

Risk Factors Comparison 2025-03-17 to 2024-03-14 Form: 10-K

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You should carefully consider the risks described below before making an investment decision. These are not the only risks we face. If any of these risks and uncertainties were to actually occur, our business, financial condition or results of operations could be materially and adversely affected. In such case, the trading price of our common stock could decline and you may lose all or part of your investment. Risks Related to Our Business and Industry Our results of operations could be adversely affected by declines in new truck orders by fleets, freight tonnage hauled and in infrastructure development and other construction projects as a result of a downturn in the U. S. and / or global economy or other reasons. Our results of operations are directly impacted by declines in freight tonnage hauled and in infrastructure development and other construction projects resulting from U. S. and / or other global economic conditions or other reasons because, among other things: ▪ Demand for our MD / HD Truck products is generally dependent on the number of new MD / HD Truck commercial vehicles manufactured in North America. Historically, the demand for MD / HD Truck commercial vehicles has declined during periods of weakness in the North American economy. ▪ Demand for our construction **and agriculture** equipment products is dependent on vehicle demand for new commercial vehicles in the global construction **and agriculture** equipment market. ▪ Demand in the medium and heavy-construction vehicle market, which is where our products are primarily used, is typically related to the level of larger- scale infrastructure development projects. ~~If~~ **When** we experience periods of low demand for our products or ~~there is~~ volatility in the commercial vehicle ~~market~~ **markets** in the future, it could have an adverse effect on our revenues, operating results and financial position **are adversely affected**. We face risks related to heightened inflation, recession, financial and credit market disruptions and other economic conditions. Our financial results, operations and prospects depend significantly on worldwide economic and geopolitical conditions, the demand for our products, and the financial condition of our customers and suppliers. Economic weakness and geopolitical uncertainty have in the past resulted, and may result in the future, in reduced demand for products resulting in decreased sales, margins and earnings. In **addition to 2023, the countries in which we operate experienced** ~~heightened~~ inflationary pressures. ~~We, we~~ may not be able to fully mitigate the impact of inflation **or increased tariffs** through price increases, productivity initiatives and cost savings, which could have an adverse effect on our results of operations. In addition, if the U. S. economy enters a recession, we may experience sales declines which could have an adverse effect on our business, operating results and financial condition. Similarly, disruptions in financial and / or credit markets have in the past impacted, and may in the future impact, our ability to manage normal commercial relationships with our customers, suppliers and creditors. Further, in the event of a recession or threat of a recession, our customers and suppliers may suffer their own financial and economic challenges and as a result they may demand pricing accommodations, delay payment, or become insolvent, which could harm our ability to meet our customer demands or collect revenue or otherwise could harm our business. An economic or credit crisis could occur and impair credit availability and our ability to raise capital when needed. A disruption in the financial markets could impair our banking or other business partners, on whom we rely for access to capital. In addition, changes in tax or interest rates in the U. S. or other nations, whether due to recession, economic disruptions or other reasons, could have an adverse effect on our operating results. Economic weakness and geopolitical uncertainty may also lead us to impair assets, take restructuring actions or adjust our operating strategy and reduce expenses in response to decreased sales or margins. We may not be able to adequately adjust our cost structure in a timely fashion, which could have an adverse effect on our operating results and financial condition. Uncertainty about economic conditions may increase foreign currency volatility in markets in which we transact business, which could have an adverse effect on our operating results. Volatility in and disruption to the global economic environment and changes in the regulatory and business environments in which we operate may have an adverse effect on our business, results of operations and financial condition. The commercial vehicle industry as a whole has been more adversely affected by volatile economic conditions than many other industries, as the purchase or replacement of commercial vehicles, which are durable items, may be deferred for many reasons. Future changes in the regulatory and business environments in which we operate, including increased trade protectionism and tariffs **such as those recently announced by President Trump, and any retaliatory counter measures by affected countries**, may adversely affect our ability to sell our products ~~or~~ **and** source materials needed to manufacture our products. **In addition, tariffs could increase our costs for materials sourced outside the US which we may not be able to pass along to our customers and would therefore adversely affect our results of operations**. Furthermore, financial instability or bankruptcy at any of our suppliers or customers could disrupt our ability to manufacture our products and impair our ability to collect receivables, any or all of which may have an adverse effect on our business, results of operations and financial condition. In addition, some of our customers and suppliers may experience serious cash flow problems and, thus, may find it difficult to obtain financing, if financing is available at all. Any inability of customers to pay us for our products and services, or any demands by suppliers for different payment terms, or inability of our suppliers to supply us may adversely affect our results of operations and financial condition. Furthermore, our suppliers may not be successful in generating sufficient sales, restarting or ramping up production or securing alternate financing arrangements, and therefore may no longer be able to supply goods and services to us. In that event, we would need to find alternate sources for these goods and services, and there is no assurance we would be able to find such alternate sources on favorable terms, if at all. Disruption in our supply chain has had and could continue to have an adverse effect on our ability to manufacture and deliver our products on a timely basis, and thereby affect our results of operations. **The U. S. government has taken actions or made proposals that are intended to address trade imbalances or trade practices, specifically with China, among other countries, which include encouraging increased production in the United States. Furthermore, the**

