

Risk Factors Comparison 2025-03-06 to 2024-03-06 Form: 10-K

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Investing in our common stock involves risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making a decision to invest in our common stock. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment. Risks Related to Our Business Macroeconomic conditions could have a material adverse impact on our business, financial condition, cash flows and results of operations. Macroeconomic conditions, including inflation, elevated interest rates and recessionary concerns, as well as continuing supply chain constraints affecting some of our customers, labor availability and material cost pressures **and inconsistent customer demand**, have had, and may continue to have, a negative impact on our business, financial condition, cash flows and results of operations. For instance, we were negatively impacted in **2023-2024** by **supply chain constraints impacting certain of our OEMs customers implementing channel inventory de-stocking activities to reduce their inventory from near historic high levels**. In addition, in **2023-2024**, continued inflationary pressures on wages, benefits, materials, and manufacturing supplies negatively impacted our results of operations and cash flows. We expect ~~certain supply chain constraints~~, material cost inflation and inflationary pressures on wages and benefits to continue in **2024-2025** and we may not be able to fully mitigate the impact of the inflationary cost pressures through price increases. Continuing or worsening inflation, ~~recessionary concerns~~ and / or ~~supply chain~~ and labor challenges may have a material adverse impact on our business, financial condition, cash flows and / or results of operations. Although we do not have any operations outside the United States, geopolitical events, including the ongoing ~~conflict~~ **conflicts** between Russia and Ukraine and ~~the conflict~~ in the Middle East, has caused greater uncertainty in the global economy and has led to significant volatility in raw material costs, component costs, commodity prices and energy costs, exacerbating the inflation situation. We are affected by developments in the industries in which our customers operate. We derive our net sales from customers in the following industry sectors: heavy- and medium- duty commercial vehicles, construction & access equipment, powersports, agriculture, military and other end markets. Factors affecting any of these industries in general, or any of our customers in particular, could adversely affect us because our net sales growth largely depends on the continued growth of our customers’ businesses in their respective industries. These factors include: ● seasonality of demand for our customers’ products, **and / or customer destocking activities**, which may cause our manufacturing capacity to be underutilized for periods of time; ● our customers’ failure to successfully market their products, to gain or retain widespread commercial acceptance of their products or to compete effectively in their industries; ● loss of market share for our customers’ products, which may lead our customers to reduce or discontinue purchasing our processes and solutions ~~and or~~ to reduce prices, thereby exerting pricing pressure on us; ● economic conditions in the markets in which our customers operate, in particular, the United States, including inflationary pressures and ~~the~~ other negative impacts on economic conditions, as well as recessionary periods such as a global economic downturn; ● our customers’ decision to insource the production of components that has traditionally been outsourced to us; and ● product design changes or manufacturing process changes that may reduce or eliminate demand for the components we supply. We expect that future sales will continue to depend on the success of our customers. If economic conditions and demand for our customers’ products deteriorate, we may experience a material adverse effect on our business, operating results and financial condition. Most of our customers do not commit to long- term production schedules, which makes it difficult for us to schedule production accurately and achieve maximum efficiency of our manufacturing capacity. Most of our customers do not commit to long- term contracts or firm production schedules, and we continue to experience reduced lead- times in customer orders. Additionally, customers may change production quantities or delay production with little lead- time or advance notice. Therefore, we rely on and plan our production and inventory levels based on our customers’ advance orders, commitments and / or forecasts as well as our internal assessments and forecasts of customer demand. The volume and timing of sales to our customers may vary due to, among others: ● variation in demand for or discontinuation of our customers’ products; ● our customers’ attempts to manage their inventory; ● design changes; ● changes in our customers’ manufacturing strategies; ● disruptive events in the markets in which our customers operate, including natural disasters and epidemics; ● acquisitions of or consolidation among customers. The variations in volume and timing of sales make it difficult to schedule production and optimize utilization of manufacturing capacity. This uncertainty may require us to increase staffing and incur other expenses in order to meet an unexpected increase in customer demand, potentially placing a significant burden on our resources. Additionally, an inability to respond to such increases in a timely manner may cause customer dissatisfaction, which may negatively affect our customer relationships. Further, in order to secure sufficient production scale, we may make capital investments in advance of anticipated customer demand (including, in some instances, new customer demand). Such investments may lead to low utilization levels if demand forecasts change and we are unable to utilize the additional capacity. Because fixed costs make up a large proportion of our total production costs, a reduction in customer demand can have a significant adverse impact on our gross profits and operating results. Additionally, we order materials and components based on customer forecasts and orders and suppliers may require us to purchase materials and components in minimum quantities that exceed customer requirements, which may have an adverse impact on our gross profits and operating results. In the past, anticipated orders from some of our customers and anticipated new customers have failed to materialize and / or delivery schedules have been deferred as a result of changes in our customers’

