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DELTA REPORT

10-Q

MEC - MAYVILLE ENGINEERING COMP

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	468
CHANGES	184
DELETIONS	113
ADDITIONS	171

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, June 30, 2024

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: 001-38894

Mayville Engineering Company, Inc.

(Exact Name of Registrant as Specified in its Charter)

Wisconsin	**39-0944729**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
135 S. 84th Street, Suite 300 Milwaukee, Wisconsin	**53214**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (414) 381-2860

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	**MEC**	**New York Stock Exchange**

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 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 ☒

As of May 3, 2024 August 2, 2024, the registrant had 20,526,787 20,619,530 shares of common stock, no par value per share, outstanding.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain matters discussed in this Quarterly Report on Form 10-Q contain forward-looking statements that involve risks and uncertainties, such as statements related to future events, business strategy, future performance, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek,” “anticipate,” “plan,” “continue,” “estimate,” “expect,” “may,” “will,” “project,” “predict,” “potential,” “targeting,” “intend,” “could,” “might,” “should,” “believe” and similar expressions or their negative. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on management’s belief, based on currently available information, as to the outcome and timing of future events. These statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed in such forward-looking statements. Mayville Engineering Company, Inc. (MEC, the Company, we, our, us or similar terms) believes the expectations reflected in the forward-looking statements contained in this Quarterly Report on Form 10-Q are reasonable, but no assurance can be given that these expectations will prove to be correct. Forward-looking statements should not be unduly relied upon.

Important factors that could cause actual results or events to differ materially from those expressed in forward-looking statements include, but are not limited to, those described in “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission (the SEC) on March 6, 2024, as such may be amended or supplemented in Part II, Item 1A of our subsequently filed Quarterly Reports on Form 10-Q (including this report) and the following:

- 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, have had, and may continue to have, a negative impact on our business, financial condition, cash flows and results of operations (including future uncertain impacts);
- risks relating to developments in the industries in which our customers operate;
- risks related to scheduling production accurately and maximizing efficiency;
- our ability to realize net sales represented by our awarded business;
- failure to compete successfully in our markets;
- our ability to maintain our manufacturing, engineering and technological expertise;
- the loss of any of our large customers or the loss of their respective market shares;
- risks related to entering new markets;
- our ability to recruit and retain our key executive officers, managers and trade-skilled personnel;
- volatility in the prices or availability of raw materials critical to our business;

- manufacturing risks, including delays and technical problems, issues with third-party suppliers, environmental risks and applicable statutory and regulatory requirements;
- our ability to successfully identify or integrate acquisitions;
- our ability to develop new and innovative processes and gain customer acceptance of such processes;
- risks related to our information technology systems and infrastructure, including cybersecurity risk risks and data leakage risks;

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- geopolitical and economic developments, including foreign trade relations and associated tariffs;
- results of legal disputes, including product liability, intellectual property infringement and other claims;
- risks associated with our capital-intensive industry;
- risks related to our treatment as an S Corporation prior to the consummation of our initial public offering of common stock; and
- risks related to our employee stock ownership plan's treatment as a tax-qualified retirement plan.

These factors are not necessarily all of the important factors that could cause actual results or events to differ materially from those expressed in forward-looking statements. Other unknown or unpredictable factors could also cause actual results or events to differ materially from those expressed in the forward-looking statements. All forward-looking statements attributable to us are qualified in their entirety by this cautionary statement. Forward-looking statements speak only as of the date hereof. We undertake no obligation to update or revise any forward-looking statements after the date on which any such statement is made, whether as a result of new information, future events or otherwise, except as required by federal securities laws.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Mayville Engineering Company, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(in thousands, except share amounts)

(unaudited)

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023

ASSETS				
Cash and cash equivalents	$ 314	$ 672	$ 314	$ 672
Receivables, net of allowances for doubtful accounts of $669 at March 31, 2024 and $685 at December 31, 2023	70,331	57,445		
Receivables, net of allowances for doubtful accounts of $697 at June 30, 2024 and $685 at December 31, 2023			67,853	57,445
Inventories, net	66,106	67,782	60,816	67,782
Tooling in progress	5,232	5,457	6,074	5,457
Prepaid expenses and other current assets	3,523	3,267	5,155	3,267
Total current assets	145,506	134,623	140,212	134,623
Property, plant and equipment, net	172,095	175,745	168,757	175,745
Goodwill	92,650	92,650	92,650	92,650
Intangible assets, net	56,934	58,667	55,201	58,667
Operating lease assets	31,018	32,233	29,868	32,233
Other long-term assets	1,698	2,743	1,463	2,743
Total assets	$ 499,901	$ 496,661	$488,151	$ 496,661
LIABILITIES AND SHAREHOLDERS' EQUITY				
Accounts payable	$ 54,457	$ 46,526	$ 53,963	$ 46,526
Current portion of operating lease obligation	5,010	5,064	4,856	5,064
Accrued liabilities:				
Salaries, wages, and payroll taxes	6,131	6,368	7,211	6,368
Profit sharing and bonus	1,455	3,107	3,275	3,107
Other current liabilities	12,093	10,644	12,523	10,644
Total current liabilities	79,146	71,709	81,828	71,709
Bank revolving credit notes	139,817	147,493	122,063	147,493
Operating lease obligation, less current maturities	27,532	28,606	26,616	28,606
Deferred compensation, less current portion	4,182	3,816	4,315	3,816
Deferred income tax liability	12,847	12,606	12,847	12,606
Other long-term liabilities	2,340	2,453	2,398	2,453
Total liabilities	$ 265,864	$ 266,683	$250,067	$ 266,683
Commitments and contingencies (see Note 9)				
Common shares, no par value, 75,000,000 authorized, 22,009,409 shares issued at March 31, 2024 and 21,853,477 at December 31, 2023	—	—		
Common shares, no par value, 75,000,000 authorized, 22,077,389 shares issued at June 30, 2024 and 21,853,477 at December 31, 2023			—	—
Additional paid-in-capital	206,191	205,373	207,454	205,373
Retained earnings	37,359	34,118	41,141	34,118
Treasury shares at cost, 1,542,893 shares at March 31, 2024 and December 31, 2023	(9,513)	(9,513)		
Treasury shares at cost, 1,604,090 shares at June 30, 2024 and 1,542,893 at December 31, 2023			(10,511)	(9,513)
Total shareholders' equity	234,037	229,978	238,084	229,978
Total	$ 499,901	$ 496,661		
Total liabilities and shareholders' equity			$488,151	$ 496,661

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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Mayville Engineering Company, Inc. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income

(in thousands, except share amounts and per share data)

(unaudited)

	Three Months Ended March 31,	
	2024	2023
Net sales	$ 161,269	$ 142,645
Cost of sales	140,336	126,268
Amortization of intangible assets	1,733	1,738
Profit sharing, bonuses, and deferred compensation	3,800	3,003
Other selling, general and administrative expenses	7,769	6,966
Income from operations	7,631	4,670
Interest expense	(3,356)	(1,658)
Income before taxes	4,275	3,012
Income tax expense	1,034	441
Net income and comprehensive income	$ 3,241	$ 2,571
Earnings per share:		
Basic	$ 0.16	$ 0.13
Diluted	$ 0.16	$ 0.12
Weighted average shares outstanding:		
Basic	20,485,933	20,315,338
Diluted	20,700,046	20,749,948

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales	$ 163,636	$ 138,980	$ 324,905	$ 281,626
Cost of sales	141,359	122,885	281,696	249,154
Amortization of intangible assets	1,733	1,738	3,466	3,476
Profit sharing, bonuses, and deferred compensation	4,133	2,688	7,933	5,690
Other selling, general and administrative expenses	8,261	7,396	16,030	14,363
Income from operations	8,150	4,273	15,780	8,943
Interest expense	(2,969)	(1,968)	(6,324)	(3,626)
Loss on extinguishment of debt	—	(216)	—	(216)
Income before taxes	5,181	2,089	9,456	5,101
Income tax expense	1,399	475	2,433	916
Net income and comprehensive income	$ 3,782	$ 1,614	$ 7,023	$ 4,185
Earnings per share:				
Basic	$ 0.18	$ 0.08	$ 0.34	$ 0.21
Diluted	$ 0.18	$ 0.08	$ 0.34	$ 0.20

Weighted average shares outstanding:				
Basic	20,602,650	20,494,437	20,544,292	20,405,383
Diluted	21,034,780	20,827,728	20,914,499	20,789,175

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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Mayville Engineering Company, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 3,241	$ 2,571
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	7,521	6,142
Amortization	1,733	1,738
Allowance for doubtful accounts	(16)	27
Inventory excess and obsolescence reserve	(247)	11
Stock-based compensation expense	1,157	1,066
Loss (gain) on disposal of property, plant and equipment	2	(138)
Deferred compensation	316	(163)
Non-cash lease expense	1,215	1,286
Other non-cash adjustments	69	83
Changes in operating assets and liabilities:		
Accounts receivable	(12,870)	(16,265)
Inventories	1,923	2,749
Tooling in progress	225	(100)
Prepaids and other current assets	(199)	110
Accounts payable	6,727	(2,290)
Deferred income taxes	1,159	441
Operating lease obligations	(1,128)	(1,206)
Accrued liabilities	(203)	(2,105)
Net cash provided by (used in) operating activities	10,625	(6,043)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,775)	(2,408)
Proceeds from sale of property, plant and equipment	107	153
Net cash used in investing activities	(2,668)	(2,255)
CASH FLOWS FROM FINANCING ACTIVITIES		

Proceeds from bank revolving credit notes	119,351	119,700
Payments on bank revolving credit notes	(127,026)	(110,360)
Repayments of other long-term debt	(195)	(286)
Shares withheld for employees' taxes	(683)	(661)
Payments on finance leases	(107)	(96)
Proceeds from the exercise of stock options	345	—
Net cash provided by (used in) financing activities	(8,315)	8,297
Net decrease in cash and cash equivalents	(358)	(1)
Cash and cash equivalents at beginning of period	672	127
Cash and cash equivalents at end of period	$ 314	$ 126
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 2,094	$ 112
Cash paid for taxes	$ 2	$ —
Non-cash property, plant & equipment, net	$ 1,650	$ 1,534
Non-cash 401(k) contribution of treasury stock	$ —	$ 2,500

	Six Months Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 7,023	$ 4,185
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	15,179	12,415
Amortization	3,466	3,476
Allowance for doubtful accounts	12	6
Inventory excess and obsolescence reserve	(164)	41
Stock-based compensation expense	2,495	2,420
Loss (gain) on disposal of property, plant and equipment	2	(135)
Deferred compensation	451	(17,475)
Loss on extinguishment of debt	—	216
Non-cash lease expense	2,702	2,144
Other non-cash adjustments	143	184
Changes in operating assets and liabilities:		
Accounts receivable	(10,420)	(11,071)
Inventories	7,130	4,839
Tooling in progress	(617)	111
Prepaids and other current assets	(1,951)	(897)
Accounts payable	6,391	(3,061)
Deferred income taxes	1,764	638
Operating lease obligations	(2,535)	(1,986)
Accrued liabilities	2,829	(1,915)
Net cash provided by (used in) operating activities	33,900	(5,865)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,874)	(6,320)
Proceeds from sale of property, plant and equipment	107	153
Net cash used in investing activities	(6,767)	(6,167)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank revolving credit notes	273,536	347,324

