

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

Form 10-Q

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

For the quarterly period ended September 30, 2022
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 001-34365

COMMERCIAL VEHICLE GROUP, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
7800 Walton Parkway
New Albany, Ohio
(Address of principal executive offices)

41-1990662
(I.R.S. Employer
Identification No.)

43054
(Zip Code)

(614) 289-5360

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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, par value \$0.1 per share	CVGI	The NASDAQ Global Select Market

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, 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 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, a 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

The number of shares outstanding of the Registrant's common stock, par value \$.01 per share, at November 2, 2022 was 33,373,982 shares.

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Unaudited)			
	(In thousands, except per share amounts)			
Revenues	\$ 251,412	\$ 239,610	\$ 746,635	\$ 742,673
Cost of revenues	224,570	209,466	672,531	647,040
Gross profit	26,842	30,144	74,104	95,633
Selling, general and administrative expenses	17,304	18,772	49,955	52,529
Operating income	9,538	11,372	24,149	43,104
Other (income) expense	1,924	(186)	2,798	(1,127)
Interest expense	2,813	1,630	6,892	9,489
Loss on extinguishment of debt	—	—	921	7,155
Income before provision for income taxes	4,801	9,928	13,538	27,587
Provision for income taxes	1,250	2,417	3,520	6,491
Net income	\$ 3,551	\$ 7,511	\$ 10,018	\$ 21,096
Earnings per Common Share:				
Basic	\$ 0.11	\$ 0.24	\$ 0.30	\$ 0.67
Diluted	\$ 0.11	\$ 0.23	\$ 0.30	\$ 0.64
Weighted average shares outstanding:				
Basic	32,460	31,570	32,950	31,432
Diluted	32,922	32,706	33,645	32,738

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

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
		(Unaudited)		
		(In thousands)		
Net income	\$ 3,551	\$ 7,511	\$ 10,018	\$ 21,096
Other comprehensive loss:				
Foreign currency exchange translation adjustments	(4,493)	(1,225)	(9,689)	(1,809)
Minimum pension liability, net of tax	(362)	1,421	1,085	2,094
Derivative instrument, net of tax	1,838	(549)	4,011	(1,052)
Other comprehensive loss	(3,017)	(353)	(4,593)	(767)
Comprehensive income	\$ 534	\$ 7,158	\$ 5,425	\$ 20,329

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

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2022 (Unaudited)	December 31, 2021
	(In thousands, except per share amounts)	
ASSETS		
Current Assets:		
Cash	\$ 38,713	\$ 34,958
Accounts receivable, net of allowances of \$343 and \$243, respectively	178,340	174,472
Inventories	150,347	141,045
Other current assets	15,788	20,201
Total current assets	<u>383,188</u>	<u>370,676</u>
Property, plant and equipment, net	64,755	63,126
Intangible assets, net	15,468	18,283
Deferred income taxes	24,381	24,108
Other assets, net	33,658	31,500
Total assets	<u>\$ 521,450</u>	<u>\$ 507,693</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 121,350	\$ 101,915
Accrued liabilities and other	48,446	50,840
Current portion of long-term debt	9,844	9,375
Total current liabilities	<u>179,640</u>	<u>162,130</u>
Long-term debt	174,490	185,581
Pension and other post-retirement benefits	7,704	9,905
Other long-term liabilities	23,855	23,424
Total liabilities	<u>385,689</u>	<u>381,040</u>
Stockholders' equity:		
Preferred stock, \$0.01 par value (5,000,000 shares authorized; no shares issued and outstanding)	\$ —	\$ —
Common stock, \$0.01 par value (60,000,000 shares authorized; 32,551,341 and 32,034,592 shares issued and outstanding respectively)	326	321
Treasury stock, at cost: 1,842,407 and 1,708,981 shares, respectively	(14,138)	(13,172)
Additional paid-in capital	260,210	255,566
Retained deficit	(63,606)	(73,624)
Accumulated other comprehensive loss	(47,031)	(42,438)
Total stockholders' equity	<u>135,761</u>	<u>126,653</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 521,450</u>	<u>\$ 507,693</u>