current administration has begun implementing a more protectionist trade environment, including through measures such as the imposition of higher tariffs on imports into the U. S., the renegotiation of some U. S. trade agreements and other government regulations affecting trade between the U. S. and other countries where we conduct our business, including announced tariffs on imports from China and Mexico, and threatened tariffs on imports from the EU. These actions and proposals have resulted or could result in retaliatory actions by affected countries. Such changes could increase the price we pay for certain raw materials we import from such countries, for which we may not be able to obtain alternative supply at equivalent or lower prices, reduce demand for our products in other countries and adversely impact the U. S. economy or certain sectors thereof or the economy of other countries in which we conduct operations, our industry and supply chain, all of which could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to successfully implement our business strategy and, as a result, our businesses and financial position and results of operations could be adversely affected. Our ability to achieve our business and financial objectives is subject to a variety of factors, many of which are beyond our control. For example, we may not be successful in implementing our strategy if unforeseen factors emerge diminishing the current levels or any future expected growth in the commercial vehicle or electric vehicle markets we supply or expect to penetrate, or we experience increased pressure on our margins. Any failure to successfully implement our business strategy could have an adverse effect on our business, results of operations and growth potential. **We may be unable to complete strategic..... of operations could be adversely affected.** Circumstances associated with our **acquisition and divestiture strategy** could adversely affect our results of operations and financial condition. From time to time we evaluate the performance and strategic fit of our businesses and may decide to sell a business or product line based on such an evaluation. **Any divestitures Divestitures , have in the past, and may in the future, result in significant write- offs, including those related to goodwill and other tangible and intangible assets, which could and such write offs can** have an adverse effect on our results of operations and financial condition. Our customer base is concentrated and the loss of business from a major customer or the discontinuation of particular commercial vehicle platforms could reduce our revenues. Even though we may be selected as the supplier of a product by an OEM for a particular vehicle, our OEM customers issue blanket purchase orders, which generally provide for the supply of that customer's annual requirements for that vehicle, rather than for a specific number of our products. If the OEM's requirements are less than estimated, the number of products we sell to that OEM will be accordingly reduced. In addition, the OEM may terminate its purchase orders with us at any time. The loss of any of our large customers or the loss of significant business from any of these customers could have an adverse effect on our business, financial condition and results of operations. Our profitability could be adversely affected if the actual production volumes for our customers' vehicles are significantly lower than expected or our costs are higher than expected. We incur costs and make capital expenditures based in part upon estimates of production volumes for our customers' vehicles. While we attempt to establish a price for our components and systems that will compensate for variances in production volumes, when the actual production of these vehicles is significantly less than anticipated, our gross margin on these products is adversely affected. Our OEM customers have historically had a significant amount of leverage over us. We enter into agreements with our customers at the beginning of a given platform's life to supply products for that platform. Once we enter into such agreements, fulfillment of the supply requirements is our obligation for the entire production life of the platform, with terms generally ranging from five to seven years, and we have limited provisions to terminate such contracts. We are committed to supplying products to our customers at selling prices that may, with the benefit of hindsight, not be sufficient to cover the direct cost to produce such products, which may be as a result of among other factors, inflation, **new tariffs** or increased employment costs due to **current increasingly competitive** labor markets or other factors, **as we experienced in 2020, 2021, 2022 and 2023.** We cannot predict our customers' demands for our products. If customers representing a significant amount of our revenues were to purchase materially lower volumes than expected, or if we are unable to keep our commitment under the agreements, or if our costs are higher than anticipated, it would have an adverse effect on our business, financial condition and results of operations. Additionally, we generally do not have clauses in our customer agreements that guarantee that we will recoup the design and development costs that we incurred to develop a product. In other cases, we share the design costs with the customer and thereby have some risk that not all the costs will be covered if the project does not go forward or if it is not as profitable as expected. Many of our new and targeted customers are start- up or early- stage companies and these customers are at substantial risk that their businesses will not succeed. Our success depends, in part, upon our ability to maintain or increase our market share. Many of our new business wins and targeted prospects are early- stage or start- up companies. Early- stage or start- up companies are at substantial risk that the company's business will not succeed. If the customer's business does not succeed or the customer experiences cash flow problems, the customer may not be able to find financing or may not be able to pay us for our products and services, which may adversely affect our results of operations and financial condition. In addition, our future estimates and projections contemplate a continued business relationship and sales to these early- stage or start- up companies. If one or more of these customers no longer purchase products or services from us in the future, our sales and revenue will be adversely affected. Finally, we may incur significant initial costs in order to meet the production demands of these new customers, and our ability to recoup those costs requires a longer- term business relationship with the customer. Therefore, a failure of an early- stage or start- up customer may result in our inability to recoup the initial costs we incurred to prepare for production of products for that customer, which could adversely affect our business, results of operations, growth prospects and financial condition. We may be unable to successfully implement price increases to offset inflation **or new tariffs** and, as a result, our businesses and financial position and results of operations could be adversely affected. **Our ability We may not be able** to implement customer price increases where margin on product is not meeting profitability targets **is subject. Failure to meet our profitability target may be the result of** a variety of factors, such as fluctuations in our material, freight and labor costs, inflation, **new or increased tariffs** or other competitive conditions, which are beyond our control. **For example, customers Customers** may refuse to pay increased prices that meet our profitability