Payments on bank revolving credit notes	(298,967)	(241,618)
Repayments of other long-term debt	(306)	(575)
Payments of financing costs	—	(1,248)
Shares withheld for employees' taxes	(758)	—
Purchase of treasury stock	(998)	(1,661)
Payments on finance leases	(343)	(192)
Proceeds from the exercise of stock options	345	—
Net cash provided by (used in) financing activities	(27,491)	102,030
Net increase (decrease) in cash and cash equivalents	(358)	89,998
Cash and cash equivalents at beginning of period	672	127
Cash and cash equivalents at end of period	$ 314	$ 90,125

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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Mayville Engineering Company, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Six Months Ended June 30,	
	2024	**2023**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 5,577	$ 3,383
Cash paid for taxes	$ 796	$ 278
Non-cash property, plant & equipment, net	$ 1,492	$ 2,283
Non-cash 401(k) contribution of treasury stock	$ —	$ 2,500

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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Mayville Engineering Company, Inc. and Subsidiaries

Condensed Consolidated Statements of Shareholders’ Equity

(in thousands)

(unaudited)

	Shareholders' Equity			
	Additional Paid-in-Capital	Treasury Shares	Retained Earnings	Total
Balance as of December 31, 2023	$ 205,373	$ (9,513)	$ 34,118	$ 229,978
Net income	—	—	3,241	3,241
Stock-based compensation	1,157	—	—	1,157
Stock options exercised net of employee tax withholding	185	—	—	185
Restricted stock units net of employee tax withholding	(524)	—	—	(524)
Balance as of March 31, 2024	$ 206,191	$ (9,513)	$ 37,359	$ 234,037

	Shareholders' Equity			
	Additional Paid-in-Capital	Treasury Shares	Retained Earnings	Total
Balance as of December 31, 2022	$ 200,945	$ (9,352)	$ 26,274	$ 217,867
Net income	—	—	2,571	2,571
401(k) plan contribution	—	2,500	—	2,500
Purchase of treasury stock	—	(661)	—	(661)
Stock-based compensation	1,066	—	—	1,066
Balance as of March 31, 2023	$ 202,011	$ (7,513)	$ 28,845	$ 223,343

	Shareholders' Equity			
	Additional Paid-in-Capital	Treasury Shares	Retained Earnings	Total
Balance as of December 31, 2023	$ 205,373	$ (9,513)	$ 34,118	$ 229,978
Net income	—	—	3,241	3,241
Stock-based compensation	1,157	—	—	1,157
Stock options exercised net of employee tax withholding	185	—	—	185
Restricted stock units net of employee tax withholding	(524)	—	—	(524)
Balance as of March 31, 2024	$ 206,191	$ (9,513)	$ 37,359	$ 234,037
Net income	—	—	3,782	3,782
Purchase of treasury stock	—	(998)	—	(998)
Stock-based compensation	1,338	—	—	1,338
Stock options exercised net of employee tax withholding	(75)	—	—	(75)
Balance as of June 30, 2024	$ 207,454	$ (10,511)	$ 41,141	$ 238,084

	Shareholders' Equity			
	Additional Paid-in-Capital	Treasury Shares	Retained Earnings	Total
Balance as of December 31, 2022	$ 200,945	$ (9,352)	$ 26,274	$ 217,867
Net income	—	—	2,571	2,571
401(k) plan contribution	—	2,500	—	2,500
Purchase of treasury stock	—	(661)	—	(661)
Stock-based compensation	1,066	—	—	1,066
Balance as of March 31, 2023	$ 202,011	$ (7,513)	$ 28,845	$ 223,343
Net income	—	—	1,614	1,614
Purchase of treasury stock	—	(1,000)	—	(1,000)
Stock-based compensation	1,354	—	—	1,354
Stock options exercised net of employee tax withholding	58	—	—	58
Balance as of June 30, 2023	$ 203,423	$ (8,513)	$ 30,459	$ 225,369

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Mayville Engineering Company, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

(in thousands except share amounts, per share data, years and ratios)

(unaudited)

Note 1. Basis of presentation

The interim unaudited Condensed Consolidated Financial Statements of Mayville Engineering Company, Inc. and subsidiaries (MEC, the Company, we, our, us or similar terms) presented here have been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP) and with instructions to Form 10-Q and Article 10 of Regulation S-X. They reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations and financial position for the interim unaudited periods presented. All intercompany balances and transactions have been eliminated in consolidation.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. These interim unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2023, included in the Company's Annual Report on Form 10-K. A summary of the Company's significant accounting policies is included in the Company's 2023 financial statements in the Annual Report on Form 10-K. The Company followed these policies in preparation of the interim unaudited Condensed Consolidated Financial Statements except for new accounting pronouncements adopted as described below.

Nature of Operations

MEC is a leading U.S.-based, vertically-integrated, value-added manufacturing partner providing a full suite of manufacturing solutions from concept to production, including design, prototyping and tooling, fabrication, aluminum extrusion, coating, assembly and aftermarket components. Our customers operate in diverse end markets, including heavy- and medium-duty commercial vehicles, construction & access equipment, powersports, agriculture, military and other end markets. Founded in 1945 and headquartered in Milwaukee, Wisconsin, we are a leading Tier I U.S. supplier of highly engineered components to original equipment manufacturer (OEM) customers with leading positions in their respective markets. The Company operates 23 facilities located in Arkansas, Michigan, Mississippi, Ohio, Pennsylvania, Virginia, and Wisconsin. Our engineering expertise and technical know-how allow us to add value through every product redevelopment cycle (generally every three to five years for our customers).

Our one operating segment focuses on producing metal components that are used in a broad range of heavy- and medium-duty commercial vehicles, construction & access equipment, powersports, agricultural, military and other products.

Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09, *Improvements to Income Tax Disclosures*, amending Accounting Standards Codification (ASC) 740, *Income Taxes.* The amendment is intended to enhance the transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments require that on an annual basis, entities disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. In addition, the amendments require that entities disclose additional information about income taxes paid as well as additional disclosures of pretax income and income tax expense and remove the requirement to disclose certain items that are no longer considered cost beneficial or relevant. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, may be applied prospectively or retrospectively and allows for early adoption.. The Company is evaluating the potential impact of adopting this guidance on the consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures*, amending ASC 280, *Segment Reporting*. The amendment is intended to improve reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment and contain other disclosure requirements. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and for interim periods after December 15, 2024. The Company is evaluating the potential impact of adopting this guidance on the consolidated financial statements.

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December 15, 2023 and for interim periods after December 15, 2024. Early adoption is permitted and may be applied prospectively or retrospectively. The Company is evaluating the potential impact of this guidance on the consolidated financial statements.

Note 2. Acquisition

On July 1, 2023, the Company completed its acquisition of Mid-States Aluminum (MSA). The acquisition was consummated in accordance with terms and conditions of the certain Unit Purchase Agreement, dated as of June 19, 2023, among the Company and shareholders of MSA. The purchase price of the acquisition was $95,945, subject to adjustments for the amount of cash, indebtedness, net working capital and certain expenses of MSA as of the closing. At the closing of the acquisition, the Company applied an estimate of the adjustments and paid total net consideration of $90,002. The Company financed the acquisition by borrowing under its amended and restated credit agreement, as described in Note 4 – Debt in the Notes to Condensed Consolidated Financial Statements.

Located in Fond du Lac, WI, MSA is an industry leading, vertically-integrated manufacturer of custom aluminum extrusions and fabrications that also offers related services including design, engineering, anodizing and finishing, assembly and packaging. The acquisition enables MEC to secure an attractive entry point within light-weight materials fabrication, while providing significant new cross-selling opportunities with both new and existing customers.

The aggregate purchase price has been allocated to the assets acquired and liabilities assumed based on their preliminary estimated fair values at the acquisition date. The estimate of the excess purchase price over the preliminary estimated fair value of net tangible assets acquired was allocated to identifiable intangible assets and goodwill. The Company engaged an independent third party to assist with the identification and valuation of these intangible assets. Management makes significant estimates and assumptions when determining the fair value of assets acquired and liabilities assumed. These estimates include, but are not limited to, discount rates, projected future net sales, projected future expected cash flows, useful lives, attrition rates, royalty rates and growth rates. These measures are based on significant Level 3 inputs (see Note 13) not observable in the market.

The following table is a summary of the assets acquired, liabilities assumed and net cash consideration paid for MSA during 2023:

	Preliminary Opening Balance Sheet Allocation	Estimated Useful Life	Opening Balance Sheet Allocation	Estimated Useful Life
Cash	$ 324		$ 324	
Accounts receivable, net	7,381		7,381	
Inventory	9,698		9,698	
Property, plant and equipment	41,271		41,271	

Other assets	291		291	
Intangible assets				
Developed technology	4,900	7 Years	4,900	7 Years
Customer relationships	17,700	17 Years	17,700	17 Years
Goodwill	21,115	Indefinite	21,115	Indefinite
Total assets acquired	102,680		102,680	
Accounts payable	(2,386)		(2,386)	
Accrued expenses	(1,509)		(1,509)	
Other liabilities	(1,984)		(1,984)	
Debt	(7,884)		(7,884)	
Total consideration	$ 88,917		$ 88,917	

Inventory was valued at its estimated fair value, which is defined as expected sales price, less costs to sell, plus a reasonable margin for selling effort. The valuation resulted in an inventory fair value step-up of $891 and was fully expensed and reflected in cost of sales on the Condensed Consolidated Statements of Comprehensive Income during the three months ended September 30, 2023.

Property, plant and equipment was valued at its estimated fair value using the cost, market and sales comparison approaches. The valuation resulted in a property, plant and equipment fair value step-up of $21,157. Depreciation on property, plant and equipment is computed on a straight-line basis over the estimated useful life of the respective assets.

The Company also recorded $17,700 of customer relationships intangible assets with an estimated useful life of 17 years and $4,900 of developed technology intangible assets with an estimated useful life of 7 years. The purchase price allocated to these assets

was based on management's forecasted cash inflows and outflows and using a relief from royalty method for developed technologies and the multi-period excess earnings method for customer relationships. Amortization expense related to these intangible assets is recorded on a straight-line basis and reflected in amortization of intangible expenses on the Condensed Consolidated Statements of Comprehensive Income.

The purchase price of MSA exceeded the preliminary estimated fair value of identifiable net assets and accordingly, the difference was allocated to goodwill, which is not tax deductible.

The Company believes that the information gathered to date provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed; however, the purchase price allocations are preliminary as we continue to gather the necessary information to finalize our fair value estimates and provisional amounts. Provisional amounts include items related to working capital adjustments, intangibles, indemnification of assets and liabilities and deferred taxes. As of December 31, 2023, the Company finalized the net working capital adjustment in conjunction with the fair value estimates for assets acquired, liabilities assumed, identifiable assets and the net income tax provision. Since its preliminary estimates, the Company adjusted the purchase price by ($1,084) related to working capital adjustments. The offsetting adjustment was primarily related to goodwill.

The As of June 30, 2024, the Company has recorded preliminary finalized the estimates for the items noted in the preceding paragraph of assets and will record adjustments, if an, to the preliminary amounts upon finalization of the respective valuations. Such changes are not expected to be significant. The Company expects to complete the purchase price allocation as soon as possible but no later than one year from the acquisition date. acquired liabilities assumed.