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

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2022	2021
	(Unaudited) (In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 10,018	\$ 21,096
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	13,606	13,879
Noncash amortization of debt financing costs	274	895
Payment in kind interest expense	—	2,254
Share-based compensation expense	4,644	5,029
Deferred income taxes	(1,118)	2,771
Non-cash loss (income) on derivative contracts	30	(642)
Loss on extinguishment of debt	921	7,155
Settlement of derivative contract	3,900	—
Change in other operating items:		
Accounts receivable	(9,193)	(41,452)
Inventories	(14,414)	(55,913)
Prepaid expenses	(1,587)	(2,452)
Accounts payable	23,544	25,225
Other operating activities, net	3,169	1,266
Net cash provided by (used in) operating activities	33,794	(20,889)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(12,541)	(11,441)
Proceeds from disposal/sale of property, plant and equipment	16	42
Net cash used in investing activities	(12,525)	(11,399)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under term loan facility	30,625	150,000
Repayment of term loan facility	(4,063)	(1,875)
Repayment of 2023 term loan facility principal	—	(152,654)
Borrowings under revolving credit facility	65,200	51,800
Repayment of revolving credit facility	(103,013)	(20,500)
Borrowings under ABL revolving credit facility	—	11,300
Repayment of ABL revolving credit facility	—	(11,300)
Surrender of shares to pay withholding taxes	(966)	(73)
Debt extinguishment payments and early payment fees on debt	—	(3,031)
Debt issuance and amendment costs	(648)	(2,333)
Contingent Consideration payment	—	(5,000)
Other financing activities	(166)	(261)
Net cash provided by (used in) financing activities	(13,031)	16,073
EFFECT OF CURRENCY EXCHANGE RATE CHANGES ON CASH	(4,483)	(685)
NET INCREASE (DECREASE) IN CASH	3,755	(16,900)
CASH:		
Beginning of period	34,958	50,503
End of period	<u>\$ 38,713</u>	<u>\$ 33,603</u>

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

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Treasury Stock	Additional Paid In Capital	Retained Deficit	Accumulated Other Comp. Loss	Total CVG Stockholders' Equity
	Shares	Amount					
	(Unaudited)						
	(In thousands, except per share amounts)						
Balance - December 31, 2020	31,249,811	\$ 313	\$ (11,893)	\$ 249,312	\$ (97,356)	\$ (45,006)	\$ 95,370
Share-based compensation expense	132,034	2	—	965	—	—	967
Total comprehensive income (loss)	—	—	—	—	8,490	(2,212)	6,278
Balance - March 31, 2021	31,381,845	\$ 315	\$ (11,893)	\$ 250,277	\$ (88,866)	\$ (47,218)	\$ 102,615
Share-based compensation expense	187,904	1	(73)	2,201	—	—	2,129
Total comprehensive income	—	—	—	—	5,095	1,798	6,893
Balance - June 30, 2021	31,569,749	\$ 316	\$ (11,966)	\$ 252,478	\$ (83,771)	\$ (45,420)	\$ 111,637
Share-based compensation expense	—	—	—	1,863	—	—	1,863
Total comprehensive income (loss)	—	—	—	—	7,511	(353)	7,158
Balance - September 30, 2021	31,569,749	\$ 316	\$ (11,966)	\$ 254,341	\$ (76,260)	\$ (45,773)	\$ 120,658
Balance - December 31, 2021	32,034,592	\$ 321	\$ (13,172)	\$ 255,566	\$ (73,624)	\$ (42,438)	\$ 126,653
Share-based compensation expense	122,618	1	(464)	1,117	—	—	654
Total comprehensive income	—	—	—	—	3,982	3,112	7,094
Balance - March 31, 2022	32,157,210	\$ 322	\$ (13,636)	\$ 256,683	\$ (69,642)	\$ (39,326)	\$ 134,401
Share-based compensation expense	290,558	3	(448)	1,701	—	—	1,256
Total comprehensive income (loss)	—	—	—	—	2,485	(4,688)	(2,203)
Balance - June 30, 2022	32,447,768	\$ 325	\$ (14,084)	\$ 258,384	\$ (67,157)	\$ (44,014)	\$ 133,454
Share-based compensation expense	103,573	1	(54)	1,826	—	—	1,773
Total comprehensive income	—	—	—	—	3,551	(3,017)	534
Balance - September 30, 2022	32,551,341	\$ 326	\$ (14,138)	\$ 260,210	\$ (63,606)	\$ (47,031)	\$ 135,761

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

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

(Amounts in thousands, except for share and per share amounts and where specifically disclosed)

1. Description of Business and Basis of Presentation

At Commercial Vehicle Group, Inc. and its subsidiaries, we deliver real solutions to complex design, engineering and manufacturing problems across a range of global industries by innovating, constantly adding value, and treating our customer's bottom line as if it were our own. References herein to the "Company", "CVG", "we", "our", or "us" refer to Commercial Vehicle Group, Inc. and its subsidiaries.