targets, re- source from other suppliers, or not issue purchase orders to us with large volumes. Any failure to successfully implement price increases **in order to meet profitability targets** could have an adverse effect on our business, results of operations and growth potential. ~~Our inability to compete effectively in the highly competitive industrial automation industry could result in loss of market share and reduced gross margins, which could have an adverse effect on our revenues and operating results. The industrial automation industry is highly competitive. Some of our competitors are companies that are larger and have greater financial and other resources than we do. Our products primarily compete on the basis of price, product quality, technical expertise, development capability, product delivery and product service. Increased competition may lead to price reductions or loss of business resulting in reduced gross margins and loss of market share.~~ We are subject to certain risks associated with our foreign operations. We have operations in the Mexico, China, United Kingdom, Czech Republic, Morocco, Ukraine, ~~Belgium~~, Australia, India and Thailand, which collectively accounted for approximately ~~24~~ **30** % of our total revenues for the year ended December 31, ~~2023~~ **2024**. There are certain risks inherent in our international business activities including, but not limited to: • the difficulty of enforcing agreements and collecting receivables through certain foreign legal systems; • foreign customers, who may have longer payment cycles than customers in the U. S.; • foreign currency exchange rate fluctuations affecting our ability to match revenue received with costs; • tax rates in certain foreign countries, which may exceed those in the U. S., withholding requirements or the imposition of tariffs, exchange controls or other restrictions, including restrictions on repatriation, of foreign earnings; • intellectual property protection difficulties; • general economic and political conditions, along with major differences in business culture and practices, including the challenges of dealing with business practices that may impact the company' s compliance efforts, in countries where we operate; • exposure to local social unrest, including any acts of war, terrorism or similar events; • exposure to local minimum wage requirements; • the difficulties associated with managing a large organization spread throughout various countries; and • complications in complying with a variety of laws and regulations related to doing business with and in foreign countries, some of which may conflict with U. S. law or may be vague or difficult to comply with. Additionally, our international business activities are also subject to risks arising from violations of U. S. laws such as the U. S. Foreign Corrupt Practices Act and similar anti- bribery laws in other jurisdictions, and various export control and trade embargo laws and regulations, including those which may require licenses or other authorizations for transactions relating to certain countries and / or with certain individuals identified by the U. S. government. If we fail to comply with applicable laws and regulations, we could suffer civil and criminal penalties that could have an adverse effect on our results of operations and financial condition. **The invasion of Our business has been impacted and may continue to be impacted by geopolitical conditions such as international trade wars (including between the United States and China, Mexico and Canada), the military conflict in Israel and Gaza, the Russia- Ukraine conflict** by Russia and the retaliatory measures taken by the U. S., NATO and other countries, and the war in the Middle East, have created global security concerns and economic uncertainty that could have a lasting impact on regional and global economies. We cannot be certain that similar international tensions will not affect our facility in the Ukraine, including due to the Russian invasion of Ukraine, electrical outages, cyber- attacks and **increased political tensions in Europe** periodic battles with separatists closer to our facility. In addition, **the Middle East and Asia. Currently, significant uncertainty surrounds** of our employees in Ukraine are routinely conscripted into the **future trade relationships among** military and / or sent to fight in the **United States** ongoing conflict. Furthermore, **China, Mexico and Canada** most of our products manufactured in Ukraine are shipped across the border from Ukraine to the Czech Republic for further delivery to our customers. If **The U. S. government continues to make significant changes in U. S. trade policies** that border crossing were to be closed or restricted for any reason, or if our customers decide to stop ordering from us or shift orders to our competitors, we would **could** experience a loss of **negatively affect our business. Additionally, policies made by the other use of countries, such as China, Mexico and Canada** our ~~or Ukrainian facility~~ **their allies**, which could have an adverse effect on our results of operations and financial condition. Decreased availability or increased costs of materials could affect both our ability to produce products as well as the cost of producing our products. We purchase raw materials, fabricated components, assemblies and services from a variety of suppliers. Steel, aluminum, petroleum- based products, copper, resin, foam, fabrics, wire and wire components, semiconductor chips, electronics and electrical components account for the most significant portion of our raw material costs. Although we currently maintain alternative sources for most raw materials, from time to time, however, the prices and availability of these materials fluctuate due to global market demands and other considerations, which could impair the Company' s ability to procure necessary materials, or increase the cost of such materials. We may be assessed surcharges on certain purchases of steel, copper and other raw materials. ~~Recently, there was a well- publicized global shortage of semiconductor chips and several of the raw materials we use.~~ Inflationary and other increases in costs, **including as a result of new or increased tariffs**, or shortages of the various materials that are needed for us to produce our products are currently having an impact on our business which may continue for the foreseeable future. In addition, freight costs associated with shipping and receiving product are impacted by fluctuations in freight tonnage, freight hauler availability or capacity and the cost of oil and gas. ~~Recently, we experienced freight related delays through the Suez Canal due to the Israel- Hamas war and through the Panama canal due to drought.~~ We **occasionally** are currently experiencing **experience** difficulty purchasing and obtaining timely delivery of certain raw materials required for our operations, which ~~is having~~ **could have** an adverse effect on our results of operations. In addition, to the extent we are unable to pass on the increased costs of raw materials, freight and labor to our customers, it could adversely affect our results of operations and financial condition. We have invested substantial resources in markets where we expect growth and we may be unable to timely alter our strategies should such expectations not be realized. Our future growth is dependent in part on us making the right investments at the right time in people, technology, product development, manufacturing capacity, and to expand into new markets including in electric vehicle markets. If we fail to realize expected rates of return on our investments, we may incur losses on such investments and be unable to timely redeploy the invested capital to take advantage of other markets, potentially resulting in lost market share to our competitors. We cannot