Pro Forma Financial Information (Unaudited)

In accordance with ASC 805, the following unaudited pro forma combined results of operations have been prepared and presented to give effect to the MSA acquisition as if it had occurred on January 1, 2023, the beginning of the comparable period, applying certain assumptions and pro forma adjustments. These pro forma adjustments primarily relate to the estimated depreciation expense associated with the fair value of the acquired property, plant and equipment, amortization of identifiable intangible assets, interest expense related to additional debt needed to fund the acquisition, and the tax impact of these adjustments. Additionally, the pro forma adjustments include non-recurring expenses related to transaction costs and the sale of stepped-up inventory. The unaudited pro forma consolidated results are provided for illustrative purposes only, are not indicative of the Company's actual consolidated results of operations or consolidated financial position and do not reflect any revenue and operating synergies or cost savings that may result from the acquisition.

	Three Months Ended March 31, 2023	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
Net sales	$ 158,720	$ 153,862	$ 312,582
Net income	$ 1,384	$ 451	$ 1,835

Note 3. Select balance sheet data

Inventory

Inventories are stated at the lower of cost, determined on the first-in, first-out method, or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Work-in-process and finished goods are valued at production costs consisting of material, labor, and overhead.

Inventories as of June 30, 2024 and December 31, 2023 consist of:

	June 30, 2024	December 31, 2023
Finished goods and purchased parts	$ 27,435	$ 31,489
Raw materials	23,256	25,929
Work-in-process	10,126	10,363
Total	$ 60,816	$ 67,782

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Inventories as of March 31, 2024 and December 31, 2023 consist of:

	March 31, 2024	December 31, 2023
Finished goods and purchased parts	$ 29,862	$ 31,489
Raw materials	25,238	25,929
Work-in-process	11,006	10,363
Total	$ 66,106	$ 67,782

Property, plant and equipment

Property, plant and equipment as of March 31, 2024 June 30, 2024 and December 31, 2023 consist of:

	Useful Lives Years	March 31, 2024	December 31, 2023	Useful Lives Years	June 30, 2024	December 31, 2023
Land	Indefinite	$ 2,640	$ 2,640	Indefinite	$ 2,640	$ 2,640
Land improvements	15-39	4,378	4,378	15-39	4,291	4,378
Building and building improvements	15-39	81,558	79,682	15-39	82,043	79,682
Machinery, equipment and tooling	3-10	300,627	295,960	3-10	304,727	295,960
Vehicles	5	4,452	4,571	5	4,424	4,571
Office furniture and fixtures	3-7	22,089	21,325	3-7	22,522	21,325
Construction in progress	N/A	6,303	9,779	N/A	5,599	9,779
Total property, plant and equipment, gross		422,047	418,335		426,246	418,335
Less accumulated depreciation		249,952	242,590		257,489	242,590
Total property, plant and equipment, net		$ 172,095	$ 175,745		$168,757	$ 175,745

Depreciation expense was $7,521 $7,658 and $6,142 $6,273 for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and $15,179 and $12,415 for the six months ended June 30, 2024 and 2023, respectively.

Goodwill

There were no changes to the goodwill balance of $92,650 between December 31, 2023 and March 31, 2024 June 30, 2024.

Intangible Assets

The following is a listing of definite-lived intangible assets, the useful lives in years (amortization period) and accumulated amortization as of March 31, 2024 June 30, 2024 and December 31, 2023:

	March 31, 2024				June 30, 2024			
	Useful Lives Years	Gross Carrying Amount	Accumulated Amortization	Net	Useful Lives Years	Gross Carrying Amount	Accumulated Amortization	Net
Amortizable intangible assets:								
Customer relationships and contracts	9-17	$ 96,040	$ 54,266	$ 41,774	9-17	$ 96,040	$ 55,454	$40,586
Trade name	10	14,780	7,816	6,964	10	14,780	8,185	6,595
Non-compete agreements	5	8,800	8,800	—	5	8,800	8,800	—
Developed technology	7	4,900	525	4,375	7	4,900	700	4,200
Patents	19	24	14	10	19	24	15	9
Total intangible assets, net		$ 124,544	$ 71,421	$ 53,123		$ 124,544	$ 73,154	$51,390

	Useful Lives Years	December 31, 2023 Gross Carrying Amount	Accumulated Amortization	Net
Amortizable intangible assets:				
Customer relationships and contracts	9-17	$ 96,040	$ 53,078	$ 42,962
Trade name	10	14,780	7,446	7,334
Non-compete agreements	5	8,800	8,800	—
Developed technology	7	4,900	350	4,550
Patents	19	24	14	10
Total intangible assets, net		$ 124,544	$ 69,688	$ 54,856

Additionally, the Company reported an indefinite lived non-amortizable brand name asset with a balance of $3,811 as of June 30, 2024 and December 31, 2023.

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	Useful Lives Years	December 31, 2023 Gross Carrying Amount	Accumulated Amortization	Net
Amortizable intangible assets:				
Customer relationships and contracts	9-17	$ 96,040	$ 53,078	$ 42,962
Trade name	10	14,780	7,446	7,334
Non-compete agreements	5	8,800	8,800	—
Developed technology	7	4,900	350	4,550
Patents	19	24	14	10
Total intangible assets, net		$ 124,544	$ 69,688	$ 54,856

Additionally, the Company reported an indefinite lived non-amortizable brand name asset with a balance of $3,811 as of March 31, 2024 and December 31, 2023.

Changes in intangible assets between December 31, 2023 and March 31, 2024 June 30, 2024 consist of:

Balance as of December 31, 2023	$ 58,667	$58,667
Amortization expense	(1,733)	(3,466)
Balance as of March 31, 2024	$ 56,934	
Balance as of June 30, 2024		$55,201

For Amortization expense was $1,733 and $1,738 for the three months ended March 31, 2024 June 30, 2024 and 2023, amortization expense was $1,733 respectively, and $1,738, $3,466 and $3,476 for the six months ended June 30, 2024 and 2023, respectively.

Future amortization expense is expected to be as followed:

Year ending December 31,		

2024 (remainder)	$ 5,200	$ 3,466
2025	$ 6,933	$ 6,933
2026	$ 6,933	$ 6,933
2027	$ 6,933	$ 6,933
2028	$ 6,877	$ 6,877
Thereafter	$ 20,247	$20,248

Note 4. Debt

Bank Revolving Credit Notes

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, as administrative agent (the Agent). The Credit Agreement provides for a $250,000 revolving credit facility, with a letter of credit sub-facility, and a swingline facility in an aggregate amount of $25,000. The Credit Agreement also provides the availability of incremental facilities to the greater of $100,000 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.

The Credit Agreement contains usual and customary negative covenants for agreements of this type, including, but not limited to, restrictions on our ability to, subject to certain exceptions, create, incur or assume indebtedness; create, incur, assume or suffer to exist liens; make certain investments; allow our subsidiaries to merge or consolidate with another entity; make certain asset dispositions; pay certain dividends or other distributions to shareholders; enter into transactions with affiliates; enter into sale leaseback transactions; and exceed the limits on annual capital expenditures. The Credit Agreement also requires us to satisfy certain financial covenants, including a minimum consolidated interest coverage ratio of 3.00 to 1.00 as well as a consolidated total leverage ratio not to exceed 4.00 to 1.00 (which was increased as of July 1, 2023 from 3.50 to 1.00 in connection with the acquisition of MSA).

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The Company incurred deferred financing costs of $1,248 associated with executing the Credit Agreement, which has been recorded as an other long-term asset in the Condensed Consolidated Balance Sheets and will be amortized over the duration of the agreement.

At March 31, 2024 June 30, 2024, our consolidated total leverage ratio was 1.98 1.69 to 1.00 as compared to a covenant maximum of 4.00 to 1.00 under the Credit Agreement.

At March 31, 2024 June 30, 2024, our consolidated interest coverage ratio was 4.87 4.57 to 1.00 as compared to a covenant minimum of 3.00 to 1.00 under the Credit Agreement.

Under the Credit Agreement, interest is payable quarterly at the adjusted secured overnight financing rate (SOFR) plus an applicable margin based on the current consolidated total leverage ratio. The interest rate was 7.68% and 7.71% as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Additionally, the agreement has a fee on the average daily unused portion of the aggregate unused revolving commitments. This fee was 0.30% as of March 31, 2024 June 30, 2024 and December 31, 2023.

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Prior to June 28, 2023, the Company maintained a credit agreement (Former Credit Agreement) with certain lenders and the Agent. The Former Credit Agreement provided for a $200,000 revolving credit facility, with a letter of credit sub-facility in an aggregate amount not to exceed $5,000, and a swingline facility in an aggregate amount of $20,000. The Former Credit Agreement also provided for an additional $100,000 of debt capacity through an accordion feature.

The Company was in compliance with all financial covenants of its credit agreements as of March 31, 2024 June 30, 2024 and December 31, 2023. The amount borrowed on the revolving credit notes was $139,817 $122,063 and $147,493 as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

Other Debt

With the consummation of the MSA acquisition, the Company assumed a Fond du Lac County and Fond du Lac Economic Development Corporation term note (Fond du Lac Term Note). The Fond du Lac Term Note is secured by a security agreement, payable in annual installments of $500 plus interest at 2.00% and is due in full in December 2028. The balance outstanding as of March 31, 2024 June 30, 2024 and December 31, 2023 was $2,375. The short-term and long-term balance of $500 and $1,875, respectively, are recorded in other current liabilities and other long-term liabilities in the Condensed Consolidated Balance Sheets.

Note 5. Leases

The Company has real property operating leases for office and light manufacturing space. Operating leases for the Company’s personal property consist of leases for office equipment, vehicles, forklifts and storage tanks for bulk gases. The Company recognizes a right-of-use (ROU) asset and a lease liability for operating leases based on the net present value of future minimum lease payments. Lease expense for the Company’s operating leases is recognized on a straight-line basis over the lease term, including renewal periods that are considered reasonably certain.

The Company has finance leases for two laser cutting systems, four vehicles equipment used throughout its office and a number of copiers. manufacturing facilities. The Company recognizes an ROU asset and a lease liability for finance leases based on the net present value of future minimum lease payments. Lease expense for the Company’s finance leases is comprised of the amortization of the ROU asset and interest expense recognized based on the effective interest method.

Variable lease expense is related to certain of the Company’s real property leases and personal property leases, and it generally consists of property tax and insurance components that are for the benefit of the lessor (real property leases) and variable overage fees (personal property leases) that are remitted as part of the Company’s lease payments.

The components of lease expense were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Finance lease cost:				
Amortization of finance lease assets	$ 119	$ 94	$ 223	$ 188
Interest on finance lease liabilities	12	10	20	21
Total finance lease expense	131	104	243	209
Operating lease expense	1,353	1,321	2,693	2,607
Short-term lease expense	159	131	311	270
Variable lease expense	60	48	112	117
Lease income (1)	(537)	(404)	(1,069)	(1,035)
Total lease expense	$ 1,166	$ 1,200	$ 2,290	$ 2,168

(1) The Company subleased a portion of its Hazel Park, MI facility starting in June 2022. Lease income for the three months ended June 30, 2024 and 2023 was $537 and $404, respectively, and $1,069 and $1,035 for the six months ended June 30, 2024 and 2023, respectively.

