Documents in connection therewith, including, without limitation, the costs and fees of Administrative Agent's and Lenders' legal counsel and financial advisors.

9. Severability. If any part of this Second Amendment is contrary to, prohibited by, or deemed invalid under Applicable Laws, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given effect so far as possible.

10. Successors and Assigns. This Second Amendment is binding upon and shall inure to the benefit of Administrative Agent, Lenders and Loan Parties and their respective successors and assigns, except that no Loan Party may assign or transfer any of its rights or obligations hereunder without the prior written consent of Administrative Agent.

11. Counterparts. This Second Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument. Any signature delivered by a party by facsimile or electronic transmission (including email transmission of a PDF image) shall be deemed to be an original signature hereto.

12. Effect of Waiver. No consent or waiver, express or implied, by Lenders or Administrative Agent to or for any breach of or deviation from any covenant or condition by Borrowers or any other Loan Party shall be deemed a consent to or waiver of any other breach of the same or any other covenant, condition or duty.

13. Headings. The headings, captions, and arrangements used in this Second Amendment are for convenience only, are not a part of this Second Amendment, and shall not affect the interpretation hereof.

14. Governing Law; Judicial Reference. Sections 12.1 through 12.3 and Section 16.1 of the Credit Agreement are incorporated herein by reference and are fully applicable to this Second Amendment.

15. Final Agreement. **THE CREDIT AGREEMENT AND THE OTHER DOCUMENTS, EACH AS AMENDED HEREBY, REPRESENT THE ENTIRE EXPRESSION OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF ON THE DATE THIS SECOND AMENDMENT IS EXECUTED. THE CREDIT AGREEMENT AND THE OTHER DOCUMENTS, AS AMENDED HEREBY, MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NO MODIFICATION, RESCISSION, WAIVER, RELEASE OR AMENDMENT OF ANY PROVISION OF THIS SECOND AMENDMENT SHALL BE MADE, EXCEPT IN ACCORDANCE WITH SECTION 16.2 OF THE CREDIT AGREEMENT.**

16. Acknowledgements and Agreements. Each of the Loan Parties hereby acknowledge and agree that: (a) none has any defenses, claims or set-offs to the enforcement by Administrative Agent or any Lender of the Obligations on the date hereof and on the date of execution hereof; (b) to their knowledge, Administrative Agent and Lenders have fully performed all undertakings and obligations owed to them as of the date hereof and on the date of execution hereof; and (c) except to the limited extent expressly set forth in this Second Amendment, Administrative Agent and Lenders do not waive, diminish or limit any term or condition contained in the Credit Agreement or any of the Other Documents.

[remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the parties have executed and delivered this Second Amendment as of the day and year first written above.

ASV HOLDINGS, INC.

By:/s/ Melissa How
Name: Melissa How
Title: Chief Financial Officer

PNC BANK, NATIONAL ASSOCIATION, as Administrative Agent, a Revolving Lender and a Term Loan Lender

By: _/s/Timothy Canon_________________
Name: Timothy Canon
Title: Vice President

STEEL CITY CAPITAL FUNDING, a division of PNC Bank, National Association, as a Term Loan Lender

By: _/s/ Jesse Xu______________________
Name: Jesse Xu
Title: Vice President

Exhibit 10.21

Caterpillar Inc.
BCPD
5008 Womack Rd
Sanford, NC 27330

CATERPILLAR® October 3, 2017

ASV Holdings, Inc.
Attention: Jim DiBiagio
840 Lily Lane
Grand Rapids, MN 55744

Re: Pricing Agreement for multi terrain loader undercarriages and service parts.

Dear Jim:

The Building Construction Products Division of Caterpillar Inc. ("Caterpillar") purchases certain multi terrain loader undercarriages and service parts (the "Products") from ASV Holdings, Inc. ("Seller"). Caterpillar and Seller are each a party ("Party") to this letter and collectively may be referred to as parties ("Parties"). This letter (the "Pricing Agreement") spells out the commercial terms applicable to the purchase and sale of the Products.