guarantee that we will be successful in leveraging our capabilities into new markets and thus, in meeting the needs of these new customers and competing favorably in these new markets. Our inability to compete effectively in the highly competitive commercial vehicle component supply industry could result in lower prices for our products, loss of market share and reduced gross margins, which could have an adverse effect on our revenues and operating results. The commercial vehicle component supply industry is highly competitive. Some of our competitors are companies that are larger and have greater financial and other resources than we do. In some cases, we compete with divisions of our OEM customers. Our products primarily compete on the basis of price, breadth of product offerings, product quality, technical expertise, development capability, product delivery and product service. Increased competition may lead to price reductions resulting in reduced gross margins and loss of market share. We may be unable to successfully introduce new products and, as a result, our business, and financial condition and results of operations could be adversely affected. Product innovations have been and will continue to be a part of our business strategy. We believe it is important for us to continue to meet our customers' demands for product innovation, improvement and enhancement, including the continued development of new- generation products, and design improvements and innovations that improve the quality and efficiency of our products including manufacturing seats with airbags, seatbelts and other safety devices and improvements. However, such development will require us to continue to invest in research and development and sales and marketing. Such investments are subject to the risks generally associated with product development, including difficulty in gaining market acceptance, delays in product development and failure of products to operate properly. Additionally, we have exposure to excess costs as we are engaged in multiple development programs for new electric vehicles, each with unique designs and timelines. These electric vehicle programs require the use of a higher level of technical expertise with increased costs and the incremental cost is variable depending on the pace and success rate of the innovation process, the prototyping and mule build process, the production tooling process and then production ramp- up. In addition, our competitors may develop new products before us or may produce similar products that compete with our new products. We may, as a result of these factors, be unable to meaningfully focus on product innovation as a strategy and may therefore be unable to meet our customers' demands for product innovation, which could have an adverse effect on our business, operating results and financial condition. We rely on third parties for raw materials, parts, and components. We source a variety of systems, components, raw materials and parts, including but not limited to top covers, fabricated steel, semiconductor chips, chemicals, seat- foam, air bag, air bag inflators, seat belts, and other components from third parties. From time to time these third- party items do not meet the quality standards that we desire, which could harm our reputation, cause delays and cause us to incur significant costs. Furthermore, we may be unable to source third- party items in sufficient quantities or at acceptable prices. We have recently experienced and may in the future experience difficulty sourcing certain raw materials, parts and components required for our operations, which has had and may in the future have an adverse effect on our results of operations. We could experience disruption in our supply or delivery chain, which could cause one or more of our customers to halt or delay production. We, as with other component manufactures in the commercial vehicle industry, sometimes ship products to the customers throughout the world so they are delivered on a "just- in- time " basis in order to maintain low inventory levels. Our suppliers (external suppliers as well as our own production sites) also sometimes use a similar method. This just- in- time method makes the logistics supply chain in the industries we serve complex and vulnerable to disruptions. The potential loss of one of our suppliers or our own production sites could be caused by a myriad of factors. Additionally, as we expand in growth markets, the risk for such disruptions is heightened. The lack of even a small single subcomponent necessary to manufacture one of our products, for whatever reason, could force us to cease production, possibly for a prolonged period. In the event of a reduction or stoppage in production at any of our facilities, even if only temporary, or if we experience delays as a result of events that are beyond our control, delivery times to our customers could be severely affected. Any significant delay in deliveries to our customers could lead to increased returns or cancellations. Similarly, a potential quality issue could force us to halt deliveries. Even where products are ready to be shipped or have been shipped, delays may arise before they reach our customer. Our customers may halt or delay their production for the same reason if one of their other suppliers fails to deliver necessary components. This may cause our customers to suspend their orders or instruct us to suspend delivery of our products, which may adversely affect our financial performance. When we cease timely deliveries, we have to absorb our own costs for identifying and solving the root cause problem as well as expeditiously producing replacement components or products. Generally, we must also carry the costs associated with "catching up, " such as overtime and premium freight. Additionally, if we are the cause for a customer being forced to halt production the customer may seek to recoup all of its losses and expenses from us. These losses and expenses could include consequential losses such as lost profits. Thus, any supply chain disruption, however small, could potentially cause the complete shutdown of an assembly line of one of our customers, and any such shutdown could expose us to claims for compensation. Where a customer halts production because of another supplier failing to deliver on time, we may not be fully compensated, if at all, and therefore our business and financial results could be adversely affected. **In recent years** ~~During 2021, 2022 and to a lesser degree during 2023-~~ **During 2021, 2022 and to a** we experienced supply chain disruptions (including longer lead- times to procure parts from China) that caused volatility on our customers' production schedules and had a negative impact on our results. If we are unable to recruit or retain senior management and other skilled personnel, our business, operating results and financial condition could be adversely affected. Our operations depend to a large extent on the efforts of our senior management team as well as our ability to attract, train, integrate and retain highly skilled personnel. We seek to develop and retain an effective management team through the proper positioning of existing key employees and the addition of new management personnel where necessary. Retaining personnel with the right skills at competitive wages can be difficult in certain markets in which we are doing business, particularly those locations that are seeing much inbound investment and have highly mobile workforces. Additionally, attracting sufficiently well- educated and talented management, especially middle- management employees, in certain markets can be challenging. We may not be able to retain our current senior management and other skilled personnel or retain similarly skilled personnel in the future. If we lose senior management or the services of our skilled workforce, or if we are unable to