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The components of lease expense were as follows:

	Three Months Ended March 31,	
	2024	2023
Finance lease cost:		
Amortization of finance lease assets	$ 104	$ 94
Interest on finance lease liabilities	8	11
Total finance lease expense	112	105
Operating lease expense	1,340	1,286
Short-term lease expense	152	139
Variable lease expense	52	69
Lease income (1)	(532)	(631)
Total lease expense	$ 1,124	$ 968

(1) The Company subleased a portion of its Hazel Park, MI facility starting in June 2022. Lease income for the three months ended March 31, 2024 and 2023 was $532 and $631, respectively.

Lease related supplemental cash flow information:

	Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cash paid for amounts included in the measurement of lease liabilities for finance leases:				
Operating cash flows	$ 8	$ 11	$ 20	$ 21
Financing cash flows	$ 107	$ 96	$ 343	$ 192
Cash paid for amounts included in the measurement of lease liabilities for operating leases:				
Operating cash flows	$ 1,481	$ 1,425	$2,980	$2,891
Right-of-use assets obtained in exchange for recorded lease obligations:				
Operating leases	$ 134	$ —	$ 337	$ 363
Finance leases	$ 1	$ —	$ 383	$ —

Note 6. Employee stock ownership plan

Under the Mayville Engineering Company, Inc. Employee Stock Ownership Plan (ESOP), the Company can make annual discretionary contributions to the trust for the benefit of eligible employees in the form of cash or shares of common stock of the Company subject to the Board of Directors' approval. For the three months ended March 31, 2024 and 2023, the The Company recorded no ESOP expense. expense for the three and six months ended June 30, 2024 and 2023.

As of January 1, 2023, the Company amended the plan reducing the distribution period from five years to three years.

At various times following death, disability, retirement, termination of employment or the exercise of diversification rights, an ESOP participant is entitled to receive their ESOP account balance in accordance with various distribution methods as permitted under the policies adopted by the ESOP.

As of March 31, 2024 June 30, 2024 and December 31, 2023, the ESOP shares consisted of 3,732,076 3,474,467 and 4,062,583 in allocated shares, respectively.

Note 7. Retirement plans

The Mayville Engineering Company, Inc. 401(k) Plan (the 401(k) Plan) covers substantially all employees meeting certain eligibility requirements. The 401(k) Plan is a defined contribution plan and is intended for eligible employees to defer tax-free

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contributions to save for retirement. Employees may contribute up to 50% of their eligible compensation to the 401(k) Plan, subject to the limits of Section 401(k) of the Internal Revenue Code.

The Company provides a 50% match for employee contributions, up to 6%. For the three months ended March 31, 2024 June 30, 2024 and 2023, the Company's employer match expense was $1,053 $922 and $874, $770, respectively. Total employer match expense for the six months ended June 30, 2024 and 2023 was $1,976 and $1,644, respectively. Additionally, the 401(k) Plan provides for employer discretionary profit-sharing contributions and the Board of Directors may authorize discretionary profit-sharing contributions (which are usually approved at the end of each calendar year). For the three and six months ended March 31, 2024 June 30, 2024 and 2023, the Company's estimated discretionary profit-sharing expense was $0.

Note 8. Income taxes

On a quarterly basis, the Company estimates its effective tax rate for the full fiscal year and records a quarterly income tax provision based on the anticipated rate and adjusted for discrete taxable events that may occur in the quarter. As the year progresses, the Company will refine its estimate based on facts and circumstances by each tax jurisdiction.

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Income tax expense was $1,034 $1,399 and $441, $2,433, and the effective tax rate (ETR) was 24.19% 27.00% and 14.65% 25.73% for the three and six months ended March 31, 2024 and 2023, June 30, 2024, respectively. Our ETR is different from the expected tax rate due to state taxes, non-deductible items, research and development credits and excess tax benefit associated with stock-based compensation items.

For the three and six months ended June 30, 2023, income tax expense was estimated at $475 and $916 and the ETR was 22.73% and 17.96%, respectively.

Uncertain Tax Positions

Based on the Company's evaluation, it has been concluded that there is one unrecognized tax benefit requiring recognition in its financial statements as of March 31, 2024 June 30, 2024. The Company does not anticipate that there will be a material change in the balance of the unrecognized tax benefits in the next twelve months. Any interest and penalties related to uncertain tax positions are recorded in income tax expense. At March 31, 2024 June 30, 2024 and December 31, 2023, a total of $805 $861 and $771 of unrecognized tax benefits would, if recognized, impact the Company's ETR.

The Company files income tax returns in the United States federal jurisdiction and in various state and local jurisdictions. Federal tax returns for tax years beginning January 1, 2020, and state tax returns beginning January 1, 2019, are open for examination.

Note 9. Commitments and contingencies

Litigation

On August 4, 2022, the Company filed a lawsuit against Peloton Interactive, Inc. ("Peloton") in the Supreme Court of the State of New York, New York County. The lawsuit arises from a March 2021 Supply Agreement between the parties, pursuant to which MEC was to manufacture and supply custom component parts for Peloton's exercise bikes (the "Manufacturing Project"). In the lawsuit, the Company originally asserted two claims (1) breach and anticipatory repudiation of contract and (2) breach of the duty of good faith and fair dealing (pleaded in the alternative). In January 2023, in response to Peloton's motion to dismiss, the court allowed the first claim to proceed and dismissed the alternative claim. In the remaining claim, MEC asserts that Peloton breached and anticipatorily repudiated the Supply Agreement by unilaterally cancelling the Manufacturing Project, and refusing to pay MEC certain monthly fixed revenue payments owed under the terms of the Supply Agreement. The parties cross-appealed the court's order on the motion to dismiss – Peloton appealed the portion of the order that denied the motion to dismiss the claim for breach and anticipatory repudiation of contract and MEC appealed the portion of the order that dismissed the claim for breach of duty of good faith and fair dealing. On April 11, 2024, the First Department, Appellate Division issued a decision and order affirming the court's order on the motion to dismiss and affirming the court's dismissal of the alternate claim of good faith and fair dealing.

On November 3, 2023, Peloton filed a counterclaim alleging that Peloton was induced by fraud to enter into the Supply Agreement and seeking recission of the Supply Agreement and damages, among other forms of relief. On November 22, 2023, the Company answered Peloton's counterclaim, denying the allegations in the counterclaim.

The total amount for damages claimed by MEC is substantial but the amount and timing of the ultimate recovery is uncertain. As a result, any recovery from this litigation or settlement of this claim is a contingent gain and will be recognized if, and when, realized or realizable.

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From time to time, the Company may be involved in various claims and lawsuits, both for and against the Company, arising in the normal course of business. Although the results of litigation and claims cannot be predicted with certainty, in management's opinion, either the likelihood of loss is remote, or any reasonably possible loss associated with the resolution of such proceedings is not expected to have a material adverse impact on the consolidated financial statements.

Note 10. Deferred compensation

The Mayville Engineering Company Deferred Compensation Plan is available for certain employees designated to be eligible to participate by the Company and approved by the Board of Directors. Eligible employees may elect to defer a portion of their compensation for any plan year and the deferral cannot exceed 50% of the participant's base salary and may include the participant's annual short-term cash incentive up to 100%. The participant's election must be made prior to the first day of the plan year.

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An employer contribution will be made for each participant to reflect the amount of any reduced allocations to the ESOP and/or 401(k) employer contributions due solely to the participant's deferral amounts, as applicable. In addition, a discretionary amount may be awarded to a participant by the Company.

Deferrals are assumed to be invested in an investment vehicle based on the options made available to the participant (which does not include Company stock).

The deferred compensation plan provides benefits payable upon separation of service or death. Payments are to be made 30 or 180 days after date of separation from service, either in a lump-sum payment or up to five annual installments as elected by the participant when the participant first elects to defer compensation.

The deferred compensation plan is non-funded, and all future contributions are unsecured in that the employees have the status of a general unsecured creditor of the Company and the agreements constitute a promise by the Company to make benefit payments in the future. During the three and six months ended March 31, 2024 and 2023, June 30, 2024, eligible employees elected to defer compensation of $365 $83 and $236, $447, respectively. Eligible employees elected to defer compensation of $80 and $316 for the three and six months ended June 30, 2023, respectively. As of March 31, 2024 June 30, 2024 and December 31, 2023, the short-term portion accrued for all benefit years less than twelve months under this plan was $239 $241 and $289, respectively. As of March 31, 2024 June 30, 2024 and December 31, 2023, the long-term portion accrued for all benefit years greater than twelve months under this plan was $4,182 $4,315 and $3,816. These amounts include the initial deferral of compensation and were adjusted for changes in the value of investment options chosen by the participants. Total expense for the deferred compensation plan for the three months ended March 31, 2024 June 30, 2024 and 2023 was $237 $53 and $560, $169, respectively. Total expense for the deferred compensation plan for the six months ended June 30, 2024 and 2023 was $285 and $729, respectively. These expenses are included in profit-sharing, bonuses and deferred compensation on the Condensed Consolidated Statements of Comprehensive Income. Additionally, the Company made cash distributions of $286 and $958 $17,562 for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

Note 11. Self-Funded insurance

The Company is self-funded for the medical benefits provided to its employees and their dependents. Healthcare costs are expensed as incurred and are based upon actual claims paid, reinsurance premiums, administration fees, and estimated unpaid claims. The Company has an aggregate stop loss limit to mitigate risk. Expenses related to this were $6,169 $6,382 and $4,634 $5,133 for the three months ended March 31, 2024 June 30, 2024 and 2023. 2023, respectively, and $12,551 and $9,768 for the six months ended June 30, 2024 and 2023, respectively. An estimated accrued liability of $1,384 $1,894 and $1,018 was recorded as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively, for estimated unpaid claims and is included within other current liabilities on the Condensed Consolidated Balance Sheets.

Note 12. Segments

The Company applies the provisions of ASC 280, *Segment Reporting*. An operating segment is defined as a component that engages in business activities whose operating results are reviewed by the chief operating decision maker and for which discrete financial information is available. Based on the provisions of ASC 280, the Company has determined it has one operating segment. The Company does not earn revenues or have long-lived assets located in foreign countries.

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Note 13. Fair value of financial instruments

Fair value provides information on what the Company may realize if certain assets were sold or might pay to transfer certain liabilities based upon an exit price. Financial assets and liabilities that are measured and reported at fair value are classified into a three-level hierarchy that prioritizes the inputs used in the valuation process. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The hierarchy is based on the observability and objectivity of the pricing inputs as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Significant directly observable data (other than Level 1 quoted prices) or significant indirectly observable data through corroboration with observable market data. Inputs would normally be (i) quoted prices in active markets for similar

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assets or liabilities, (ii) quoted prices in inactive markets for identical or similar assets or liabilities or (iii) information derived from or corroborated by observable market data. Long-term debt is classified as a Level 2 fair value input.

- Level 3 – Prices or valuation techniques that require significant unobservable data inputs. These inputs would normally be the Company's own data and judgements about assumptions that market participants would use in pricing the asset or liability.