Purchase and Sale

. For the duration of the term of this Pricing Agreement, Seller shall supply and Caterpillar shall purchase the quantity of Product marked as firm in Purchase Order's issued by Caterpillar to Seller.

Term and Termination

. This Pricing Agreement shall become effective on January 1, 2018 (the "Effective Date") and will terminate on December 31, 2020 (the "Term"). Notwithstanding anything in the previous sentence, Sections 6, 7, and 8 shall survive the termination of this Pricing Agreement and the termination of this Pricing Agreement shall not affect any rights a Party has with respect to the breach of this Pricing Agreement by the other Party prior to such termination.

Pricing for Product

. Prices for the Product as of the Effective Date shall be the 2017 pricing for such Product. Such prices include any and all charges and expenses for the Products ordered (including but not limited to, any charges for boxing, packing, crating, cartage, taxes or other charges). If the price on Seller's invoice does not match the price on Buyer's corresponding Purchase Order, then the payment due for such invoice shall be the Purchase order price until the discrepancy is resolved. Prices shall not change, except pursuant to the following price adjustment mechanisms:

Pricing Review

. Pricing will be reviewed and agreed upon by the Parties for adjustment on January 1, 2019 and January 1, 2020. Any price adjustment (upward or downward) will be put into effect each year on January 1 for the remainder of the Term. Seller will provide the requested price change to Caterpillar by October 1 of each year to allow adequate time for review and implementation.

Commodity Price Adjustment

. Changes in the price of steel and/or rubber contained in the Products (each, a "Commodity") may cause Product prices to increase or decrease pursuant to the following mechanisms.

Indices

. The following indices shall be used to calculate the commodity price adjustments:

(A) Tracks and wheels will follow the SMR20 Natural Rubber and the Butadiene indices; and

(B) All steel components will follow the Bureau of Labor Statics - US Producer price indices of (1504) ductile iron castings and (101703) hot rolled steel sheet and strip.

Base Price and Current Price

. The initial Base Commodity Price for each Commodity shall be the price of such Commodity on the applicable index on the Effective Date. On September 1 of each year during the term of this Agreement (each, a "Calculation Date"), the Current Commodity Price shall be calculated as the average of the daily closing prices for such Commodity on the applicable index for the twelve (12) months immediately preceding the Calculation Date. Any changes to Product price shall be effective on January 1 following the Calculation Date. After a commodity price adjustment is made, the Base Commodity Price for the relevant Commodity shall be reset at the Current Commodity Price.

Price Adjustment Mechanism

. On each Calculation Date, the Base Commodity Price per unit of weight shall be subtracted from the Current Commodity Price per unit of weight. The resulting difference shall be multiplied by the percentage content by weight of the Commodity contained in the Product (using the same unit of weight used in the Current Commodity Price). The resulting product shall be added to the then-current Product price. The resulting sum shall be the new Product price. This process shall be repeated for each Commodity if there is more than one. A summation of all price changes for an assembly will be combined for the total change in Product price. Production parts will be multiplied by a [*] factor to determine the applicable price adjustment. Service parts for these parts will be multiplied by a factor of [*]. For the avoidance of doubt, any change in the Current Commodity Price from the Base Commodity Price will trigger a price adjustment. An indication of a change up or down coming in January will be provided by Seller to Caterpillar prior to October 1.

Exception to Price Adjustment Mechanism

. An exception to the previously described price adjustment methodology is for the [*] drive motors. Seller increases or decreases with the drive motor costs will be passed through at the time of motor increase or decrease for the duration of the Term. The [*] quote and invoice will be used as proof that part pricing changes are warranted.

<u>Service Part Pricing</u>

. The price adjustments for primary components are covered above with one additional method allowed for service part pricing. This method is for any other service parts that fall below a [*] margin level. Those parts will be subject to an annual one time price adjustment to meet the minimum requirements during the Pricing Agreement. The parts for adjustment January 1, 2018 are as follows:

[*] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.]