attract, train, integrate and retain the highly skilled personnel we need, our business, operating results and financial condition could be adversely affected. We may be adversely impacted by labor strikes, work stoppages and other matters. As of December 31, ~~2023~~ **2024**, a majority of employees based in Mexico are unionized. In addition, approximately ~~74~~ **75** % of our employees of our European, Asian and Australian operations were represented by a shop steward committee, which may limit our flexibility in our relationship with these employees. We may encounter future unionization efforts or other types of conflicts with labor unions or our employees. Many of our OEM customers and their suppliers also have unionized work forces. Work stoppages or slow-downs experienced by OEMs or their other suppliers could result in slow-downs or closures of assembly plants where our products are included in assembled commercial vehicles. In the event that one or more of our customers or their suppliers experience a material work stoppage, such work stoppage could have an adverse effect on our business. ~~Additionally, the rapid recovery of certain COVID-19 impacted markets and locales and the low unemployment rate is causing spot shortages of labor.~~ The Company has exposure to cost premiums as we use temporary labor during demand ramp-ups which carries with it a temporary premium cost. ~~The Company is currently at high levels of temporary labor which could have an adverse effect on our business.~~ Our earnings may be adversely affected by changes to the carrying values of our tangible and intangible assets as a result of recording any impairment charges deemed necessary. We are required to perform impairment tests whenever events and circumstances indicate the carrying value of certain assets may not be recoverable. We cannot accurately predict the amount and timing of any impairment of assets. A significant amount of judgment is involved in determining if an indication of impairment exists. Factors that may be considered in assessing whether ~~goodwill or other~~ long-lived assets may not be recoverable include a decline in our stock price or market capitalization, reduced estimates of future cash flows, the general economic environment, changes or downturns in our industry as a whole, termination of any of our customer contracts, restructuring efforts and general workforce reductions. A continued decline in our stock price may trigger an evaluation of the recoverability of the recorded goodwill and other long-lived assets. Any charge for impairment could adversely affect our reported net income and our stockholders' equity. We have taken, are taking, and may take future restructuring actions to realign and resize our production capacity and cost structure to meet current and projected operational and market requirements. Charges related to these actions or any further restructuring actions may have an adverse effect on our results of operations and financial condition. There can be no assurance that any current or future restructuring will be completed as planned or achieve the desired results. The failure to complete restructuring as planned could have an adverse effect on our results of operations. We have established and may establish in the future valuation allowances on deferred tax assets. These changes may have an adverse effect on our results of operations and financial position. Additionally, from time to time in the past, we have recorded asset impairment losses relating to specific plants and operations. Generally, we record asset impairment losses when we determine that our estimates of the future undiscounted cash flows from an operation will not be sufficient to recover the carrying value of that facility's building, fixed assets and production tooling. There can be no assurance that we will not incur charges in the future as changes in economic or operating conditions impacting the estimates and assumptions could result in additional impairment. Any future impairments may adversely affect our results of operations. Our inability to successfully achieve operational efficiencies could result in the incurrence of additional costs and expenses that could adversely affect our reported earnings. As part of our business strategy, we continuously seek ways to lower costs, improve manufacturing efficiencies and increase productivity in our existing operations and intend to apply this strategy to those operations acquired through acquisitions. In addition, we incur restructuring charges periodically to close facilities, such as lease termination charges, severance charges and impairment charges of leasehold improvements and / or machinery and equipment, as we continue to evaluate our manufacturing footprint to improve our cost structure and remove excess, underperforming assets, or assets that no longer fit our goals. If we decide to close or consolidate facilities, we may face execution risks which could adversely affect our ability to serve our customers. Further, we may be unsuccessful in achieving these objectives which could adversely affect our operating results and financial condition. The geographic profile of our taxable income could adversely impact our tax provision and therefore our results of operations. Our future tax provision could be adversely affected by the geographic profile of our taxable income and by changes in the valuation of our deferred tax assets and liabilities. Our results could be adversely impacted by significant changes in our effective tax rate. Additionally, any changes to manufacturing activities could result in significant changes to our effective tax rate related to products manufactured either in the United States or in international jurisdictions. If the United States or another international jurisdiction implements a tax change related to products manufactured in a particular jurisdiction where we do business, our results could be adversely affected. Exposure to currency exchange rate fluctuations on cross border transactions and translation of local currency results into United States dollars could adversely impact our results of operations. Cross border transactions, both with external parties and intercompany relationships, result in increased exposure to foreign currency fluctuations. The strengthening or weakening of the United States dollar may result in favorable or unfavorable foreign currency translation effects in as much as the results of our foreign locations are translated into United States dollars. This could adversely impact our results of operations. We have only limited protection for our proprietary rights in our intellectual property, which makes it difficult to prevent third parties from infringing upon our rights and our operations could be limited by the rights of others. Our success depends to a certain degree on our ability to protect our intellectual property and to operate without infringing on the proprietary rights of third parties. While we have been issued patents and have registered trademarks with respect to many of our products, our competitors could independently develop similar or superior products or technologies, duplicate our designs, trademarks, processes or other intellectual property or design around any processes or designs on which we have or may obtain patents or trademark protection. In addition, it is possible third parties may have or acquire licenses for other technology or designs that we may use or desire to use, requiring us to acquire licenses to, or to contest the validity of, such patents or trademarks of third parties. Such licenses may not be made available to us on acceptable terms, if at all, or we may not prevail in contesting the validity of third party rights. As we diversify and globalize our geographic footprint, we may encounter laws and practices in emerging markets that are not as stringent or enforceable as those present in