business needs. We may be unable to realize net sales represented by our awarded business, which could materially and adversely impact our business, financial condition, results of operations and cash flows. The realization of future net sales from awarded business is inherently subject to a number of important risks and uncertainties, including a lack of long-term commitments and production schedules with customers and anticipated new customers. Accordingly, we cannot assure you that we will realize any or all of the future net sales represented by our awarded business. Any failure to realize these net sales could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition to not having a commitment from our customers and anticipated new customers regarding the minimum number of components they must purchase from us if we obtain awarded business, typically the terms and conditions of the agreements with our customers provide that they have the contractual right to unilaterally terminate our contracts with them with no notice or limited notice. In many cases, we must commit substantial resources in preparation for production under awarded customer business well in advance of the customer's production start date. If such contracts are terminated by our customers, our ability to obtain compensation from our customers for such termination is generally limited to the direct out-of-pocket costs that we incurred for raw materials and work-in-progress. Although we have been successful in recovering these costs under appropriate circumstances in the past, we cannot assure you that our results of operations will not be materially adversely impacted in the future if we are unable to recover these types of pre-production costs related to our customers' cancellation of awarded business. Failure to compete successfully in our markets could materially adversely affect our business, financial condition, results of operations or prospects. We offer our processes and solutions in highly competitive markets. The competitors in these markets may, among other things:

- respond more quickly to new or emerging technologies;
- have greater name recognition, critical mass or geographic market presence;
- be better positioned to take advantage of acquisition opportunities;
- adapt more quickly to changes in customer requirements;
- devote greater resources to the development, promotion and sale of their processes and solutions;
- be better positioned to compete on price due to any combination of low-cost labor, raw materials, components, facilities or other operating items, or willingness to make sales at lower margins than us;
- consolidate with other competitors in the industry which may create increased pricing and competitive pressures on our business; and
- be better able to utilize excess capacity which may reduce the cost of their processes and solutions.

Competitors with lower cost structures may have a competitive advantage over us. We also expect our competitors to continue to improve the performance of their current processes and solutions, to reduce the prices of their existing processes and solutions and to introduce new processes or solutions that may offer greater performance and improved pricing. Additionally, we may face competition from new entrants to the industry in which we operate. Any of these developments could cause a decline in sales and average selling prices, loss of market share or profit margin compression. Maintaining and improving our competitive position will require successful management of these factors, including continued investment by us in research and development, engineering, marketing and customer service and support. Our future growth rate depends upon our ability to compete successfully, which is impacted by a number of factors, including, but not limited to, our ability to (i) identify emerging technological trends in our target end markets, (ii) develop and maintain a wide range of competitive and appropriately priced processes and solutions and defend our market share against an ever-expanding number of competitors including many new and non-traditional competitors, (iii) ensure that our processes and solutions remain cost-competitive and (iv) attract, develop and retain individuals with the requisite technical expertise and understanding of customers' needs to develop and sell new technologies and processes. We may not be able to maintain our manufacturing, engineering and technological expertise. The markets for our processes and solutions are characterized by changing technology and evolving process development. The continued success of our business will depend upon our ability to:

- hire, retain and expand our pool of qualified engineering and trade-skilled personnel;
- maintain technological leadership in our industry;
- implement new and expand upon current robotics, automation and tooling technologies; and
- anticipate or respond to changes in manufacturing processes in a cost-effective and timely manner.

We cannot be certain that we will develop the capabilities required by our customers in the future. The emergence of new technologies, industry standards or customer requirements may render our equipment, inventory or processes obsolete or uncompetitive. We may have to acquire new technologies and equipment to remain competitive. The acquisition and implementation of new technologies and equipment may require us to incur significant expense and capital investment, which could reduce our margins and affect our operating results. When we establish or acquire new facilities, we may not be able to maintain or develop our manufacturing, engineering and technological expertise due to a lack of trained personnel, effective training of new staff or technical difficulties with machinery. Failure to anticipate and adapt to customers' changing technological needs and requirements or to hire and retain a sufficient number of engineers and maintain manufacturing, engineering and technological expertise may have a material adverse effect on our business, operating results and financial condition. We are dependent on a limited number of large customers for current and future net sales. The loss of any of these customers or the loss of market share by these customers could materially adversely affect our business, financial condition, results of operations and cash flows. We depend on a limited number of major manufacturers for a majority of our net sales. For example, our largest customers in 2023 included PACCAR Inc., and John Deere and AB Volvo which accounted for 15.0%, 14.8% and 10.6% of our net sales, respectively. Our financial performance depends in large part on our ability to continue to arrange for the purchase of our processes and solutions with these customers, and we expect these customers to continue to make up a large portion of our net sales in the foreseeable future. The loss of all or a substantial portion of our sales to any of our large-volume customers could have a material adverse effect on our business, financial condition, results of operations and cash flows by reducing cash flows and by limiting our ability to spread our fixed costs over a larger net sales base. We may make fewer sales to these customers for a variety of reasons, including, but not limited to:

- loss of business relationship;
- reduced or delayed customer requirements;
- the insourcing of business that has been traditionally outsourced to us;
- strikes or other work stoppages affecting production by our customers; or
- reduced demand for our customers' products, including as a result of inflationary pressures, rising interest rates, recessionary concerns and / or geopolitical events.