ASV PIN	Cat PIN	Description	Base Price	New Price
2035-238	258-3112	SEAL INTERNAL END	[*]	[*]
2035-391	280-5026	RETAINER INNER 53MM	[*]	[*]
2035-321	258-3021	ASSY HUB SPOOL 10"	[*]	[*]
2035-360	259-3026	RETAINER SEAL INNER	[*]	[*]
2035-310	258-3114	WLMT, TENSIONER END, W/HOLE	[*]	[*]
0702-210	224-9409	WASHER, 4.41x2.00x.104	[*]	[*]
0703-189	261-6150	SPROCKET, MACHINED, THICK	[*]	[*]
0307-093	204-1371	LOCK, AXLE, CARRIAGE	[*]	[*]
2035-809	327-7723	WLMT RAIL SINGLE LEVEL	[*]	[*]
2035-683	258-3123	TABLE MACHINE RH BON FIG (CAT 258-3123)	[*]	[*]
2035-682	258-3124	TABLE MACHINE LH BON FIG (CAT 258-3124)	[*]	[*]
0700-282	261-6151	SPROCKET, MACHINED	[*]	[*]
2035-324	258-3020	ASSY, HUB, SPOOL, 10', WHEELS	[*]	[*]
2020-006	238-7710	WLMT, TUB, OPEN, RH	[*]	[*]
0700-019	199-5288	WLMT, TUB, I	[*]	[*]
0700-059	199-5370	WLMT, PIVOT, CARRIAG6	[*]	[*]
2035-296	258-3084	RING, SPROCKET, INNER	[*]	[*]
2035-195	258-3085	SPROCKET, MACH, C-SERIES	[*]	[*]
0703-211	305-9260	WHEEL MACHINED 14" SPLIT	[*]	[*]

Price Reduction

.

i) Caterpillar has requested a price adjustment on the following parts:

Caterpillar part #	Description
212-6628	Wheels
372-5776	Wheels
325-8624	Tracks
325-8625	Tracks
238-7664	Tracks
220-8161	Tracks
234-0742	Sprocket
280-5091	Sprocket
389-7577	Sprocket

ii) A [*] reduction on the sprocket and wheel pricing will take effect January 1, 2018. Any price or freight reductions for the track part numbers will continue to be shared as a part of the [*] drop ship project or any other track cost reduction projects.

iii) Caterpillar and Seller will share any future cost reductions that require any joint development and machine validation on a project by project share basis. This will run for the Term of the Pricing Agreement. Any resourcing investigations must not violate any Seller patent protection.

Delivery

.

a) Caterpillar will provide Seller with a forecast of its needs for equipment and parts for the twelve (12) months following the Effective Date. Seller acknowledges that all forecasts or other estimates provided to Seller by Buyer are non-binding, and it shall not be entitled

[*] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.]

to and shall not rely on such forecasts or estimates as binding commitments unless they are expressly stated as firm orders by Buyer in writing.

b) Seller and Caterpillar will together work in good faith to reduce order lead times and improve order flexibility time for Caterpillar from the current ninety (90) day fixed order time. Such reductions may involve alternate suppliers and may, with the agreement of both Parties, change product cost. Until a new lead time procedure is reached, the current ninety (90) day fixed order lead time will remain in effect. When an improved lead time agreement is reached, an addendum will be added to this Pricing Agreement reflecting the new terms.

Other Terms and Conditions

. All work performed and Product provided pursuant to this Pricing Agreement shall be governed by the terms and conditions contained or referenced in any Purchase Order issued by Buyer (the "POTCs"), and the terms of the POTCs are incorporated into this Pricing Agreement as if fully rewritten herein. Except as expressly stated herein, nothing contained in this Pricing Agreement shall be deemed or construed to amend, supplement, or modify the POTCs or otherwise affect the rights and obligations of any party thereto, all of which remain in full force and effect. In the event of any conflict or ambiguity between this Pricing Agreement and the POTCs, this Pricing Agreement shall control.