developed markets, and thus incur a higher risk of intellectual property infringement, which could have an adverse effect on our results of operations. Our products may be susceptible to claims by third parties that our products infringe upon their proprietary rights. As the number of products in our target markets increases and the functionality of these products further overlaps, we may become increasingly subject to claims by a third party that our technology infringes such party's proprietary rights. Regardless of their merit, any such claims could be time consuming and expensive to defend, may divert management's attention and resources, could cause product shipment delays and could require us to enter into costly royalty or licensing agreements. If successful, a claim of infringement against us and our inability to license the infringed or similar technology and / or product could have an adverse effect on our business, operating results and financial condition. We may be subject to product liability claims, recalls or warranty claims, which could be expensive, damage our reputation and result in a diversion of management resources. As a supplier of products and systems, we face an inherent business risk of exposure to product liability claims in the event that our products, or the equipment into which our products are incorporated, malfunction and result in injury to person or property or death. Product liability claims could result in significant losses as a result of expenses incurred in defending claims or the award of damages. In addition, we may be required to participate in recalls involving systems or components sold by us if any prove to be defective, or we may or our customers may voluntarily initiate a recall and we have to make payments related to such recalls as a result of various industry or business practices, contractual obligations or the need to maintain good customer relationships. Such a recall would result in a diversion of management resources. While we maintain product liability insurance generally with a self-insured retention amount, we cannot assure you that it will be sufficient to cover all product liability claims, that such claims will not exceed our insurance coverage limits or that such insurance will continue to be available on commercially reasonable terms, if at all. Any product liability claim brought against us could have an adverse effect on our results of operations. We warrant the workmanship and materials of many of our products under limited warranties and have entered into warranty agreements with certain customers that warranty certain of our products in the hands of customers of our customers, in some cases for many years. From time to time, we receive product warranty claims from our customers, pursuant to which we have or may be required to bear costs of repair or replacement of certain of our products. Accordingly, we are subject to risk of warranty claims in the event that our products do not conform to our customers' specifications or, in some cases in the event that our products do not conform to their customers' expectations. It is possible for warranty claims to result in costly product recalls, significant repair costs and damage to our reputation, all of which could adversely affect our results of operations. Our businesses are subject to statutory environmental and safety regulations in multiple jurisdictions, and the impact of any changes in regulation and / or the violation of any applicable laws and regulations by our businesses could result in an adverse effect on our financial condition and results of operations. We are subject to foreign, federal, state, and local laws and regulations governing the protection of the environment and occupational health and safety, including laws regulating air emissions, wastewater discharges, generation, storage, handling, use and transportation of hazardous materials; the emission and discharge of hazardous materials into the soil, ground or air; and the health and safety of our colleagues. We are also required to obtain permits from governmental authorities for certain of our operations. We cannot assure you that we are, or have been, in complete compliance with such environmental and safety laws, and regulations. Certain of our operations generate hazardous substances and wastes. If a release of such substances or wastes occurs at or from our properties, or at or from any offsite disposal location to which substances or wastes from our current or former operations were taken, or if contamination is discovered at any of our current or former properties, we may be held liable for the costs of cleanup and for any other response by governmental authorities or private parties, together with any associated fines, penalties or damages. In most jurisdictions, this liability would arise whether or not we had complied with environmental laws governing the handling of hazardous substances or wastes. Several of our facilities are either certified as, or are in the process of being certified as ISO 9001, 14000, 14001 or TS16949 (the international environmental management standard) compliant or are developing similar environmental management systems. We have made, and will continue to make, capital and other expenditures to implement such environmental programs and comply with environmental requirements. The environmental laws to which we are subject have become more stringent over time, and we could incur material costs or expenses in the future to comply with environmental laws. If we violate or fail to comply with these laws and regulations or do not have the requisite permits, we could be fined or otherwise sanctioned by regulators. In some instances, such a fine or sanction could have an adverse effect on our financial condition and results of operations. We may be unable to complete strategic acquisitions, or we may encounter unforeseen difficulties in integrating acquisitions. We pursue acquisition targets that will allow us to continue to expand into new geographic markets, add new customers, provide new products, manufacturing and service capabilities and increase penetration with existing customers. However, we expect to face competition for acquisition candidates, which may limit the number of our acquisition opportunities and may lead to higher acquisition prices. Moreover, acquisition of businesses may require additional debt and / or equity financing, perhaps resulting in additional leverage and / or shareholder dilution. The covenants in our debt instruments further limit our ability to complete acquisitions. There can be no assurance we will find attractive acquisition candidates or successfully integrate acquired businesses into our existing business. If the expected synergies from acquisitions do not materialize or we fail to successfully integrate such new businesses into our existing businesses, our results of operations could be adversely affected.

Risks Related to Our Indebtedness **A credit rating downgrade could impair our ability to obtain additional debt financing on favorable terms, if at all, and significantly reduce the trading price of our common stock. We recently experienced a credit rating downgrade which is likely to affect the amount, type and terms of capital financings we obtain. Factors affecting our credit rating include, among others, our financial performance, success in raising sufficient equity capital, adverse changes in our debt and fixed charge coverage ratios, our capital structure, level of indebtedness and future changes in the regulatory framework applicable to our operators and industry. We may be unable to maintain our current credit ratings, and in the event that our current credit ratings deteriorate, a ratings agency downgrades our credit rating or places our rating under watch or review for possible downgrade, we would**

likely incur higher borrowing costs, which would make it more difficult or expensive to obtain additional financing or refinance existing obligations and commitments and the trading price of our common stock may decline.