The following table lists the Company's financial assets and liabilities accounted for at fair value by the fair value hierarchy:

	Balance at March 31, 2024	Fair Value Measurements at Report Date Using			Balance at June 30, 2024	Fair Value Measurements at Report Date Using		
		(Level 1)	(Level 2)	(Level 3)		(Level 1)	(Level 2)	(Level 3)
Deferred compensation liability	$ 4,421	$ 4,421	$ —	$ —	$ 4,556	$4,556	$ —	$ —
Total	$ 4,421	$ 4,421	$ —	$ —	$ 4,556	$4,556	$ —	$ —

	Balance at December 31, 2023	Fair Value Measurements at Report Date Using		
		(Level 1)	(Level 2)	(Level 3)
Deferred compensation liability	$ 4,105	$ 4,105	$ —	$ —
Total	$ 4,105	$ 4,105	$ —	$ —

Fair value measurements for the Company's cash and cash equivalents are classified based upon Level 1 measurements because such measurements are based upon quoted market prices in active markets for identical assets.

Accounts receivable, accounts payable, long-term debt and accrued liabilities are recorded in the Condensed Consolidated Balance Sheets at cost and approximate fair value.

Deferred compensation liabilities are recorded at amounts due to participants at the time of deferral. Deferrals are invested in an investment vehicle based on the options made available to the participant, considered to be Level 1 and or Level 2 on the fair value hierarchy, with the current balance all as Level 1. The change in fair value is recorded in the profit-sharing, bonuses, and deferred compensation line item on the Condensed Consolidated Statements of Comprehensive Income. The short-term and long-term balances due to participants are reflected on the other current liabilities and deferred compensation, less current portion, line items, respectively, on the Condensed Consolidated Balance Sheets.

The Company's non-financial assets such as goodwill, intangible assets and property, plant, and equipment are re-measured at fair value when there is an indication of impairment and adjusted only when an impairment charge is recognized. There As of June 30, 2024, there was no impairment recognized as of for the quarter end March 31, 2024. year.

Note 14. Earnings Per Share

The Company computes earnings per share in accordance with ASC Topic 260, *Earnings per Share*. In accordance with ASC 260, outstanding options will be considered to have been exercised and outstanding as of the beginning of the period if the average

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market price of the common stock during the period exceeds the exercise price of the options (they are "in the money"), and the assumed exercise of the options do not have an anti-dilutive impact on earnings per share.

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A reconciliation of basic and diluted net income per share attributable to the Company were as follows:

	March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Net income attributable to MEC	$ 3,241	$ 2,571	$ 3,782	$ 1,614	$ 7,023	$ 4,185
Average shares outstanding	20,485,933	20,315,338	20,602,650	20,494,437	20,544,292	20,405,383
Basic income per share	$ 0.16	$ 0.13	$ 0.18	$ 0.08	$ 0.34	$ 0.21
Average shares outstanding	20,485,933	20,315,338	20,602,650	20,494,437	20,544,292	20,405,383
Effect of dilutive stock-based compensation	214,113	434,610	432,130	333,291	370,207	383,792
Total potential shares outstanding	20,700,046	20,749,948	21,034,780	20,827,728	20,914,499	20,789,175
Diluted income per share	$ 0.16	$ 0.12	$ 0.18	$ 0.08	$ 0.34	$ 0.20

There were no options Options in the money that were excluded not included in the computation of diluted earnings per share for the three months ended March 31, 2024 and 2023 because they would have had an anti-dilutive impact on earnings per share. share were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Stock options	—	219,885	—	247,278

Note 15. Revenue Recognition

Contract Assets and Contract Liabilities

The Company has contract assets and contract liabilities, which are included in tooling in progress and other current liabilities on the Condensed Consolidated Balance Sheets, respectively. Contract assets include products where the Company has satisfied its performance obligation, but receipt of payment is contingent upon delivery. Contract liabilities include deferred tooling revenue, where the performance obligation was not met. The performance obligation is satisfied when the tooling is completed and the customer signs off through the Product Part Approval Process or other documented customer acceptance. Cost of goods sold is recognized and released from the balance sheet when control of the tooling promised under contract is transferred to the customer.

The Company's contracts with customers are short-term in nature; therefore, revenue is typically recognized, billed and collected within a twelve-month period. The following table reflects the changes in our contract assets and liabilities during the three six months ended March 31, 2024 June 30, 2024:

	Contract Assets	Contract Liabilities	Contract Assets	Contract Liabilities
As of December 31, 2023	$ 5,457	$ 3,635	$ 5,457	$ 3,635
Net activity	(225)	(538)	617	(573)
As of March 31, 2024	$ 5,232	$ 3,097		
As of June 30, 2024			$ 6,074	$ 3,062

Disaggregated Revenue

The following tables represent a disaggregation of revenue by product category and end market:

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
Product Category	2024	2023	2024	2023	2024	2023
Outdoor sports	$ 2,159	$ 2,305	$ 2,205	$ 2,379	$ 4,364	$ 4,684
Fabrication	90,914	87,001	87,201	84,172	178,115	171,174
Performance structures	45,770	26,675	47,795	26,846	93,564	53,521
Tube	19,074	20,352	19,846	19,468	38,921	39,820
Tank	11,076	11,119	12,625	11,070	23,701	22,189
Total	168,993	147,452	169,672	143,935	338,665	291,388
Intercompany sales elimination	(7,724)	(4,807)	(6,036)	(4,955)	(13,760)	(9,762)
Total, net sales	$ 161,269	$ 142,645	$ 163,636	$ 138,980	$ 324,905	$ 281,626

End Market	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Commercial vehicle	$ 58,954	$ 59,155	$ 62,130	$ 56,075	$121,084	$115,230
Construction & access	28,446	26,507	27,230	26,522	55,676	53,029
Powersports	30,291	24,098	30,306	23,995	60,597	48,093
Agriculture	14,958	14,451	14,639	13,444	29,597	27,895
Military	7,952	8,569	6,579	8,910	14,530	17,479
Other	20,668	9,866	22,752	10,033	43,421	19,899
Total, net sales	$ 161,269	$ 142,645	$163,636	$138,980	$324,905	$281,626

Note 16. Concentration of major customers

The following customers accounted for 10% or greater of the Company's recorded net sales or net trade receivables:

	Net Sales		Accounts Receivable		Net Sales		Net Sales		Accounts Receivable	
	Three Months Ended March 31,		As of March 31,	As of December 31,	Three Months Ended June 30,		Six Months Ended June 30,		As of June 30,	As of December 31,
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Customer										
A	16.6 %	15.3 %	11.8 %	<10 %	16.2 %	15.6 %	16.4 %	15.5 %	11.9 %	<10 %
B	14.0 %	15.6 %	11.6 %	12.6 %	13.0 %	15.6 %	13.5 %	15.6 %	10.7 %	12.6 %
C	<10 %	12.1 %	<10 %	<10 %	11.0 %	11.5 %	10.4 %	11.8 %	<10 %	<10 %
D	<10 %	<10 %	13.0 %	12.7 %	<10 %	<10 %	<10 %	<10 %	13.1 %	12.7 %

Note 17. Stock-based compensation

The Mayville Engineering Company, Inc. 2019 Omnibus Incentive Plan provided the Company the ability to grant monetary payments based on the value of its common stock, up to 2,000,000 shares.

On April 20, 2021, shareholders of the Company approved an amendment to the 2019 Omnibus Incentive Plan increasing the number of shares of common stock authorized for issuance by 2,500,000 shares.

The Company recognizes stock-based compensation using the fair value provisions prescribed by ASC 718, *Compensation – Stock Compensation*. Accordingly, compensation costs for awards of stock-based compensation settled in shares are determined based on the fair value of the stock-based instrument at the time of grant and are recognized as expense over the vesting period of the stock-based instrument. Our stock-based compensation consists of stock options, restricted stock units (RSUs) and performance stock units (PSUs). For all types of units, fair value is equivalent to the adjusted closing stock price at the date of the grant. The Black-Scholes option pricing model is utilized to determine fair value for options.

The actual number of PSUs, if any, to be earned by the award recipients is determined after the end of a performance measurement period. The performance measures include Adjusted EBITDA, which represents net income before interest expense, provision for income taxes, depreciation, amortization, stock-based compensation, legal costs due to the former fitness customer and adjusted for items to be determined unusual in nature or infrequent in occurrence, for the year ended December 31, 2026, and the average annual return on invested capital (ROIC), for the three-years ended December 31, 2024, 2025 and 2026, respectively. ROIC represents net operating profit after taxes divided by invested capital for an annual period. These performance targets are subject to adjustments or exclusions as deemed appropriate to account for extraordinary or unanticipated events that do not reflect the core business of the Company, and have been set for each of the minimum, target and maximum levels with the actual performance amount received determined by the Compensation Committee of the Board of Directors.

Cancellations and forfeitures are accounted for as incurred.

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Stock awards were granted on March 15, 2024, November 3, 2023, September 18, 2023, June 26, 2023, April 18, 2023, March 13, 2023, February 28, 2023 and January 25, 2023.

During the three six months ended March 31, 2024 June 30, 2024, 154,372 214,643 RSUs vested. For the same period, 206,524 options vested with a weighted average strike price of $13.54. During the three six months ended March 31, 2023 June 30, 2023, 132,433 219,343 RSUs vested. For the same period, 197,597 195,264 options vested with a strike price of $11.65. $11.67.

As of March 31, 2024 June 30, 2024, 1,222,302 1,302,558 options remained outstanding with a weighted average strike price of $11.36 $11.79 and a weighted average contractual life of 7.40 6.54 years remaining.

The Company's stock-based compensation expense by award type is summarized as follows:

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
RSU awards	$ 789	$ 715	$ 962	$ 874	$1,752	$1,589
PSU awards	20	—	119	—	138	—
Option awards	348	351	257	480	605	831
Stock-based compensation expense, net of tax	$ 1,157	$ 1,066	$1,338	$1,354	$2,495	$2,420

A roll-forward of unrecognized stock-based compensation expense is displayed in the table below. Unrecognized stock-based compensation expense as of March 31, 2024 June 30, 2024 will be expensed over the remaining requisite service period from which individual award values relate, up to March 15, 2027 June 17, 2027.

	RSUs	PSUs	Options	Total	RSUs	PSUs	Options	Total
Balance as of December 31, 2023	$ 2,304	$ —	$ 1,513	$ 3,817	$2,304	$ —	$1,513	$ 3,817
Grants	4,423	1,423	—	5,846	4,423	1,423	—	5,846
Forfeitures	(32)	—	—	(32)	(32)	—	—	(32)
Expense	(789)	(20)	(348)	(1,157)	(789)	(20)	(348)	(1,157)
Balance as of March 31, 2024	$ 5,906	1,403	$ 1,165	$ 8,474	$5,906	1,403	$1,165	$ 8,474
Grants					1,115	—	—	1,115
Forfeitures					(283)	—	(33)	(316)
Expense					(962)	(119)	(257)	(1,338)
Balance as of June 30, 2024					$5,776	1,284	$ 875	$ 7,935

Note 18. Common Equity

At March 31, 2024 June 30, 2024 the authorized stock of the Company consisted of 75,000,000 shares of common stock without par value.