We have manufacturing operations in the United States, Mexico, China, United Kingdom, Belgium, Czech Republic, Ukraine, Thailand, India and Australia. Our products are primarily sold in North America, Europe, and the Asia-Pacific region.

We primarily manufacture customized products to meet the requirements of our customer. We believe our products are used by a majority of the North American Commercial Truck markets, many construction vehicle OEMs and top e-commerce retailers.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America and the rules and regulations of the Securities and Exchange Commission and include the accounts of the Company and its subsidiaries. Except as disclosed within these condensed notes to unaudited quarterly consolidated financial statements, the adjustments made were of a normal, recurring nature. Certain information and footnote disclosures normally included in our annual consolidated financial statements have been condensed or omitted.

The preparation of financial statements in conformity with GAAP in the United States requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. We adjust such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in these estimates resulting from continuing changes in the economic environment will be reflected in the consolidated financial statements in future periods.

These condensed notes to unaudited quarterly consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Form 10-K"), which includes a complete set of footnote disclosures, including the Company's significant accounting policies.

2. Recently Issued Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting". The ASU provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. Also, in January 2021, the FASB issued ASU No. 2021-01 "Reference Rate Reform (Topic 848): Scope", to clarify that certain provisions in Topic 848, if elected by an entity, apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. The guidance was effective upon issuance and may be applied prospectively to contract modifications made and hedging relationships entered into on or before December 31, 2022. The Company applies the guidance to impacted transactions during the transition period. The Company does not expect the adoption of this standard to have a material impact on the Company's Consolidated Financial Statements.

3. Revenue Recognition

We had outstanding customer accounts receivable, net of allowances, of \$178.3 million as of September 30, 2022 and \$174.5 million as of December 31, 2021. We generally do not have other assets or liabilities associated with customer arrangements.

Revenue Disaggregation - The following is the composition, by product category, of our revenues:

Three Months Ended September 30, 2022

	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket and Accessories	Total
Seats	\$ 77,843	\$ —	\$ —	\$ 20,080	\$ 97,923
Electrical wire harnesses, panels and assemblies	45	3,416	45,608	2,744	51,813
Trim	45,980	—	—	2,623	48,603
Warehouse Automation	—	10,700	521	—	11,221
Cab structures	28,739	—	—	497	29,236
Mirrors, wipers and controls	1,417	—	—	11,199	12,616
Total	\$ 154,024	\$ 14,116	\$ 46,129	\$ 37,143	\$ 251,412

Three Months Ended September 30, 2021

	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket and Accessories	Total
Seats	\$ 60,813	\$ —	\$ —	\$ 15,533	\$ 76,346
Electrical wire harnesses, panels and assemblies	597	14,334	39,938	1,476	56,345
Trim	39,164	—	—	730	39,894
Warehouse Automation	—	37,347	—	—	37,347
Cab structures	15,863	—	—	2,780	18,643
Mirrors, wipers and controls	1,477	—	147	9,411	11,035
Total	\$ 117,914	\$ 51,681	\$ 40,085	\$ 29,930	\$ 239,610

Nine Months Ended September 30, 2022

	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket and Accessories	Total
Seats	\$ 212,956	\$ —	\$ —	\$ 56,751	\$ 269,707
Electrical wire harnesses, panels and assemblies	45	10,609	132,830	7,879	151,363
Trim	138,207	—	—	3,919	142,126
Warehouse Automation	—	66,180	520	—	66,700
Cab structures	83,116	—	—	497	83,613
Mirrors, wipers and controls	2,642	—	—	30,484	33,126
Total	\$ 436,966	\$ 76,789	\$ 133,350	\$ 99,530	\$ 746,635