Entering new markets, either organically or via acquisition, poses new competitive threats and commercial risks. As we expand into new markets, either organically or via acquisition, we expect to diversify our net sales by leveraging our development, engineering and manufacturing capabilities in order to source necessary parts and components for other industries. Such diversification requires investments and resources that may not be available as needed. Furthermore, even if we sign contracts in new markets, we cannot guarantee that we will be successful in leveraging our capabilities into these new markets and thus in meeting the ~~needs~~ **15needs** of these new customers and competing favorably in these new markets. If these new customers experience reduced demand for their products or financial difficulties, our future prospects will be negatively affected as well. ~~16We~~ **We** depend on our key executive officers, managers, and trade- skilled personnel and may have difficulty retaining and recruiting qualified employees. Moreover, we operate in competitive labor markets, which may also impact our ability to hire and retain employees at our facilities. Our success depends to a large extent upon the continued services of our executive officers, senior management, managers and trade- skilled personnel and our ability to recruit and retain skilled personnel to maintain and expand our operations. We could be affected by the loss of any of our executive officers who are responsible for formulating and implementing our business plan and strategy, and who have been instrumental in our growth and development. In addition, we need to recruit and retain additional management personnel and other skilled employees at our facilities. However, competition for our trade- skilled labor is high, particularly in some of the geographic locations where our facilities are located. Although we intend to continue to devote significant resources to recruit, train and retain qualified employees, we may not be able to attract, effectively train and retain these employees. Any failure to do so could impair our ability to conduct design, engineering and manufacturing activities, efficiently perform our contractual obligations, develop marketable components, timely meet our customers' needs and ultimately win new business, all of which could adversely affect our business, financial condition and results of operations. If we are not able to do so, our business and our ability to continue to grow could be negatively affected. In addition, salaries and related costs are a significant portion of the cost of providing our solutions and, accordingly, our ability to efficiently utilize our workforce impacts our profitability. Availability of, and volatility in the prices of, raw materials and energy prices and our ability to pass along increased costs to our customers could adversely affect our results of operations. The prices and availability of raw materials critical to our business and performance are based on global supply and demand conditions. Certain raw materials used by us are only available from a limited number of suppliers, and it may be difficult to find alternative suppliers at the same or similar costs. While we strive to pass through the price of raw materials to our customers, we may not be able to do so in the future, and volatility in the prices of raw materials (including as a result of macroeconomic conditions and geopolitical events) may affect customer demand for certain components. In addition, we, along with our suppliers and customers, rely on various energy sources for a number of activities connected with our business, such as the transportation of raw materials and finished parts. The availability and pricing of these resources are subject to market forces that are beyond our control. Furthermore, we are vulnerable to any reliability issues experienced by our suppliers, which also are beyond our control. Our suppliers contract separately for the purchase of such resources, and our sources of supply could be interrupted should our suppliers not be able to obtain these materials due to higher demand or other factors that interrupt their availability (including as a result of macroeconomic conditions and geopolitical events). Energy and utility prices, including electricity and water prices, and in particular prices for petroleum- based energy sources, are volatile. Increased supplier and customer operating costs arising from volatility in the prices of energy sources, such as increased energy and utility costs and transportation costs, could be passed through to us and we may not be able to increase our product prices sufficiently or at all to offset such increased costs. The impact of any volatility in the prices of energy or the raw materials on which we rely, including the reduction in demand for certain components caused by such price volatility, could result in a loss of net sales and profitability and adversely affect our results of operations. Our manufacturing operations are dependent upon third- party suppliers, making us vulnerable to supply shortages. We obtain raw materials, parts and certain components from third- party suppliers. Any delay in receiving supplies could impair our ability to timely deliver components to our customers and, accordingly, could have an adverse effect on our business, financial condition, results of operations and cash flows. The volatility in the financial markets and uncertainty in the sectors our suppliers service could result in exposure related to the financial viability of certain of our suppliers. Suppliers may also exit certain business lines, causing us to find other suppliers for materials or components and potentially delaying our ability to deliver components to customers, or our suppliers may change the terms on which they are willing to provide parts or materials to us, any of which could adversely affect our financial condition and results of operations. In addition, many of our suppliers have unionized workforces that could be subject to work stoppages as a result of labor relations issues. Some of our suppliers supply components and materials that cannot be quickly or inexpensively re- sourced to another supplier due to long lead times and contractual commitments that might be required by another supplier in order to provide the components or materials. ~~17Increases~~ **16Increases** in the cost of employee benefits could impact our financial results and cash flows. Our expenses relating to employee health benefits are significant. Unfavorable changes in the cost of and the unpredictability of claims under such benefits, including ~~the current~~ inflationary pressures on wages and benefits, could impact our financial results and cash flows. Healthcare costs have risen significantly in recent years, and recent legislative and private sector initiatives regarding healthcare reform could result in significant changes to the U. S. healthcare system. Due to the breadth and complexity of the healthcare reform legislation and the uncertainty surrounding further reform proposals, we are not able to fully determine the impact that healthcare reform will have in the future on company sponsored medical plans. Our growth strategy includes acquisitions, and we may not be able to identify attractive acquisition targets or successfully integrate acquired targets without impacting our business. Acquisitions have played a key role in our growth strategy, and we expect to continue to grow through acquisitions in the future. We expect to continue evaluating potential strategic acquisitions of businesses, assets and product lines. We may not be able to identify suitable candidates, negotiate appropriate or favorable acquisition terms, obtain financing that may be needed to consummate such transactions or complete proposed acquisitions. There is significant competition for acquisition and expansion opportunities in