Changes in outstanding common shares are summarized as follows:

	Shares Outstanding
Shares as of December 31, 2022	20,172,746
Treasury stock purchases	(41,148) (100,726)
Common stock issued (including stock-based compensation impact)	290,432 298,778
Balance as of March 31, 2023 June 30, 2023	20,422,030 20,370,798

	Shares Outstanding
Balance as of December 31, 2023	20,310,584
Treasury stock purchases	— (61,197)
Common stock issued (including stock-based compensation impact)	155,932 223,912
Balance as of March 31, 2024 June 30, 2024	20,466,516 20,473,299

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Note 19. Subsequent events

The Company has evaluated subsequent events since March 31, 2024 June 30, 2024, the date of these financial statements. There were no material events or transactions discovered during this evaluation that requires recognition or disclosure in the financial statements.

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Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Management’s Discussion and Analysis of Financial Condition and Results of Operations is intended to assist in the understanding and assessing the trends and significant changes in our results of operations and financial condition. Historical results may not be indicative of future performance. This discussion includes forward-looking statements that reflect our plans, estimates and beliefs. Such statements involve risks and uncertainties. Our actual results may differ materially from those contemplated by these forward-looking statements as a result of various factors, including those set forth in “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 and “Cautionary Statement Regarding Forward-Looking Statements” in this Quarterly Report on Form 10-Q. This discussion should be read in conjunction with our audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023 and our unaudited Condensed Consolidated Financial Statements and the notes thereto included in Part I, Item I of this Quarterly Report on Form 10-Q. In this discussion, we use certain non-GAAP financial measures. Explanation of these non-GAAP financial measures and reconciliation to the most directly comparable GAAP financial measures are included in this Management Discussion and Analysis of Financial Condition and Results of Operations. Investors should not consider non-GAAP financial measures in isolation or as substitutes for financial information presented in compliance with GAAP.

All amounts are presented in thousands except share amounts, per share data, years and ratios.

Overview

MEC is a leading U.S.-based vertically-integrated, value-added manufacturing partner providing a full suite of manufacturing solutions from concept to production, including design, prototyping and tooling, fabrication, aluminum extrusion, coating, assembly and aftermarket components. Our customers operate in diverse end markets, including heavy- and medium-duty commercial vehicles, construction & access equipment, powersports, agriculture, military and other end markets. We have developed long-standing relationships with our blue-chip customers based upon our commitment to “Unmatched Excellence”.

Our one operating segment focuses on producing metal components that are used in a broad range of heavy- and medium-duty commercial vehicles, construction & access equipment, powersports, agricultural, military and other products.

Macroeconomic Conditions

The broader market dynamics over the past few years have resulted in impacts to the Company, including supply chain constraints affecting some of our customers, material cost inflation and inflationary pressures on wages and benefits due to labor availability. The Company expects some of these dynamics to continue in 2024 and could continue to have an impact on demand, material costs and labor.

How We Assess Performance

Net Sales. Net sales reflect sales of our components and products net of allowances for returns and discounts. In addition to the current macroeconomic conditions, several factors affect our net sales in any given period, including weather, timing of acquisitions and the production schedules of our customers. Net sales are recognized at the time of shipment or at delivery to the customer.

Manufacturing Margins. Manufacturing margins represents net sales less cost of sales. Cost of sales consists of all direct and indirect costs used in the manufacturing process, including raw materials, labor, equipment costs, depreciation, lease expenses, subcontract costs and other directly related overhead costs. Our cost of sales is directly affected by the fluctuations in commodity prices, primarily sheet steel and aluminum, but these changes are largely mitigated by contractual agreements with our customers that allow us to pass through these price variations based upon certain market indexes.

Depreciation and Amortization. We carry property, plant and equipment on our balance sheet at cost, net of accumulated depreciation. Depreciation on property, plant and equipment is computed on a straight-line basis over the estimated useful life of the asset. The periodic expense related to leasehold improvements and intangible assets is depreciation and amortization expense, respectively. Leasehold improvements are depreciated over the lesser of the life of the underlying asset or the remaining lease term. Our intangible assets were recognized as a result of certain acquisitions and are generally amortized on a straight-line basis over the estimated useful lives of the assets.

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Other Selling, General, and Administrative Expenses. Other selling, general and administrative expenses consist primarily of salaries and personnel costs for our sales and marketing, finance, human resources, information systems, administration and certain other managerial employees and certain corporate level administrative expenses such as incentive compensation, audit, accounting, legal and other consulting and professional services, travel, and insurance.

Other Key Performance Indicators

EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin

EBITDA represents net income before interest expense, provision for income taxes, depreciation and amortization. EBITDA Margin represents EBITDA as a percentage of net sales for each period.

Adjusted EBITDA represents EBITDA before stock-based compensation expense, loss on extinguishment of debt, MSA acquisition related costs, field replacement claim and legal costs due to the former fitness customer. Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of net sales for each period. These metrics are supplemental measures of our operating performance that are neither required by, nor presented in accordance with, GAAP. These measures should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP as an indicator of our operating performance. We present EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin as management uses these measures as key performance indicators, and we believe they are measures frequently used by securities analysts, investors and other parties to evaluate companies in our industry. These measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under GAAP.

Our calculation of EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin may not be comparable to the similarly named measures reported by other companies. Potential differences between our measures of EBITDA and Adjusted EBITDA compared to other similar companies' measures of EBITDA and Adjusted EBITDA may include differences in capital structure and tax positions.

The following table presents a reconciliation of net income and comprehensive income, the most directly comparable measure calculated in accordance with GAAP, to EBITDA and Adjusted EBITDA, and the calculation of EBITDA Margin and Adjusted EBITDA Margin for each of the periods presented.

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Net income and comprehensive income	$ 3,241	$ 2,571	$ 3,782	$ 1,614	$ 7,023	$ 4,185
Interest expense	3,356	1,658	2,969	1,968	6,324	3,626
Provision for income taxes	1,034	441	1,399	475	2,433	916
Depreciation and amortization	9,254	7,880	9,391	8,011	18,645	15,891
EBITDA	16,885	12,550	17,541	12,068	34,425	24,618
Stock-based compensation expense (1)	1,157	1,066				
Legal costs due to former fitness customer (2)	479	224				
Loss on extinguishment of debt (1)			—	216	—	216
MSA acquisition related costs (2)			—	899	—	899
Stock-based compensation expense (3)			1,338	1,354	2,495	2,420
Field replacement claim (4)			—	490	—	490
Legal costs due to former fitness customer (5)			760	272	1,239	495
Adjusted EBITDA	$ 18,521	$ 13,840	$ 19,639	$ 15,299	$ 38,159	$ 29,138
Net sales	$ 161,269	$ 142,645	$163,636	$138,980	$324,905	$281,626
EBITDA Margin	10.5 %	8.8 %	10.7 %	8.7 %	10.6 %	8.7 %
Adjusted EBITDA Margin	11.5 %	9.7 %	12.0 %	11.0 %	11.7 %	10.3 %

(1) Unamortized debt issue costs written off from the prior five-year credit agreement attributable to lenders that are no longer included in the amended and restated credit agreement or decreased their capacity in the amended and restated credit agreement.
(2) Transaction costs, primarily legal and professional services, related to the acquisition of MSA.
(3) Non-cash employee compensation based on the value of common stock issued pursuant to the 2019 Omnibus Incentive Plan.

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(2) (4Represents a one-time charge related to a COVID related sourcing issue that caused the company to change suppliers and ultimately lead to a product being produced outside of customer specifications. These costs are not expected to be incurred on an ongoing basis and therefore are not indicative of ongoing operations.

(5) Legal costs associated with the enforcement of the Company's supply contract with the former fitness customer.

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Consolidated Results of Operations

Three Months Ended March 31, 2024 June 30, 2024 Compared to Three Months Ended March 31, 2023 June 30, 2023

	Three Months Ended March 31,						Three Months Ended June 30,					
	2024		2023		Increase (Decrease)		2024		2023		Increase (Decrease)	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount Change	% Change	Amount	% of Net Sales	Amount	% of Net Sales	Amount Change	% Chang
Net sales	$161,269	100.0 %	$142,645	100.0 %	$18,624	13.1 %	$163,636	100.0 %	$138,980	100.0 %	$24,656	17.7
Cost of sales	140,336	87.0 %	126,268	88.5 %	14,068	11.1 %	141,359	86.4 %	122,885	88.4 %	18,474	15.0
Manufacturing margins	20,933	13.0 %	16,377	11.5 %	4,556	27.8 %	22,277	13.6 %	16,095	11.6 %	6,182	38.4
Amortization of intangible assets	1,733	1.1 %	1,738	1.2 %	(5)	(0.3)%	1,733	1.1 %	1,738	1.3 %	(5)	(0.3
Profit sharing, bonuses and deferred compensation	3,800	2.4 %	3,003	2.1 %	797	26.5 %	4,133	2.5 %	2,688	1.9 %	1,445	53.8
Other selling, general and administrative expenses	7,769	4.8 %	6,966	4.9 %	803	11.5 %	8,261	5.0 %	7,396	5.3 %	865	11.7
Income from operations	7,631	4.7 %	4,670	3.3 %	2,961	63.4 %	8,150	5.0 %	4,273	3.1 %	3,877	90.7
Interest expense	(3,356)	2.1 %	(1,658)	1.2 %	1,698	102.4 %	(2,969)	1.8 %	(1,968)	1.4 %	1,001	50.9
Loss on extinguishment of debt							—	— %	(216)	0.2 %	216	N/A
Provision for income taxes	1,034	0.6 %	441	0.3 %	593	134.5 %	1,399	0.9 %	475	0.3 %	924	194.5

Net income and comprehensive income	$ 3,241	2.0 %	$ 2,571	1.8 %	$ 670	26.1 %	$ 3,782	2.3 %	$ 1,614	1.2 %	$ 2,168	134.3
EBITDA	$ 16,885	10.5 %	$ 12,550	8.8 %	$ 4,335	34.5 %	$ 17,541	10.7 %	$ 12,068	8.7 %	$ 5,473	45.4
Adjusted EBITDA	$ 18,521	11.5 %	$ 13,840	9.7 %	$ 4,681	33.8 %	$ 19,639	12.0 %	$ 15,299	11.0 %	$ 4,340	28.4

Net Sales. Net sales were $161,269 $163,636 for the three months ended March 31, 2024 June 30, 2024 as compared to $142,645 $138,980 for the three months ended March 31, 2023 June 30, 2023, an increase of $18,624, $24,656, or 13.1% 17.7%. This increase was primarily driven by the acquisition of MSA in the third quarter of 2023 and increased organic sales volumes within our commercial vehicle, construction & access and powersports end markets, partially offset by softening demand in our legacy agriculture end market and the expected roll-off of certain military aftermarket programs at the end of 2023.

Manufacturing Margins. Manufacturing margins were $20,933 $22,277 for the three months ended March 31, 2024 June 30, 2024 as compared to $16,377 $16,095 for the three months ended March 31, 2023 June 30, 2023, an increase of $4,556, $6,182, or 27.8% 38.4%. The increase was primarily driven by the increased organic sales volumes, the MSA acquisition, MEC Business Excellence (MBX) initiatives and commercial pricing actions.

Manufacturing margin percentages were 13.0% 13.6% for the three months ended March 31, 2024 June 30, 2024, as compared to 11.5% 11.6% for the three months ended March 31, 2023 June 30, 2023, an increase of 1.5% 2.0%. The increase was attributable to the items discussed in the preceding paragraph.