Nine Months Ended September 30, 2021

	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket and Accessories	Total
Seats	\$ 197,272	\$ —	\$ —	\$ 43,127	\$ 240,399
Electrical wire harnesses, panels and assemblies	1,906	20,370	129,907	7,884	160,067
Trim	115,388	—	—	2,039	117,427
Warehouse Automation	—	130,008	—	—	130,008
Cab structures	53,230	—	—	7,761	60,991
Mirrors, wipers and controls	4,691	—	835	28,255	33,781
Total	\$ 372,487	\$ 150,378	\$ 130,742	\$ 89,066	\$ 742,673

4. Debt

Debt consisted of the following:

	September 30, 2022	December 31, 2021
Term loan facility	\$ 172,813	\$ 146,250
Revolving credit facility	11,588	49,400
Unamortized issuance costs and discount	(67)	(694)
	\$ 184,334	\$ 194,956
Less: current portion	(9,844)	(9,375)
Total long-term debt, net of current portion	\$ 174,490	\$ 185,581

Credit Agreement

On April 30, 2021, the Company and certain of its subsidiaries entered into a credit agreement (the “Credit Agreement”) between, among others, Bank of America, N.A. as administrative agent (the “Administrative Agent”) and other lenders party thereto (the “Lenders”) pursuant to which the Lenders made available a \$150 million Term Loan Facility (the “Term Loan Facility”) and a \$125 million Revolving Credit Facility (the “Revolving Credit Facility”) and together with the Term Loan Facility, the “Credit Facilities”). Subject to the terms of the Credit Agreement, the Revolving Credit Facility includes a \$10 million swing line sublimit and a \$10 million letter of credit sublimit. The Credit Agreement provides for an incremental term facility agreement and/or an increase of the Revolving Credit Facility (together, the “Incremental Facilities”), in a maximum aggregate amount of (a) up to the date of receipt of financial statements for the fiscal quarter ending June 30, 2022, \$75 million, and (b) thereafter, (i) \$75 million less the aggregate principal amount of Incremental Facilities incurred before such date, plus (ii) an unlimited amount if the pro forma consolidated total leverage ratio (assuming the Incremental Facilities are fully drawn) is less than 2.50:1.0.

The proceeds of the Credit Facilities were used, together with cash on hand of the Company, to (a) fund the redemption, satisfaction and discharge of all of the Company’s outstanding secured credit facility due 2023 (the “2023 Term Loan Facility”) issued pursuant to a term facility agreement (the “Term Facility Agreement”) between, among others, Bank of America, N.A. as administrative agent and other lender parties thereto, (b) fund the redemption, satisfaction and discharge of all of the Company’s asset-based revolving credit facility (the “ABL Revolving Credit Facility”) issued pursuant to a facility agreement (the “ABL Facility Agreement”) between, among others, Bank of America, N.A. as agent and certain financial institutions as lenders, (c) pay transaction costs, fees and expenses incurred in connection therewith and in connection with the Credit Agreement, and (d) for working capital and other lawful corporate purposes of the Company and its subsidiaries.

On May 12, 2022, the Company and certain of its subsidiaries entered into a second amendment (the “Amendment”) to its Credit Agreement pursuant to which the Lenders upsized the existing term loan facility to \$175 million in aggregate principal amount and increased the revolving credit facility commitments by \$25 million to an aggregate of \$150 million in revolving credit facility commitments. The Revolving Credit Facility includes a \$10 million swing line sublimit and a \$10 million letter of credit sublimit. The amended Credit Agreement provides for an incremental term facility agreement and/or an increase of the Revolving Credit Facility (together, the “Incremental Facilities”), in a maximum aggregate amount of (a) up to the date of receipt of financial statements for the fiscal quarter ending June 30, 2022, \$75 million, and (b) thereafter, (i) \$75 million less the aggregate principal amount of Incremental Facilities incurred before such date, plus (ii) an unlimited amount if the pro forma consolidated total leverage ratio (assuming the Incremental Facilities are fully drawn) is less than 2.50:1.0. Further, separate from the Company’s annual \$35 million capital spending cap, a one-time \$45 million capital project basket was

included in the Amendment. All other key provisions, including the \$75 million accordion, acquisition holiday, and other baskets remain unchanged. The Credit Facilities mature on May 12, 2027 (the "Maturity Date").

The Amendment resulted in a loss on extinguishment of debt of \$0.9 million, including \$0.6 million non-cash write off relating to deferred financing costs and unamortized discount of the Term Loan Facility and \$0.3 million of other fees associated with the Amendment, recorded in our Consolidated Statements of Operations for the nine months ended September 30, 2022.