our businesses, which may increase the cost of any acquisition or result in the loss of attractive acquisition targets. In addition, acquisitions involve numerous risks, including (i) incurring the time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions, resulting in management's attention being diverted from the operation of our existing business; (ii) using estimates and judgments to evaluate credit, operations, funding, liquidity, business, management and market risks with respect to the target entity or assets; (iii) litigation relating to an acquisition, particularly in the context of a publicly held acquisition target, could require us to incur significant expenses or result in the delaying or enjoining of the transaction; (iv) failing to properly identify an acquisition candidate's liabilities, potential liabilities or risks; and (v) not receiving required regulatory approvals or such approvals being delayed or restrictively conditional. In addition, any acquisitions could involve the incurrence of substantial additional indebtedness or dilution to our shareholders. We cannot assure you that we will be able to successfully integrate any acquisitions that we undertake or that such acquisitions will perform as planned or prove to be beneficial to our operations and cash flow. Any such failure could seriously harm our financial condition, results of operations and cash flows. We routinely evaluate potential acquisition candidates and engage in discussions and negotiations regarding potential acquisitions; however, even if we execute a definitive agreement for an acquisition, there can be no assurance that we will consummate the transaction within the anticipated closing timeframe, or at all. Further, acquisitions typically involve the payment of a premium over book- and market- value for the target business or asset and, therefore, some dilution of our tangible book value and / or earnings per common share may occur in connection with any future transaction. If we fail to develop new and innovative processes or if customers in our market do not accept them, our results would be negatively affected. Our processes must be kept current to meet our customers' needs. To remain competitive, we therefore must develop new and innovative processes on an ongoing basis. If we fail to make innovations or the market does not accept our new processes, our sales and results would suffer. We invest significantly in the research and development of new processes; however, these expenditures do not always result in processes that will be accepted by the market. To the extent they do not, whether as a function of the process or the business cycle, we will have increased expenses without significant sales to offset such costs. Failure to develop successful new processes may also cause potential customers to purchase from competitors. We are dependent on information technology and our systems and infrastructure face certain risks, including cybersecurity risks and data leakage risks. We are dependent on information technology systems and infrastructure that could be damaged or interrupted by a variety of factors. Any significant breach, breakdown, destruction or interruption of these systems by employees, others with authorized access to our systems or unauthorized persons has the potential to negatively affect our operations. There is also a risk that we could experience a business interruption, theft of information or reputational damage as a result of a cyberattack, such as the infiltration of a data center, denial- of- service attacks, viruses, malicious software, phishing attacks, security breaches or data leakage of confidential information either internally or at our third- party providers. Although we have invested in the protection of our data and information ~~18technology~~ **17technology** to reduce these risks and periodically test the security of our information systems network, there can be no assurance that our efforts will prevent breakdowns or breaches in our systems that could have a material adverse effect on our financial condition, results of operations and liquidity. We may incur additional expenses and delays due to technical problems or other interruptions at our manufacturing facilities. Disruptions in operations due to technical problems or power interruptions as well as other interruptions such as floods, fire, other natural disasters, epidemics or pandemics could adversely affect the manufacturing capacity of our facilities. Such interruptions could cause delays in production and cause us to incur additional expenses such as charges for expedited deliveries for components that are delayed. In addition, our customers have the ability to cancel purchase orders in the event of any delays in production and may decrease future orders if delays are persistent. Additionally, to the extent that such disruptions do not result from damage to our physical property, these may not be covered by our business interruption insurance. Any such disruptions may adversely affect our operations and financial results. Geopolitical and economic developments could adversely affect our business. Geopolitical events, increased political instability and social unrest, evidenced by the threat or occurrence of terrorist attacks or conflicts, enhanced national security measures, the risks related to epidemics and the related decline in consumer confidence may hinder our ability to do business. Any escalation in these events or similar future events may disrupt our operations or those of our customers and suppliers and could affect the availability of raw materials and components we need in our manufacturing operations or the means to transport those materials or components to our manufacturing facilities and finished parts to our customers. These events have had and may continue to have an adverse effect, generally, on the economy and consumer confidence and spending, which could adversely affect our net sales and operating results. The effect of these events on the volatility of the financial markets could in the future lead to volatility of the market price of our securities and may limit the capital resources available to us, our customers and our suppliers. The impact of foreign trade relations and associated tariffs, as well as our reliance on international suppliers for certain raw materials, could adversely impact our business. We currently source certain raw materials from international suppliers. Import tariffs, taxes, customs duties and / or other trade regulations imposed by the U. S. government on foreign countries, or by foreign countries on the United States, could significantly increase the prices we pay for certain raw materials, such as steel, aluminum and purchased components, that are critical to our ability to manufacture components for our customers. The international sourcing for these materials may also be hurt by health concerns regarding infectious diseases in countries in which these materials are purchased from, adverse weather, natural disasters or geopolitical events. In addition, we may be unable to find a domestic supplier to provide the necessary raw materials on an economical basis in the amounts we require. If the cost of our raw materials increases, or if we are unable to procure the necessary raw materials required to manufacture our components, then we could experience a negative impact on our operating results, profitability, customer relationships and future cash flows. Additionally, our customers' businesses may be negatively impacted by import tariffs, taxes, customs duties and / or other trade regulations imposed by the U. S. government on foreign countries or by foreign countries on the United States, which could, in turn, reduce our customers' demand for the components that we manufacture for them. Any reduction in customer demand for