The agreements governing our credit facilities contain covenants that may restrict our current and future operations, particularly our ability to respond to changes in our business or to take certain actions. If we are unable to comply with these covenants, our business, results of operations and liquidity could be adversely affected. Our senior secured revolving and term loan credit facilities require us to maintain certain financial ratios and to comply with various operational and other covenants. If we do not comply with those covenants, we are precluded from borrowing under the senior secured revolving credit facility, which could have an adverse effect on our business, financial condition and liquidity. If we are unable to borrow under our senior secured revolving credit facility, we will need to meet our capital requirements using other sources; however, alternative sources of liquidity may not be available on acceptable terms. In addition, if we fail to comply with the covenants set forth in our credit facilities, the lenders could declare an event of default and cause all amounts outstanding to be due and payable immediately. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding credit facilities or other debt instruments we may have in place from time to time, either upon maturity or if accelerated, upon an event of default, or that we would be able to refinance or restructure the payments on the credit facilities or such other debt instruments on acceptable terms. In addition, the agreements governing the senior secured revolving and term loan credit facilities contain covenants that, among other things, restrict our ability to:

- incur liens;
- incur or assume additional debt or guarantees or issue preferred stock;
- prepay, or make redemptions and repurchases of, subordinated debt;
- make loans and investments;
- engage in mergers, acquisitions, asset sales, sale / leaseback transactions and transactions with affiliates;
- place restrictions on the ability of subsidiaries to pay dividends or make other payments to the issuer;
- change the business conducted by us or our subsidiaries; and
- amend the terms of subordinated debt.

Our indebtedness may adversely affect our cash flow and our ability to operate our business, remain in compliance with debt covenants and make payments on our indebtedness. Our indebtedness, combined with our lease and other financial obligations and contractual commitments could have other important consequences to our stockholders, including:

- making it more difficult for us to satisfy our obligations with respect to our indebtedness, including the revolving credit facility, term loan and our other debt instruments, and any failure to comply with the obligations of any of our debt instruments, including financial and other restrictive covenants, could result in an event of default under the revolving credit facility or term loan and the governing documents of our debt instruments;
- the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of our indebtedness;
- making us more vulnerable to adverse changes in general economic, industry and competitive conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flows to fund working capital, capital expenditures, acquisitions and other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors that have less debt; and
- limiting our ability to borrow additional amounts for working capital, capital expenditures, acquisitions, debt service requirements, or execution of our business strategy or other purposes.

Any of these factors could have an adverse effect on our business, financial condition and results of operations. Our ability to make payments on our indebtedness depends on our ability to generate cash in the future. If we do not generate sufficient cash flow to meet our debt service and working capital requirements, we may need to seek additional financing or sell assets. This may make it more difficult for us to obtain financing on terms that are acceptable to us, or at all. Without any such financing, we could be forced to sell assets to make up for any shortfall in our payment obligations under unfavorable circumstances. If necessary, we may not be able to sell assets quickly enough or for sufficient amounts to enable us to meet our obligations.

Risks Related to Our Common Stock Our operating results, revenues and expenses may fluctuate significantly from quarter- to- quarter or year- to- year, which could have an adverse effect on the market price of our common stock. Our operating results, revenues and expenses have in the past varied and may in the future vary significantly from quarter- to- quarter or year- to- year. These fluctuations have in the past and could have in the future an adverse effect on the market price of our common stock. We base our operating expense budgets in large part on expected revenue trends. However, certain of our expenses are relatively fixed and as such we may be unable to adjust expenses quickly enough to offset any unexpected revenue shortfall. Accordingly, any significant change in revenue may cause significant variation in operating results in any quarter or year. It is possible that in one or more future quarters or years, our operating results may be below the expectations of public market analysts and investors and may result in changes in analysts' estimates. In such events, the trading price of our common stock may be adversely affected. Our common stock has historically had a low trading volume with limited analyst coverage and, as a result, any sale of a significant number of shares may depress the trading price of our stock; stockholders may be unable to sell their shares above the purchase price. Our common stock is traded on the NASDAQ Global Select Market under the symbol "CVGI." The trading volume and analyst coverage of our common stock has historically been limited as compared to common stock of an issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share prices. Because of the limited trading volume, holders of our securities may not be able to sell quickly any significant number of such shares, and any attempted sale of a large number of our shares may have an adverse impact on the price of our common stock. Additionally, because of the limited number of shares being traded, and changes in stock market analyst recommendations regarding our common stock or lack of analyst coverage, the price per share of our common stock is subject to volatility and may continue to be subject to rapid price swings in the future that may result in stockholders' inability to sell their common stock at or above purchase price. Provisions in our charter documents and Delaware law could discourage potential acquisition proposals, could delay, deter or prevent a change in control and could limit the price certain investors might be willing to pay for our stock. Certain provisions of our certificate of incorporation and by- laws may inhibit changes in control of our company not approved by our board of directors. These provisions include:

- a prohibition on stockholder action through written consents;
- a requirement that special meetings of

stockholders be called only by the board of directors; • advance notice requirements for stockholder proposals and director nominations; • limitations on the ability of stockholders to amend, alter or repeal the by-laws; and • the authority of the board of directors to issue, without stockholder approval, preferred stock and common stock with such terms as the board of directors may determine. We are also afforded the protections of Section 203 of the Delaware General Corporation Law, which would prevent us from engaging in a business combination with a person who becomes a 15 % or greater stockholder for a period of three years from the date such person acquired such status unless certain board or stockholder approvals were obtained. These provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock, discourage potential acquisition proposals and delay, deter or prevent a change in control. Other Risk Factors Security breaches and other disruptions could compromise our information systems and expose us to liability, which could cause our business and reputation to suffer. We rely on technology for the operation of our business. Systems failures or outages could compromise our ability to conduct business and hurt our relationships with our business partners and customers. In the event of a disaster, such as a natural catastrophe, a pandemic, civil unrest, an industrial accident, a cyber-attack, a blackout, a terrorist attack (including conventional, nuclear, biological, chemical or radiological) or war, systems upon which we rely may be inaccessible to our employees for an extended period of time. While technology can streamline many business processes and ultimately reduce the costs of operations, technology initiatives present short-term cost and also have implementation and operational risks. In addition, we may have inaccurate expense projections, implementation schedules or expectations regarding the effectiveness of the end product. These issues could escalate over time. If we were unable to find and retain associates with key technical knowledge, our ability to develop and deploy key technology solutions could be hampered. In the ordinary course of our business, we collect and store sensitive data, including intellectual property, financial information, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our customers and employees, in our data centers and on our networks. Threats to data security, including unauthorized access and cyberattacks, rapidly emerge and change, exposing us to additional costs for protection or remediation and competing time constraints to secure our data in accordance with customer expectations and statutory and regulatory requirements. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Like most companies, our systems are under attack on a routine basis. Our systems have been, and will likely continue to be, subject to viruses or other malicious codes, unauthorized access, cyber attacks, cyber frauds or other computer related penetrations. While we take what we believe to be commercially reasonable measures to keep our systems and data secure, it is difficult or impossible to defend against every risk being posed by changing technologies as well as criminal and state-sponsored cybercrime and cyber threats. While we are not aware of having experienced a material breach of our cybersecurity systems in the recent past, administrative, internal accounting and technical controls as well as other preventative actions may be insufficient to prevent security breaches to our systems or those of third parties with whom we do business. Increasing sophistication of cyber criminals and terrorists make keeping up with new threats difficult and could result in a breach. Patching and other measures to protect existing systems and servers could be inadequate, especially on systems that are being retired. Controls employed by our U. S., off-shore and cloud vendors could prove inadequate. We could also experience a breach by intentional or negligent conduct on the part of associates or other internal sources. Our systems and those of our third-party vendors may become vulnerable to damage or disruption due to circumstances beyond our or their control, such as from catastrophic events, power anomalies or outages, natural disasters, network failures, and viruses, ransomware and malware. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disrupt our operations and the services we provide to customers, damage our reputation, and cause a loss of confidence in our products and services, which could adversely affect our business and our results of operations. Our **implementation of a new ERP system may adversely affect our business and results of operations or the effectiveness of our internal control over financial condition reporting. We are in the process of implementing a new enterprise resource planning ("ERP") system, as part of a plan to integrate and upgrade our systems and processes. ERP implementations are complex, labor intensive, and time-consuming projects and involve substantial expenditures on system software and implementation activities. The ERP system is critical to our ability to provide important information to our management, obtain and deliver products, provide services and customer support, fulfill contractual obligations, accurately maintain books and records, provide accurate, timely and reliable reports on our financial and operating results, and otherwise operate our business. ERP implementations also require transformation of business and financial processes in order for the company to benefit from a robust ERP system. Any such implementation involves risks inherent in the conversion to a new computer system, including, but not limited to, loss of information and potential disruption to our normal operations have been. The implementation and maintenance of the new ERP system has required, and will continue to require, the investment of significant financial and human resources, the re-engineering of processes of our business, and the attention of many employees who would otherwise be focused on other aspects of our business. Our results of operations could be adversely affected by if we experience time delays or cost overruns during the ERP implementation process. Any significant weakness in the design and implementation of the new ERP system could also result in potentially significantly higher costs than we anticipate spending and could adversely affect our ability to operate our business and otherwise negatively impact our financial reporting and internal control. Any of these coronavirus consequences could have a material adverse effect on our results of operations and financial condition. Pandemics, epidemics, disease outbreaks and similar other public health crises have disrupted.** The global spread of COVID-19 that was declared a pandemic by the World Health Organization and the preventative measures taken to contain or **our** mitigate the outbreak caused significant volatility and uncertainty and economic disruptions. The outbreak resulted in governments around the world implementing increasingly stringent measures to contain or mitigate the spread of the virus, including quarantines, "shelter in place" and "stay at home" orders, travel

restrictions, business curtailments, vaccine mandates and other measures. The resulting financial **operations, and future public health crises could materially adversely** impact of COVID-19 has adversely affected our business, supply chain, sales, results of operations, financial condition, **liquidity** and cash flows **results of operations**. Even after **Pandemics, epidemics or disease outbreaks in the U. S. or globally, such as** the COVID-19 pandemic subsided, **have previously disrupted, and may in the future disrupt, our business, which could materially affect our results of operations, financial condition, liquidity and future expectations.** Any such events may adversely impact our global supply chain and global manufacturing operations and cause us to suspend our operations in the affected markets. In particular, we could experience, among other things: (1) continued to experience adverse impacts to our **or** business due to resulting inflation **additional global supply disruptions;** (2) labor disruptions or shortages; (3) and **an** other economic conditions that impacted **inability to manufacture;** (4) an inability to sell to our customers; (5) a decline in customer demand; and (6) and **an** the operations of our suppliers **impaired ability to access credit** and customers. A significant outbreak of any other **the capital markets.** Any **new public** contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and **have a material impact on our business,** financial **condition** markets of many countries, resulting in an **and** economic downturn that could affect demand for our products and adversely impact our operating results **of operations going forward**.