The proceeds of the Credit Facilities will be used, together with cash on hand of the Company, to (a) pay transaction costs, fees and expenses incurred in connection therewith and in connection with the Amended Credit Agreement and (b) for working capital and other lawful corporate purposes of the Company and its subsidiaries.

At September 30, 2022, we had \$11.6 million of borrowings under the Revolving Credit Facility, outstanding letters of credit of \$1.2 million and availability of \$137.2 million. The unamortized deferred financing fees associated with the Revolving Credit Facility of \$1.3 million and \$1.3 million as of September 30, 2022 and December 31, 2021, respectively, are being amortized over the remaining life of the Credit Agreement. At December 31, 2021, we had \$49.4 million of borrowings under the Revolving Credit Facility and we had outstanding letters of credit of \$1.4 million.

Interest rates and fees

Amounts outstanding under the Credit Facilities and the commitment fee payable in connection with the Credit Facilities accrue interest at a per annum rate equal to (at the Company's option) the base rate or the Term Secured Overnight Financing Rate ("SOFR"), including a credit spread adjustment, plus a rate which will vary according to the Consolidated Total Leverage Ratio as set forth in the most recent compliance certificate received by the Administrative Agent, as set out in the following table:

Pricing Tier	Consolidated Total Leverage Ratio	Commitment Fee	Letter of Credit Fee	Term SOFR Loans	Base Rate Loans
I	> 3.50 to 1.00	0.35%	2.75%	2.75%	1.75%
II	< 3.50 to 1.00 but > 2.75 to 1.00	0.30%	2.50%	2.50%	1.50%
	< 2.75 to 1.00 but > 2.00 to 1.00				
III	< 2.00 to 1.00 but > 1.50 to 1.00	0.25%	2.25%	2.25%	1.25%
	< 1.50 to 1.00				
IV	< 1.50 to 1.00	0.20%	2.00%	2.00%	1.00%
V	< 1.50 to 1.00	0.15%	1.75%	1.75%	0.75%

Guarantee and Security

All obligations under the Credit Agreement and related documents are unconditionally guaranteed by each of the Company's existing and future direct and indirect wholly owned material domestic subsidiaries, subject to certain exceptions (the "Guarantors"). All obligations of the Company under the Credit Agreement and the guarantees of those obligations are secured by a first priority pledge of substantially all of the assets of the Company and of the Guarantors, subject to certain exceptions. The property pledged by the Company and the Guarantors includes a first priority pledge of all of the equity interests owned by the Company and the Guarantors in their respective domestic subsidiaries and a first priority pledge of the equity interests owned by the Company and the Guarantors in certain foreign subsidiaries, in each case, subject to certain exceptions.

Covenants and other terms

The Credit Agreement contains customary restrictive covenants, including, without limitation, limitations on the ability of the Company and its subsidiaries to incur additional debt and guarantees; grant certain liens on assets; pay dividends or make certain other distributions; make certain investments or acquisitions; dispose of certain assets; make payments on certain indebtedness; merge, combine with any other person or liquidate; amend organizational documents; make material changes in accounting treatment or reporting practices; enter into certain restrictive agreements; enter into certain hedging agreements; engage in transactions with affiliates; enter into certain employee benefit plans; make acquisitions; and other matters customarily included in senior secured loan agreements.

The Credit Agreement also contains customary reporting and other affirmative covenants, as well as customary events of default, including, without limitation, nonpayment of obligations under the Credit Facilities when due; material inaccuracy of representations and warranties; violation of covenants in the Credit Agreement and certain other documents executed in connection therewith; breach or default of agreements related to material debt; revocation or attempted revocation of guarantees; denial of the validity or enforceability of the loan documents or failure of the loan documents to be in full force and effect; certain material judgments; certain events of bankruptcy or insolvency; certain Employee Retirement Income Securities Act events; and a change in control of the Company. Certain of the defaults are subject to exceptions, materiality qualifiers, grace periods and baskets customary for credit facilities of this type.

The Credit Agreement includes (a) a minimum consolidated fixed charge coverage ratio of 1.20:1.0, and (b) a maximum consolidated total leverage ratio of 3.75:1.0 (which will be subject to step-downs to 3.50:1.0 at the end of the fiscal quarter ending March 31, 2023; to 3.25:1.0 at the end of the fiscal quarter ending June 30, 2023; and to 3.00:1.0 for each fiscal quarter on and after the fiscal quarter ending September 30, 2023).