our components as a result of such tariffs, taxes, customs duties and / or other trade regulations, or as a result of the impact of infectious diseases, could have a material adverse impact on our financial position, results of operations, cash flows and liquidity. The risks associated with climate change, as well as climate change legislation and regulations, could adversely affect our operations and financial condition. The physical risks of climate change, such as more frequent or more extreme weather events, changes in temperature and precipitation patterns, changes to ground and surface water availability and other related phenomena, could affect some, or all, of our operations, as well as the operations of our customers and suppliers. Severe weather or other natural disasters could be destructive, which could result in increased costs, including supply chain costs. ~~19~~ **18**In addition, a number of government bodies have finalized, proposed or are contemplating legislative and regulatory changes in response to growing concerns about climate change. In recent years, federal, state and local governments have taken steps to reduce emissions of greenhouse gases (GHGs). The Environmental Protection Agency has finalized a series of GHG monitoring, reporting and emissions control rules for certain large sources of GHGs, and the U. S. Congress has, from time to time, considered adopting legislation to reduce GHG emissions. Numerous states have already taken measures to reduce GHG emissions, primarily through the development of GHG emission inventories and / or regional GHG cap- and- trade programs. Although it is not possible at this time to predict how future legislation or regulations to address GHG emissions would impact our business, any such laws and regulations imposing reporting obligations on, or limiting emissions of GHGs from, our equipment and operations, could require us to incur costs to reduce GHG emissions associated with our operations. We cannot assure you that our costs, liabilities and obligations relating to environmental matters will not have a material adverse effect on our business, financial condition, results of operations and cash flows. Our manufacturing, painting and coating operations are subject to environmental, health and safety laws and regulations that could result in liabilities to us. Our manufacturing, painting and coating operations are subject to environmental, health and safety laws and regulations, including those governing discharges to air and water, the management and disposal of hazardous substances, the cleanup of contaminated sites and health and safety matters. We could incur material costs, including cleanup costs, civil and criminal fines, penalties and third- party claims for cost recovery, property damage or personal injury as a result of violations of or liabilities under such laws and regulations. The ultimate cost of remediating contaminated sites, if any, is difficult to accurately predict and could exceed estimates. In addition, as environmental, health and safety laws and regulations have tended to become stricter, we could incur additional costs complying with requirements that are promulgated in the future. If our manufacturing processes do not comply with applicable statutory and regulatory requirements, or if we manufacture components containing manufacturing defects, demand for our capabilities may decline and we may be subject to liability claims. Our manufacturing processes and facilities need to comply with applicable statutory and regulatory requirements. We may also have the responsibility to ensure that the processes we use satisfy safety and regulatory standards, including those applicable to our customers and to obtain any necessary certifications. In addition, our customers' products, as well as the manufacturing processes and components that we use to produce such products, are often highly complex. As a result, components that we manufacture may at times contain manufacturing defects, and our manufacturing processes may be subject to errors or not be in compliance with applicable statutory and regulatory requirements or demands of our customers. Defects in the components we manufacture, whether caused by a manufacturing or component failure or error, or deficiencies in our manufacturing processes, may result in delayed shipments to customers, replacement costs or reduced or cancelled customer orders. If these defects or deficiencies are significant, our business reputation may also be damaged. The failure of the components that we manufacture for our customers to comply with applicable statutory and regulatory requirements may subject us to legal fines or penalties and, in some cases, require us to shut down or incur considerable expense to correct a manufacturing process or facility. In addition, these defects may expose us to liability to pay for the recall of a customer' s product or to indemnify our customers for the costs of any such claims or recalls which they face as a result of using items manufactured by us in their products. Adverse judgments or settlements in legal disputes, including product liability, intellectual property infringement and other claims, could result in materially adverse monetary damages or injunctive relief and damage our business and / or our reputation. We are subject to, and may become a party to, a variety of litigation or other claims and suits that arise from time to time in the ordinary course of our business. The results of litigation and other legal proceedings are inherently uncertain and adverse judgments or settlements in some or all of these legal disputes may result in materially adverse monetary damages or injunctive relief against us, or in other adverse consequences to our financial condition and results of operations. Additionally, our insurance policies may not protect us against potential liability due to various exclusions in the policies and self- insured retention amounts. Partially or completely uninsured claims, if successful and of significant magnitude, could have a material adverse effect on our business, financial condition and results of operations. Furthermore, any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or obtain adequate insurance in the future. ~~20~~ **19**The components we manufacture can expose us to potential liabilities. For instance, our manufacturing operations expose us to potential product liability claims resulting from injuries caused by defects in components we design or manufacture, as well as potential claims that components we design infringe on third- party intellectual property rights. Such claims could subject us to significant liability for damages, subject the infringing portion of our business to injunction and, regardless of their merits, could be time- consuming and expensive to resolve. We may also have greater potential exposure from warranty claims and recalls due to problems caused by component or product design. Although we have product liability insurance coverage, it may not be sufficient to cover the full extent of our product liability, if at all. A successful product liability claim in excess or outside of our insurance coverage or any material claim for which insurance coverage was denied or limited and for which indemnification was not available could have a material adverse effect on our business, results of operations and / or financial condition. Any failure to protect our customers' intellectual property that we use in the products we manufacture for them could harm our customer relationships and subject us to liability. The products we manufacture for our customers often contain our customers' intellectual property, including copyrights, patents, trade secrets and know- how. Our success depends, in part, on