Governing Law

. This Pricing Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without giving effect to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Illinois.

Confidentiality

. Caterpillar considers this Pricing Agreement, related discussions, negotiations, correspondence (whether electronic or otherwise), and other documents related to the subject matter of this Pricing Agreement to be confidential information and shall not be disclosed by Seller or Caterpillar without the written consent of both parties, except to the extent that disclosure is required by law or by a court or other governing authority. When disclosure is required, the Party making the disclosure shall provide notice of the intended disclosure to the other Party and shall take all reasonable steps to limit the extent of the disclosure to the minimum required to comply with its legal obligations. All such information (except information as may be established to be in the public domain) will be held in confidence and Seller and Caterpillar will exercise the same degree of care to hold such information in confidence as it uses with respect to its own trade secrets or confidential and proprietary information, but in no event less than reasonable care. Neither Party shall have any obligation with respect to any Information that is or becomes publicly available without fault of the Party receiving the Information.

Miscellaneous

. Neither this Pricing Agreement nor any rights or obligations hereunder may be assigned, delegated, or conveyed by either Party without the prior written consent of the other Party. The Parties agree this Pricing Agreement may be stored electronically and may be executed in one or more counterparts, each of which will be deemed an original, and all of which constitute one and the same instrument. Each Party will execute and promptly deliver to the other Party a copy of this Pricing Agreement bearing an Original Signature. "Original Signature" in this context means a copy of an actual signature of a Party that is reproduced or transmitted via email of readable electronic file (PDF preferred), photocopy, or other process of complete and accurate reproduction and transmission. The headings of the various sections of this

Pricing Agreement have been inserted for reference only and shall not be deemed to be a part of this Pricing Agreement.

If you are in agreement with the terms set forth above, please sign this Pricing Agreement in the space provided below and return an executed copy to the attention of Irlanda Freeman, 5008 Womack Rd., Sanford, NC 27330, +1 (919) 777-2209, Freeman_Irlanda@cat.com.

Sincerely,

Caterpillar Inc.

By: /s/ Ken Hoefling
Name: Ken Hoefling
Title: Vice President, BCPD

AGREED TO AND ACCEPTED BY:

ASV Holdings, Inc.

By: /s/ Jim DiBiagio
Name: Jim DiBiagio
Title: Chief Operating Officer, ASV Holdings, Inc.

EX 23.1

Consent of Independent Registered Public Accounting Firm

ASV Holdings, Inc.
Grand Rapids, Minnesota

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-218477) of ASV Holdings, Inc. of our report dated March 29, 2019, relating to the financial statements, which appears in this Form 10-K.

/s/ BDO USA, LLP
Minneapolis, Minnesota

March 29, 2019

Exhibit 23.2

UHY LLP
Certified Public Accountants

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-218477) of ASV Holdings, Inc. of our report dated March 22, 2018, relating to the financial statements as of and for the year ended December 31, 2017 which appear in this Form 10-K.

/s/ UHY LLP

Sterling Heights, Michigan
March 29, 2019

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew M. Rooke, certify that:

1. I have reviewed this Annual Report on Form 10-K of ASV Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: March 29, 2019

By: /s/ Andrew M. Rooke
Andrew m. Rooke
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Melissa How, certify that:

1. I have reviewed this Annual Report on Form 10-K of ASV Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: March 29, 2019

By: /s/ Melissa How
Melissa How
Chief Financial Officer

Exhibit 32.1

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

In connection with the Annual Report of ASV Holdings, Inc. (the "Company") on Form 10-K for the period ending December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 29, 2019

By: /s/ Andrew M. Rooke

Andrew M. Rooke
Chief Executive Officer

Exhibit 32.2

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

In connection with the Annual Report of ASV Holdings, Inc. (the "Company") on Form 10-K for the period ending December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 29, 2019

By: /s/ Melissa How
Melissa How
Chief Financial Officer