We were in compliance with these covenants as of September 30, 2022.

Repayment and prepayment

The Credit Agreement requires the Company to make quarterly amortization payments to the Term Loan Facility at an annualized rate of the loans under the Term Loan Facility for every year as follows: 5.0%, 7.5%, 10.0%, 12.5% and 15.0%. The Credit Agreement also requires all outstanding amounts under the Credit Facilities to be repaid in full on the Maturity Date.

The Credit Agreement requires mandatory prepayments from the receipt of proceeds of dispositions or debt issuance, subject to certain exceptions and the Company's ability to re-invest and use proceeds towards acquisitions permitted by the Credit Agreement.

Voluntary prepayments of amounts outstanding under the Credit Facilities are permitted at any time, without premium or penalty.

Term Loan and Security Agreement

On April 12, 2017, the Company entered into the \$175.0 million 2023 Term Loan Facility, maturing on April 12, 2023, pursuant to a term loan and security agreement (the "TLS Agreement"). On April 30, 2021, the 2023 Term Loan Facility was fully repaid and terminated as described below.

ABL Revolving Credit Facility

On September 18, 2019, the Company entered into an amendment of the Third Amended and Restated Loan and Security Agreement (the "Third ARLS Agreement"), dated as of April 12, 2017, which governed the Company's ABL Revolving Credit Facility.

On March 1, 2021, the Company and certain of its subsidiaries entered into Amendment No. 3, which amended the terms of the Third ARLS Agreement, among other things, to extend the maturity date of the ABL Revolving Credit Facility to March 1, 2026 and to remove the condition that the first \$7.0 million of the \$90.0 million Revolver Commitments are available as a first-in, last-out facility.

The Third ARLS Agreement, as amended, also allowed the Company to increase the size of the ABL Revolving Credit Facility by up to \$50.0 million with the consent of Lenders providing the increase in the ABL Revolving Credit Facility. On April 30, 2021, the ABL Revolving Credit Facility was fully repaid and terminated as described below.

Termination of TLS Agreement and Third ARLS Agreement

Effective on April 30, 2021, the Company issued a notice of redemption in respect of its 2023 Term Loan Facility and the ABL Revolving Credit Facility and deposited with the Bank of America, N.A., as Administrative Agent under the TLS Agreement and the Third ARLS Agreement proceeds from the Credit Facilities, together with cash on hand in an amount sufficient to discharge the Company's obligations under the TLS Agreement and the Third ARLS Agreement and respective related agreements. All amounts under the 2023 Term Loan Facility and ABL Revolving Credit Facility were repaid and discharged in full on April 30, 2021 and the TLS Agreement and Third ARLS Agreement were terminated.

The discharge resulted in a loss on extinguishment of debt of \$7.2 million, including \$3.7 million non-cash write off relating to deferred financing costs and unamortized discount of the 2023 Term Loan Facility, a voluntary repayment premium of \$3.0 million, and \$0.5 million of other associated fees, recorded in our Consolidated Statements of Operations for the nine months ended September 30, 2021.

Cash Paid for Interest

For the nine months ended September 30, 2022 and 2021, cash payments for interest were \$6.2 million and \$7.0 million, respectively.

5. Intangible Assets

Our definite-lived intangible assets were comprised of the following:

	Weighted-Average Amortization Period	September 30, 2022			December 31, 2021		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks/tradenames	22 years	\$ 11,447	\$ (5,268)	\$ 6,179	\$ 11,573	\$ (5,043)	\$ 6,530
Customer relationships	15 years	14,243	(8,918)	5,325	14,770	(8,499)	6,271
Technical know-how	5 years	9,790	(5,955)	3,835	9,790	(4,487)	5,303
Covenant not to compete	5 years	330	(201)	129	330	(151)	179
		<u>\$ 35,810</u>	<u>\$ (20,342)</u>	<u>\$ 15,468</u>	<u>\$ 36,463</u>	<u>\$ (18,180)</u>	<u>\$ 18,283</u>

The aggregate intangible asset amortization expense was \$0.9 million for the three months ended September 30, 2022 and 2021. The aggregate intangible asset amortization expense was \$2.6 million for the nine months ended September 30, 2022 and 2021.