Amortization of Intangibles Assets. Amortization of intangible assets were $1,733 for the three months ended March 31, 2024 June 30, 2024 as compared to $1,738 for the three months ended March 31, 2023 June 30, 2023, a decrease of $5, or 0.3%. The slight decrease was due to the full amortization of certain intangibles intangible assets in prior periods, offset by the amortization expense associated with the identifiable intangible assets from the MSA acquisition. Refer to Note 2 – Acquisition of the Condensed Consolidated Financial Statements for additional information related to the MSA identifiable intangible assets.

Profit Sharing, Bonuses and Deferred Compensation Expenses. Profit-sharing, bonuses, and deferred compensation expenses were $3,800 $4,133 for the three months ended March 31, 2024 June 30, 2024 as compared to $3,003 $2,688 for the three months ended March 31, 2023 June 30, 2023, an increase of $797, $1,445, or 26.5% 53.8%. The increase was primarily due to the addition of additional plan participants as a result of the MSA acquisition and higher bonus accruals aligning with Company financial performance.

Other Selling, General and Administrative (SG&A) Expenses. Other selling, general and administrative expenses were $7,769 $8,261 for the three months ended March 31, 2024 June 30, 2024 as compared to $6,966 $7,396 for the three months ended March 31, 2023 June 30, 2023, an increase of $803, $865, or 11.5% 11.7%.

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The increase was predominantly attributable to higher legal costs associated with the litigation against the former fitness customer, incremental costs associated with the MSA acquisition and higher costs related to compliance requirements and annual wage inflation. requirements.

Interest Expense. Interest expense was $3,356 $2,969 for the three months ended March 31, 2024 June 30, 2024 as compared to $1,658 $1,968 for the three months ended March 31, 2023 June 30, 2023, an increase of $1,698, $1,001, or 102.4% 50.9%. The change is due to higher interest rates and an increase in borrowings. The increase in borrowings relative to the prior year period is due to the acquisition of MSA, which closed on July 1, 2023.

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Provision for Income Taxes. Income tax expense was $1,034 $1,399 for the three months ended March 31, 2024 June 30, 2024 as compared to $441 $475 for the three months ended March 31, 2023 June 30, 2023. The increase of $593 $924 is primarily due to higher net income and comprehensive income and tax rate in the current year period. Refer to Note 8 – Income Taxes of the Condensed Consolidated Financial Statements for further details.

Due to the factors described in the preceding paragraphs, net income, comprehensive income, EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin increased during the three months ended March 31, 2024 June 30, 2024 as compared to the three months ended March 31, 2023 June 30, 2023.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

	Six Months Ended June 30,					
	2024		2023		Increase (Decrease)	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount Change	% Change
Net sales	$ 324,905	100.0 %	$ 281,626	100.0 %	$ 43,279	15.4 %
Cost of sales	281,696	86.7 %	249,154	88.5 %	32,542	13.1 %
Manufacturing margins	43,209	13.3 %	32,472	11.5 %	10,737	33.1 %
Amortization of intangible assets	3,466	1.1 %	3,476	1.2 %	(10)	(0.3)%
Profit sharing, bonuses and deferred compensation	7,933	2.4 %	5,690	2.0 %	2,243	39.4 %
Other selling, general and administrative expenses	16,030	4.9 %	14,363	5.1 %	1,667	11.6 %
Income from operations	15,780	4.9 %	8,943	3.2 %	6,837	76.5 %
Interest expense	(6,324)	1.9 %	(3,626)	1.3 %	2,698	74.4 %
Loss on extinguishment of debt	—	0.0 %	(216)	0.1 %	(216)	N/A
Provision for income taxes	2,433	0.7 %	916	0.3 %	1,517	165.6 %
Net income and comprehensive income	$ 7,023	2.2 %	$ 4,185	1.5 %	$ 2,838	67.8 %
EBITDA	$ 34,425	10.6 %	$ 24,618	8.7 %	$ 9,807	39.8 %
Adjusted EBITDA	$ 38,159	11.7 %	$ 29,138	10.3 %	$ 9,021	31.0 %

Net Sales. Net sales were $324,905 for the six months ended June 30, 2024 as compared to $281,626 for the six months ended June 30, 2023 for an increase of $43,279, or 15.4%. The increase was primarily driven by the acquisition of MSA in third quarter of the prior year and increased organic sales volume within our commercial vehicle, construction & access and powersports end markets. These items were slightly offset by softening demand in our legacy agriculture and the foreseen roll-off of certain military aftermarket programs at the end of 2023.

Manufacturing Margin. Manufacturing margins were $43,209 for the six months ended June 30, 2024 as compared to $32,472 for the six months ended June 30, 2023, an increase of $10,737, or 33.1%. The increase was primarily driven by the increased organic sales volumes, MSA acquisition, MBX initiatives and commercial pricing actions.

Manufacturing margin percentages were 13.3% for the six months ended June 30, 2024 as compared to 11.5% for the six months ended June 30, 2023, an increase of 1.8%. This increase was attributable to the items discussed in the preceding paragraph.

Amortization of Intangibles Assets. Amortization of intangible assets were $3,466 for the six months ended June 30, 2024 as compared to $3,476 for the six months ended June 30, 2023, a decrease of $10. The marginal decrease was due to the full amortization of certain intangible assets in prior periods, offset by the amortization expense associated with the identifiable intangible assets from

the MSA acquisition. Refer to Note 2 – Acquisition of the Condensed Consolidated Financial Statements for additional information related to the MSA identifiable intangible assets.

Profit Sharing, Bonuses and Deferred Compensation Expenses. Profit-sharing, bonuses, and deferred compensation expenses were $7,933 for the six months ended June 30, 2024 as compared to $5,690 for the six months ended June 30, 2023, an increase of $2,243, or 39.4%. The increase was primarily due to the addition of plan participants as a result of the MSA acquisition and higher bonus accruals aligning with Company financial performance.

Other Selling, General and Administrative Expenses. Other selling, general and administrative expenses were $16,030 for the six months ended June 30, 2024 as compared to $14,363 for the six months ended June 30, 2023, an increase of $1,667 or 11.6%. The increase was predominantly attributable to legal costs associated with the litigation against the former fitness customer, incremental costs associated with the acquisition of MSA, higher costs related to compliance requirements and annual wage inflation.

Interest Expense. Interest expense was $6,324 for the six months ended June 30, 2024 as compared to $3,626 for the six months ended June 30, 2023, an increase of $2,698, or 74.4%. The change is due to higher interest rates and average debt levels as compared to the prior year period. The increase in debt level is due to the acquisition of MSA, which closed July 1, 2023.

Provision for Income Taxes. Income tax expense was $2,433 for the six months ended June 30, 2024 as compared to $916 for the six months ended June 30, 2023. The increase of $1,517 is primarily due to higher net income and comprehensive income and tax rate in the current year period. Refer to Note 8 – Income Taxes of the Condensed Consolidated Financial Statements for further details.

Due to the factors described in the preceding paragraphs, net income, comprehensive income, EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin increased during the six months ended June 30, 2024 as compared to the six months ended June 30, 2023.

Liquidity and Capital Resources

Cash Flows Analysis

	Three Months Ended March 31,		Increase (Decrease)		Six Months Ended June 30,		Increase (Decrease)	
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Net cash provided by (used in) operating activities	$ 10,625	$ (6,043)	16,668	NM	$ 33,900	$ (5,865)	39,765	NM
Net cash used in investing activities	(2,668)	(2,255)	(413)	(18)%	(6,767)	(6,167)	(600)	(10)%
Net cash provided by (used in) financing activities	(8,315)	8,297	(16,612)	NM	(27,491)	102,030	(129,521)	NM
Net change in cash	$ (358)	$ (1)	$ (357)	(35,700)%	$ (358)	$ 89,998	$ (90,356)	NM

Operating Activities. Cash provided by operating activities was $10,625 $33,900 for the three six months ended March 31, 2024 June 30, 2024, as compared to cash used by operating activities of $6,043 $5,865 for the three six months ended March 31, 2023 June 30, 2023. The $16,668 Of the $39,765 increase in operating cash flows, $17,562 is due to a payout of deferred compensation to a retired Company executive made in the prior year period. The remaining increase of $22,203 was primarily due to the favorable impact of higher earnings and changes in net working capital items, most notably, an items. The primary favorable changes in working capital include, decreased inventory due to improved inventory efficiencies, increase in accounts payable as due to the Company continues to extend payment terms with its suppliers, lesser timing of payments and an increase in accounts receivable general reserves such as a result of the Company's ongoing collections efforts bonus, healthcare and ability to shorten payment terms with a key customer, and beneficial changes in a variety of other accrued liabilities as compared to the same prior year period. payroll.

Investing Activities. Cash used in investing activities was $2,668 $6,767 for the three six months ended March 31, 2024 June 30, 2024, as compared to $2,255 $6,167 for the three six months ended March 31, 2023 June 30, 2023. The $413 $600 increase in cash used in investing activities was is driven by a slight marginal increase in capital expenditures, prioritizing investments in high-return, capital-light growth and automation advancements.

Financing Activities. Cash used in financing activities was $8,315 $27,491 for the three six months ended March 31, 2024 June 30, 2024, as compared to cash provided by financing activities of $8,297 $102,030 for the three six months ended March 31, 2023 June 30, 2023. The $16,612 $129,521 decrease was is mainly due to the debt repayments in excess of borrowings during the current year period and the withdrawal of funds used to purchase MSA held in escrow as of the end of the prior year period. Additionally, under our share repurchase program, the Company purchased $998 of common stock in the first six months of 2024 as compared to borrowings in excess $1,661 of debt repayments its common stock in the prior year period first six months of 2023. The Company's decision to repurchase additional shares in relation 2024 will depend on business conditions, free cash flow generation, other cash

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requirements and stock price. Refer to the Company's revolving credit facility. Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds for additional information regarding share repurchases.

Amended and Restated Credit Agreement

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 revolving credit facility, with a letter of credit sub-facility, and a swingline facility in an aggregate amount of $25,000. The Credit Agreement also provides for the availability of incremental facilities to the greater of $100,000 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.

Borrowings under the Credit Agreement bear interest at a fluctuating secured overnight financing rate (SOFR) plus an applicable margin based on the current consolidated total leverage ratio (which may be adjusted for certain reserve requirements), plus 1.25% to 2.75% depending on the current Consolidated Total Leverage Ratio (as defined in the Credit Agreement). Under certain circumstances, we may not be able to pay interest based on SOFR. If that happens, we will be required to pay interest at the Base Rate, which is the sum of (a) the higher of (i) the Prime Rate (as publicly announced by the Agent from time to time), (ii) the Federal Funds Rate plus 0.50%, and (iii) Adjusted Term SOFR for a one-month tenor in effect on such day plus 1.00%. The Credit Agreement also includes provisions for determining a replacement rate when SOFR is no longer available.

At March 31, 2024 June 30, 2024, the interest rate on outstanding borrowings under the Revolving Loan was 7.68%. We had availability of $110,183 $127,937 under the revolving credit facility at March 31, 2024 June 30, 2024.

We must pay a commitment fee of 0.20% to 0.35% per annum on the average daily unused portion of the aggregate unused revolving commitments under the Credit Agreement. We must also pay fees as specified in the Fee Letter (as defined in the Credit Agreement) and with respect to any letters of credit issued under the Credit Agreement.