our ability to protect our customers' intellectual property. The steps we take to protect our customers' intellectual property may not adequately prevent its disclosure or misappropriation. If we fail to protect our customers' intellectual property, our customer relationships could be harmed, and we may experience difficulty in establishing new customer relationships. In addition, our customers might pursue legal claims against us for any failure to protect their intellectual property, possibly resulting in harm to our reputation and our business, financial condition and operating results. Compliance or the failure to comply with regulations and governmental policies could cause us to incur significant expense. We are subject to a variety of local and foreign laws and regulations including those relating to labor and health and safety concerns. Such laws may require us to pay mandated compensation and penalties. Additionally, we may need to obtain and maintain licenses and permits to conduct business in various jurisdictions. If we or the businesses or companies we acquire have failed or fail in the future to comply with such laws and regulations, then we could incur liabilities and fines and our operations could be suspended. Such laws and regulations could also restrict our ability to modify or expand our facilities, could require us to acquire costly equipment, or could impose other significant expenditures. Because our industry is capital intensive and we have significant fixed and semi-fixed costs, our profitability is sensitive to changes in volume. The property, plants and equipment needed to produce components for our customers and provide our processes and solutions can be very expensive. We must spend a substantial amount of capital to purchase and maintain such property, plants and equipment. Although we believe our current cash balance, along with our projected internal cash flows and available financing sources, will provide sufficient cash to support our currently anticipated operating and capital needs, if we are unable to generate sufficient cash to purchase and maintain the property, plants and equipment necessary to operate our business, we may be required to reduce or delay planned capital expenditures or to incur additional indebtedness. Prior to our initial public offering, we were treated as an S Corporation, and claims of taxing authorities related to our prior status as an S Corporation could have an adverse effect on our business, financial condition and results of operations. Upon the consummation of our initial public offering, our status as an S Corporation was terminated and we have since been treated as a "C Corporation" for U. S. federal income tax purposes and thus are now subject to U. S. federal income tax. If the unaudited, open tax years in which we were an S Corporation are audited by the Internal Revenue Service (IRS), and we determined not to have qualified for, or to have violated any requirement for maintaining our S Corporation status, we will be obligated to pay back taxes, interest and possibly penalties. The amounts that we would be obligated to pay could include taxes on all our taxable income attributable to such open tax years. Any such claims could result in additional costs to us and could have a material adverse effect on our business, financial condition and results of operations. **20**

We have a material weakness in our internal control over financial reporting. If our remediation of this material weakness is not effective, or if we experience additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock. In connection with the preparation of our annual report for the year ended December 31, 2024, we identified a material weakness in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness relates to the review and approval of journal entries. We are in the process of taking steps intended to remediate the material weakness. See Part II, Item 9A "Controls and Procedures," of this Annual Report on Form 10-K for additional information. While we believe these efforts will improve our internal controls and address the underlying causes of the material weakness, the material weakness will not be fully remediated until our remediation plan has been fully implemented and we have concluded that our controls are operating effectively for a sufficient period of time. We cannot be certain that the steps we are taking will be sufficient to remediate the control deficiencies that led to the material weakness in our internal control over financial reporting or prevent future material weaknesses or control deficiencies from occurring. In addition, we cannot be certain that we have identified all material weaknesses in our internal control over financial reporting, or that in the future we will not have additional material weaknesses. If we fail to effectively remediate this material weakness in our internal control over financial reporting, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls in the future, we may be unable to accurately report our financial results, or report them within the timeframes required by the SEC. We also could become subject to sanctions or investigations by the securities exchange on which our common shares are listed, the SEC or other regulatory authorities. In addition, if we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, when required, investors may lose confidence in our financial reporting, we may face restricted access to the capital markets and our stock price may be adversely affected. **21**

Prior to the completion of our initial public offering we were 100 % owned by the Mayville Engineering Company, Inc. Employee Stock Ownership Plan (ESOP), which is a retirement plan intended to be tax-qualified. If the ESOP fails to meet the requirements of a tax-qualified retirement plan, we could be subject to substantial penalties. The ESOP, is a defined contribution retirement plan subject to the requirements of the Internal Revenue Code of 1986, as amended (the Code), and the Employee Retirement Income Security Act of 1974, as amended (ERISA). The ESOP has received a determination letter from the IRS that it meets the requirements of a tax-qualified retirement plan in form and we endeavor to maintain and administer the ESOP in compliance with all requirements of the Code and ERISA. However, the rules regarding tax-qualified plans, and especially ESOPs, are complex and change frequently. Accordingly, it is possible that the ESOP may not have been and may not in the future be administered in full compliance with all applicable rules under the Code or ERISA. If the IRS were to determine that the ESOP was not in material compliance with the Code or ERISA, then the ESOP could lose its tax-qualified status and we could be subject to substantial penalties under the Code and / or ERISA, which could have a