6. Fair Value Measurement

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels, and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 - Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3 - Significant unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

Our financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities, pension assets and liabilities. The carrying value of these instruments approximates fair value as a result of the short duration of such instruments or due to the variability of the interest cost associated with such instruments.

Recurring Measurements

Foreign Currency Forward Exchange Contracts. Our derivative assets and liabilities represent foreign exchange contracts that are measured at fair value using observable market inputs such as forward rates, interest rates, our own credit risk and counterparty credit risk. Based on the utilization of these inputs, the derivative assets and liabilities are classified as Level 2. To manage our risk for transactions denominated in Mexican Pesos, Czech Crown and Ukrainian Hryvnia, we have entered into forward exchange contracts which are recorded in the Condensed Consolidated Balance Sheets at fair value. The hedge contracts for transactions denominated in Mexican Pesos are designated as cash flow hedge instruments and gains and losses as a result of the changes in fair value of the hedge contract are deferred in accumulated other comprehensive loss and recognized in cost of revenues in the period the related hedge transactions are settled. As of September 30, 2022, the hedge contracts for transactions denominated in Ukrainian Hryvnia and Czech Crown were not designated as hedging instruments; therefore, they are marked-to-market and the fair value of the agreements is recorded in the Condensed Consolidated Balance Sheets with the offsetting gains and losses recognized in other (income) expense. Settlements of hedge transactions are recognized in cost of revenues in the Condensed Consolidated Statements of Operations in the period they are settled.

Interest Rate Swaps. To manage our exposure to variable interest rates, we have entered into interest rate swaps to exchange, at a specified interval, the difference between fixed and variable interest amounts calculated by reference to an agreed upon notional principal amount. The interest rate swaps are intended to mitigate the impact of rising interest rates on the Company and covers 50% of outstanding debt under the Term Loan Facility. Any changes in fair value are included in earnings or deferred through Accumulated other comprehensive loss, depending on the nature and effectiveness of the offset. Any ineffectiveness in a cash flow hedging relationship is recognized immediately in earnings in the Condensed Consolidated Statements of Operations.

During the second quarter ended June 30, 2022, the Company entered into transactions to cash settle existing interest rate swaps and received proceeds of \$3.9 million. The gain on the swap settlement has been recorded in Other comprehensive income (loss) and will be recognized over the life of the settled swaps. Following the settlement of the existing interest rate swaps, we entered into a new interest rate swap agreement to align with the SOFR rate and maturity date of the Credit Agreement.

Contingent Consideration. As a result of the acquisition of First Source Electronics, LLC (“FSE”) on September 17, 2019, the Company agreed to pay up to \$10.8 million in contingent milestone payments (“Contingent Consideration”). The Contingent Consideration is payable based on achieving certain earnings before interest, taxes, depreciation and amortization (“EBITDA”) thresholds over the periods from (a) September 18, 2019 through September 17, 2020, (b) September 18, 2019 through March 17, 2021, (c) September 18, 2019 through September 17, 2022 and (d) March 18, 2021 through September 17, 2022. The payment amount will be determined on a sliding scale for reaching between 90% and 100% of the respective EBITDA targets. The fair value for the milestone payments is based on a Monte Carlo simulation utilizing forecasted EBITDA through September 17, 2022. As of September 30, 2022, the remaining undiscounted Contingent Consideration payment is estimated at \$4.8 million and the fair value is \$4.8 million, which is presented in the Condensed Consolidated Balance Sheets in accrued liabilities and other. A payment of \$5.0 million was made during the second quarter of 2021 based on achievement of the second EBITDA threshold.

The fair values of our derivative assets and liabilities and Contingent Consideration measured on a recurring basis are categorized as follows:

	September 30, 2022				December 31, 2021			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Foreign exchange contract	\$ 981	\$ —	\$ 981	\$ —	\$ 1,375	\$ —	\$ 1,375	\$ —
Interest rate swap agreement	\$ 1,944	\$ —	\$ 1,944	\$ —	\$ 241	\$ —	\$ 241	\$ —
Liabilities:								
Foreign exchange contract	\$ 134	\$ —	\$ 134	\$ —	\$ —	\$ —	\$ —	\$ —
Interest rate swap agreement	\$ —	\$ —	\$ —	\$ —	\$ 498	\$ —	\$ 498	\$ —
Contingent Consideration	\$ 4,750	\$ —	\$ —	\$ 4,750	\$ 4,409	\$ —	\$ —	\$ 4,409