The Credit Agreement contains usual and customary negative covenants for agreements of this type, including, but not limited to, restrictions on our ability to, subject to certain exceptions, create, incur or assume indebtedness; create, incur, assume or suffer to exist liens; make certain investments; allow our subsidiaries to merge or consolidate with another entity; make certain asset dispositions; pay certain dividends or other distributions to shareholders; enter into transactions with affiliates; enter into sale leaseback transactions; and exceed the limits on annual capital expenditures. The Credit Agreement also requires us to satisfy certain financial covenants, including a minimum interest coverage ratio of 3.00 to 1.00. At March 31, 2024 June 30, 2024, our interest coverage ratio was 4.87 4.57 to 1.00. The Credit Agreement also requires us to maintain a consolidated total leverage ratio not to exceed 4.00 to 1.00 (which was increased as of July 1, 2023 from 3.50 to 1.00 in connection with the acquisition of MSA). Starting July 1, 2024, the Company's consolidated total leverage ratio will decrease to 3.50 to 1.00 as the one-year leverage increase of 0.50 due to the MSA acquisition has ended. As of March 31, 2024 June 30, 2024, our consolidated total leverage ratio was 1.98 1.69 to 1.00.

The Credit Agreement includes customary events of default, including, among other things, payment default, covenant default, breach of representation or warranty, bankruptcy, cross-default, material ERISA events, material money judgments, and failure to maintain subsidiary guarantees. If an event of default occurs, the Agent will be entitled to take various actions, including the acceleration of amounts due under the Credit Agreement, termination of the credit facility, and all other actions permitted to be taken by a secured creditor.

Other Debt

With the consummation of the MSA acquisition, the Company assumed a Fond du Lac County and Fond du Lac Economic Development Corporation term note (Fond du Lac Term Note). The Fond du Lac Term Note is secured by a security agreement, payable in annual installments of $500 plus interest at 2.00% and is due in full in December 2028. The balance outstanding as of March 31, 2024 June 30, 2024 was $2,735, $2,375, with the short-term and long-term balance of $500 and $1,875, respectively, recorded in other current liabilities and other long-term liabilities in the Condensed Consolidated Balance Sheets.

Capital Requirements and Sources of Liquidity

During the three six months ended March 31, 2024 June 30, 2024 and 2023, our capital expenditures were $2,775 $6,874 and $2,408 $6,320 respectively. The increase of $367 $554 was driven by continued investments in technology and automation. Capital expenditures for the full year 2024 are expected to be between $15,000 and $20,000.

We have historically relied upon cash available through credit facilities, in addition to cash from operations, to finance our working capital requirements and to support our growth. At March 31, 2024 June 30, 2024, we had immediate availability of $110,183 $127,937 through our revolving credit facility and the availability of incremental facilities to the greater of $100,000 and 125% of the Company's twelve month trailing Consolidated EBITDA through an accordion feature under our Credit Agreement, subject to the covenants under the Credit Agreement. We regularly monitor potential capital sources, including equity and debt financings, in an effort to meet our planned capital expenditures and liquidity requirements. Our future success will be highly dependent on our ability to access outside sources of capital. We will continue to have access to the availability currently provided under the Credit Agreement as long as we remain compliant with the financial covenants. Based on our estimates at this time, we expect to be in compliance with these financial covenants through 2024 and the foreseeable future.

We believe that our operating cash flow and available borrowings under the Credit Agreement are sufficient to fund our operations for 2024 and beyond. However, future cash flows are subject to a number of variables, and additional capital expenditures will be required to conduct our operations. There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of capital expenditures. In the event we make one or more acquisitions and the amount of capital required is greater than the amount we have available for acquisitions at that time, we could be required to reduce the expected level of capital expenditures and/or seek additional capital. If we seek additional capital, we may do so through borrowings under the Credit Agreement, joint ventures, asset sales, offerings of debt or equity securities or other means. We cannot guarantee that this additional capital will be available on acceptable terms or at all. If we are unable to obtain the funds we need, we may not be able to complete acquisitions that may be favorable to us or finance the capital expenditures necessary to conduct our operations.

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Contractual Obligations

The following table presents our obligations and commitments to make future payments under contracts and contingent commitments at March 31, 2024 June 30, 2024:

	Payments Due by Period					Payments Due by Period				
	Total	2024 (Remainder)	2025 – 2026	2027 – 2028	Thereafter	Total	2024 (Remainder)	2025 – 2026	2027 – 2028	Thereafter
Long-term debt principal payment obligations (1)	$ 142,192	$ 500	$ 1,000	$ 140,692	$ —	$ 124,438	$ 500	$ 1,000	$ 122,938	$ —
Equipment financing agreements (2)	111	111	—	—	—					
Forecasted interest on debt payment obligations (3)	29,599	7,209	12,840	9,550	—					
Finance lease obligations (4)	846	352	441	53	—					
Operating lease obligations (4)	36,151	4,400	10,188	9,907	11,656					
Forecasted interest on debt payment obligations (2)						26,344	4,316	12,890	9,138	—
Finance lease obligations (3)						1,012	284	642	86	—
Operating lease obligations (3)						34,922	2,945	10,259	9,976	11,742
Total	$ 208,899	$ 12,572	$ 24,469	$ 160,202	$ 11,656	$ 186,716	$ 8,045	$ 24,791	$ 142,138	$ 11,742

(1) Principal payments under the Company's Credit Agreement, which expires in 2028 and the Fond du Lac Term Note, which is due in full in December 2028.

(2) Financing agreements entered into to purchase manufacturing equipment. Current and long-term portions are classified in other current liabilities and other long-term liabilities, respectively, on the Condensed Consolidated Balance Sheets.

(3) Forecasted interest on debt obligations are based on the debt balance, interest rate, and unused fee of the Company's revolving credit facility and debt balance and interest rate of the Company's Fond due Lac Term Note and the debt balances and interest rates of the Company's equipment finance agreements as of March 31, 2024. Note.

(4) (3)See Note 5 – Leases in the Notes to Condensed Consolidated Financial Statements for additional information. information

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk from changes in customer forecasts, interest rates, and to a lesser extent, commodities. To reduce such risks, we selectively use financial instruments and other proactive management techniques.

Customer Forecasts

The use and consumption of our components, products and services fluctuates depending on order forecasts we receive from our customers. These order forecasts can change dramatically from quarter-to-quarter dependent upon the respective markets that our customers provide products in.

Interest Rate Risk

We are exposed to interest rate risk on certain of our short- and long-term debt obligations used to finance our operations and acquisitions. We have SOFR-based floating rate borrowings under the Credit Agreement, which exposes us to variability in interest payments due to changes in the referenced interest rates.

The amount borrowed under the revolving credit facility under the Credit Agreement was $139.8 million $122.1 million with an interest rate of 7.68% as of March 31, 2024 June 30, 2024. Please see "Liquidity and Capital Resources – Amended and Restated Credit Agreement" in Part I, Item 2 and Note 4 in the Notes to the Unaudited Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q for more specifics.

A hypothetical 100-basis-point increase in interest rates would have resulted in an additional $0.4 $0.7 million of interest expense based on our variable rate debt at March 31, 2024 June 30, 2024. We do not use derivative financial instruments to manage interest risk or to speculate on future changes in interest rates. A rise in interest rates could negatively affect our cash flow.

Commodity Risk

We source a wide variety of materials and components from a network of suppliers. Commodity raw materials, such as steel, aluminum, copper, paint and paint chemicals, and other production costs are subject to price fluctuations, which could have a negative impact on our results. We strive to pass along such commodity price increases to customers to avoid profit margin erosion and in many cases utilize contracts with those customers to mitigate the impact of commodity raw material price fluctuations. As of

March 31, 2024, June 30, 2024, we did not have any commodity hedging instruments in place.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q and has concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the first quarter of 2024 period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be a party to litigation and subject to claims incident to the ordinary course of business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors. See Note 9 – Commitments and contingencies in the Notes to the Condensed Consolidated Financial Statements for additional information.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the SEC on March 6, 2024.

Item 1C. Cybersecurity

During the quarter ended June 30, 2024, the Company made enhancements to its cybersecurity oversight with the hiring of the newly created Chief Information Officer (CIO) position. The CIO, whom reports to the Chief Financial Officer (CFO), manages the Company's information security program and whose team is responsible for leading the enterprise-wide cybersecurity strategy, policy, standards, architecture and processes. Our CIO has over 25 years of experience, which includes leading robust cybersecurity functions and transformational initiatives. The CIO periodically briefs the Company's Audit Committee of our Board of Directors (Audit Committee), who supports the Company's Board of

Directors oversight of cybersecurity risk, Chief Executive Officer (CEO), CFO, and other members of the Board of Directors and senior management as appropriate. In the event of a potentially material cybersecurity incident, the CIO will meet with the Company's Audit Committee, CEO, CFO, legal counsel and any other members of senior management as appropriate to review the cybersecurity event, perform a materiality analysis and, if appropriate, identify any information required to be disclosed in a Current Report on Form 8-K. For further information, please refer to our Annual Report on Form 10-K for the year ended December 31, 2023 which was filed with the SEC on March 6, 2024.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The table below sets forth information with respect to purchases we made of shares of our common stock during the quarter ended March 31, 2024 June 30, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
January 2024	—	$ —	—	$ 25,000,000				
February 2024	—	$ —	—	$ 25,000,000				
March 2024	—	$ —	—	$ 25,000,000				
April 2024					—	$ —	—	$ 25,000,000
May 2024					—	$ —	—	$ 25,000,000
June 2024					61,197	$ 16.31	61,197	$ 24,002,119
Total	—		—		—		—	

(1) On October 26, 2023, the Board of Directors approved a new share repurchase program of up to $25 million of shares through 2026. The new share repurchase program replaced the prior program.

Item 5. Other Information

During the three months ended March 31, 2024 June 30, 2024, no director or Section 16 officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

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Item 6. Exhibits.

The exhibits listed in the Exhibit Index below are filed as part of this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

Exhibit Number	Description
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	Certification of Principal Executive Officer and 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	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MAYVILLE ENGINEERING COMPANY, INC.

Date: May 8, 2024 August 7, 2024

By: /s/ Jagadeesh A. Reddy

Jagadeesh A. Reddy

President & Chief Executive Officer

By: /s/ Todd M. Butz

Todd M. Butz

Chief Financial Officer

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, Jagadeesh A. Reddy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mayville Engineering Company, 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 registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer 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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: May 8, 2024 August 7, 2024

By: /s/ Jagadeesh A. Reddy

Jagadeesh A. Reddy

President & 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, Todd M. Butz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mayville Engineering Company, 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 registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer 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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: May 8, 2024 August 7, 2024 By: /s/ Todd M. Butz

Todd M. Butz

Chief Financial Officer

Exhibit 32

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 Quarterly Report on Form 10-Q of Mayville Engineering Company, Inc. (the “Company”) for the period ended March 31, 2024 June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Jagadeesh A. Reddy, as President and Chief Executive Officer of the Company, and Todd M. Butz, as Chief Financial Officer of the Company, each hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(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 results of operations of the Company.

Date: May 8, 2024 August 7, 2024 By: /s/ Jagadeesh A. Reddy

Jagadeesh A. Reddy

President & Chief Executive Officer

By: /s/ Todd M. Butz

Todd M. Butz

Chief Financial Officer

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.