material adverse effect on our business, financial condition or results of operations. Additionally, any retroactive loss of the ESOP's tax-qualified status would adversely impact our prior treatment as an S Corporation. See "Prior to our initial public offering, we were treated as an S Corporation, and claims of taxing authorities related to our prior status as an S Corporation could have an adverse effect on our business, financial condition and results of operations." **Risks-21Risks** Related to Our Indebtedness Our Amended and Restated Credit Agreement restricts our ability and the ability of our subsidiaries to engage in some business and financial transactions. On June 28, 2023, we entered into an amended and restated credit agreement (the Credit Agreement) with certain lenders and Wells Fargo Bank, National Association, the Agent. The Credit Agreement provides for a \$ 250,000,000 revolving credit facility, with a letter of credit sub-facility, and a swingline facility in an aggregate amount of \$ 25,000,000. The Credit Agreement also provides for the availability of incremental facilities to the greater of \$ 100,000,000 and 125 % of the Company's twelve month trailing Consolidated EBITDA through an accordion feature. All amounts borrowed under the credit agreement mature on June 28, 2028. Our Credit Agreement contains a number of covenants that limit our ability and the ability of our subsidiaries to:

- create, incur or assume indebtedness (other than certain permitted indebtedness);
- create or incur liens (other than certain permitted liens);
- make investments (other than certain permitted investments);
- merge or consolidate with another entity;
- make asset dispositions (other than certain permitted dispositions);
- declare or pay any dividend or any other distribution to shareholders;
- enter into transactions with affiliates;
- make certain organizational changes, including changing our fiscal year end or amending our organizational documents;
- enter into any agreement further restricting our ability to create or assume any lien;
- sell notes receivable or accounts receivable except under certain circumstances;
- enter into sale leaseback transactions;
- incur capital expenditures in excess of \$ 35.0 million in any fiscal year;
- permit any person or group other than the ESOP or other employee benefit plan of ours (like our 401 (k) plan) to own or control more than 35 % of our equity interests; or
- permit our Board of Directors to not be composed of a majority of our continuing directors (i. e., our directors as of September 26, 2019 and any additional or replacement directors that have been approved by at least 51 % of the directors then in office).

Our Credit Agreement also requires us to maintain a minimum interest coverage ratio and a consolidated total leverage ratio, and contains certain customary representations and warranties, affirmative covenants and events of default (including, among others, payment default, covenant default, breach of representation or warranty, bankruptcy, cross-default, material ERISA events, material money judgements and failure to maintain subsidiary guarantees). If an event of default occurs under the Credit Agreement, the lenders under the Credit Agreement will be entitled to take various actions, including the acceleration of amounts due thereunder, the termination of such credit facility and all actions permitted to be taken by a secured creditor. Our failure to comply with our obligations under the Credit Agreement may result in an event of default under the Credit Agreement. A default, if not cured or waived, may permit acceleration of our indebtedness. If our indebtedness is accelerated, we cannot be certain that we will have **sufficient-22sufficient** funds available to pay the accelerated indebtedness or that we will have the ability to refinance the accelerated indebtedness on terms favorable to us or at all. We are able to incur additional debt, which could reduce our ability to satisfy our current obligations under our existing indebtedness. At December 31, **2023-2024**, we had \$ **147-79.5-7** million outstanding under our revolving credit facility. In addition, we may be able to incur significant additional indebtedness in the future, and we may do so, among other reasons, to fund acquisitions as part of our growth strategy. Although the Credit Agreement contains restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and we could incur substantial additional indebtedness in compliance with these restrictions.

Risks Related to Ownership of Our Common Stock Your ability to influence corporate matters may be limited because the ESOP and our 401 (k) plan own a substantial amount of our stock and continue to have significant influence over us, which may limit your ability to influence the outcome of important transactions, including a change in control. As of December 31, **2023-2024**, our employees and certain former employees, through their interests in the ESOP and the Mayville Engineering Company, Inc. 401 (k) Plan (the 401 (k) Plan), beneficially owned approximately **36-28** % of the outstanding shares of our common stock. Each participant in the ESOP and the 401 (k) Plan is entitled to direct the vote of the shares allocated to his or her accounts, in his or her sole discretion. As a result, our employees and former employees, if acting together, will be able to **significantly** influence ~~or control~~ matters requiring approval by our shareholders, including the election of directors, influence over our management and policies and the approval of mergers, acquisitions or other extraordinary transactions. As employees and former employees, the ESOP and 401 (k) Plan participants' interests may be contrary to other investors. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of our company, could deprive our non-ESOP and non-401 (k) Plan shareholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock. The Trustees of the ESOP and the 401 (k) Plan may have the power to vote a large block of shares on matters presented to shareholders for approval. ESOP and 401 (k) Plan participants have the right to direct the vote of the shares allocated to his or her ESOP and 401 (k) Plan accounts. However, if a participant does not timely direct the voting of his or her shares, then (1) GreatBanc Trust Company (the ESOP Trustee) will vote such shares in its independent fiduciary discretion and (2) Principal Trust Company (the 401 (k) Plan Trustee) will vote such shares as directed by the 401 (k) Plan sponsor, which is the Company. Additionally, the ESOP Trustee and the ~~23401-~~ **401** (k) Plan Trustee have fiduciary duties under ERISA which may cause the ESOP Trustee or the 401 (k) Plan Trustee to override participants' voting discretions. Consequently, there may be circumstances in which the ESOP Trustee and the 401 (k) Plan Trustee have the ability to vote a significant block of shares on matters presented to shareholders for approval. The ESOP and the 401 (k) Plan, which as retirement plans have the purpose of providing retirement benefits to current and former employees of the Company and their beneficiaries, may have interests that are different from other investors and may vote in a way with which other shareholders disagree and which may be adverse to other shareholders interests. The market price of our common stock may be volatile, and you could lose all or part of your investment. Since our initial public offering in May 2019, the market price of our common stock has been volatile and has been and could continue to be subject to wide fluctuations in response to various factors, some of

which are beyond our control. These fluctuations could cause investors to lose all or part of their investment in our common stock. Factors that could cause fluctuations in the market price of our common stock include the following: general economic and geopolitical conditions, inflation, interest rates, tariffs, fuel prices, international currency fluctuations, recessionary concerns and acts of war or terrorism; price and volume fluctuations in the overall stock market from time to time; relatively small percentage of our common stock available publicly; actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us; changes in the market's expectations about our operating results; changes in our orders in a given period; success of competitors; our operating results failing to meet the expectation of securities analysts or investors in a particular period; changes in financial estimates and recommendations by securities analysts concerning us or the markets in general; operating and stock price performance of other companies that investors deem comparable to us; our ability to manufacture new and enhanced components for the products of our customers on a timely basis; changes in laws and regulations affecting our business; commencement of, or involvement in, litigation involving us; changes in our capital structure, such as future issuances of securities or the incurrence of additional debt; the volume of securities available for public sale; sales of substantial amounts of our securities by our directors, executive officers or significant shareholders (including our current and former employees via the ESOP and the 401 (k) Plan) or the perception that such sales could occur; general economic and geopolitical conditions, inflation,..... of securities available for public sale; any major change in our Board of Directors or management; and changes in our investor base. In the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources. We do not expect to declare any dividends in the foreseeable future. The continued operation and growth of our business, including acquisitions and capital expenditures, will require substantial cash. Accordingly, we do not anticipate declaring any cash dividends to holders of our common stock in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon results of operations, financial condition, any contractual restrictions, our indebtedness, restrictions imposed by applicable law and other factors our Board of Directors deem relevant. Consequently, investors may need to sell all or part of their holdings of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Some provisions of Wisconsin law and our articles of incorporation and bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of our common stock. Our status as a Wisconsin corporation and the anti-takeover provisions of the Wisconsin Business Corporation Law (the WBCL) may discourage, delay or prevent a change in control even if a change in control would be beneficial to our shareholders by prohibiting us from engaging in a business combination with an interested shareholder for a period of three years after the person becomes an interested shareholder. We may engage in a business combination with an interested shareholder after the expiration of the three-year period with respect to that shareholder only if one or more of the following conditions is satisfied: (i) our Board of Directors approved the acquisition of the stock before the date on which the shareholder acquired the shares, (ii) the business combination is approved by a majority of our outstanding voting stock not beneficially owned by the interested shareholder or (iii) the consideration to be received by shareholders meets certain fair prices requirements of the WBCL with respect to form and amount. In addition, our articles of incorporation and bylaws contain provisions that may make the acquisition of the company more difficult, including the following: • establishing a classified Board of Directors so that not all members of our Board of Directors are elected at one time, which could delay the ability of shareholders to change the membership of a majority of our Board of Directors; • authorizing undesignated preferred stock, the terms of which may be established and shares of which may be issued by our Board of Directors without shareholder approval; • requiring certain procedures to be satisfied in order for a shareholder to call a special meeting of shareholders, including requiring that we receive written demands for a special meeting from holders of 10 % or more of all the votes entitled to be cast on any issue proposed to be considered; • requiring that a director may be removed from office only for " cause " and with the affirmative vote of shareholders holding at least 66 2 / 3 % of the then outstanding shares of stock entitled to vote in the election of directors; • not providing for cumulative voting in the election of directors, which would otherwise allow holders of less than a majority of stock to elect some directors; and • establishing advance notice procedures for shareholder proposals or the nomination of candidates for election as directors. These provisions could have the effect of discouraging, delaying or preventing a transaction involving a change in control of the Company. These provisions could also have the effect of discouraging proxy contests and make it more difficult for shareholders to elect directors of their choosing or prevent us from taking other corporate actions that shareholders may desire.

Risks Related to Being a Relatively New Public Company We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors. We are an " emerging growth company " as defined by the Jumpstart Our Business Startups Act of 2012 (JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this exemption from new or revised accounting standards and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that have not made this election. In addition, as an emerging growth company under the JOBS Act we are only subject to one portion of Section 404 of the Sarbanes-Oxley Act of 2002 at this time — management reporting on the assessment of internal control over financial reporting (we are not currently required to have our independent auditors issue a report addressing these assessments). Assuming we have not ceased to qualify as an " emerging growth company " earlier, we will be required to comply with both the management and the auditor assessment of internal control over financial reporting requirements of Section 404 at the time we file our annual report for 2024. For as long as we continue to be an emerging growth company, we also intend to take advantage of certain other exemptions from various reporting requirements that are applicable to other public companies including, but not limited to, reduced disclosure obligations regarding executive compensation in our

periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we will 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. 25