Details of the changes in value for the Contingent Consideration that is measured using significant unobservable inputs (Level 3) are as follows:

	Amount
Contingent Consideration liability balance at December 31, 2021	\$ 4,409
Change in fair value	341
Contingent Consideration liability balance at September 30, 2022	\$ 4,750

The following table summarizes the notional amount of our open foreign exchange contracts:

	September 30, 2022		December 31, 2021	
	U.S. \$ Equivalent	U.S. \$ Equivalent Fair Value	U.S. \$ Equivalent	U.S. \$ Equivalent Fair Value
Commitments to buy or sell currencies	\$ 12,640	\$ 12,863	\$ 49,601	\$ 48,712

The following table summarizes the fair value and presentation of derivatives in the Condensed Consolidated Balance Sheets:

	Balance Sheet Location	Derivative Asset			
		September 30, 2022		December 31, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Foreign exchange contracts	Other current assets	\$ 981	\$ 1,375	\$ —	\$ —
Interest rate swap agreement	Other current assets	\$ 389	\$ —	\$ —	\$ —
Interest rate swap agreement	Other assets, net	\$ 1,555	\$ —	\$ —	\$ —
Interest rate swap agreement	Accrued liabilities and other	\$ —	\$ 241	\$ —	\$ 241
Derivative Liability					
	Balance Sheet Location	Derivative Liability			
		September 30, 2022		December 31, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Foreign exchange contracts	Accrued liabilities and other	\$ 134	\$ —	\$ —	\$ —
Interest rate swap agreement	Accrued liabilities and other	\$ —	\$ 498	\$ —	\$ 498
Derivative Equity					
Derivative instruments	Balance Sheet Location	Derivative Equity			
		September 30, 2022		December 31, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Accumulated other comprehensive (loss) income	\$ 4,768	\$ 757	\$ —	\$ —

The following table summarizes the effect of derivative instruments on the Condensed Consolidated Statements of Operations:

Location of Gain (Loss) on Derivatives Recognized in Income (Loss)	Location of Gain (Loss) on Derivatives Recognized in Income (Loss)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
		Amount of Gain (Loss) on Derivatives Recognized in Income (Loss)	Amount of Gain (Loss) on Derivatives Recognized in Income (Loss)	Amount of Gain (Loss) on Derivatives Recognized in Income (Loss)	Amount of Gain (Loss) on Derivatives Recognized in Income (Loss)
Foreign exchange contracts	Cost of revenues	\$ 776	\$ 807	\$ 2,076	\$ 1,654
Interest rate swap agreements	Interest and other expense	\$ (67)	\$ (1)	\$ (344)	\$ (7)
Foreign exchange contracts	Other (income) expense	\$ (185)	\$ 63	\$ (219)	\$ 286

We consider the impact of our credit risk on the fair value of the contracts, as well as our ability to honor obligations under the contract.

Other Fair Value Measurements

The fair value of long-term debt obligations is based on a fair value model utilizing observable inputs. Based on these inputs, our long-term debt fair value as disclosed is classified as Level 2. The carrying amounts and fair values of our long-term debt obligations are as follows:

	September 30, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Term loan and security agreement ¹	\$ 172,746	\$ 161,081	\$ 145,556	\$ 142,265
Revolving credit facility ¹	\$ 11,588	\$ 11,588	\$ 49,400	\$ 49,400

¹ Presented in the Condensed Consolidated Balance Sheets as the current portion of long-term debt of \$9.8 million and long-term debt of \$174.5 million as of September 30, 2022 and current portion of long-term debt of \$9.4 million and long-term debt of \$185.6 million as of December 31, 2021.

7. Leases

The components of lease expense are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating lease cost	\$ 2,484	\$ 2,519	\$ 7,612	\$ 7,493
Finance lease cost	29	87	176	280
Short-term lease cost	1,470	1,799	3,908	4,771
Total lease expense	<u>\$ 3,983</u>	<u>\$ 4,405</u>	<u>\$ 11,696</u>	<u>\$ 12,544</u>

Supplemental balance sheet information related to leases is as follows:

	Balance Sheet Location	September 30, 2022	December 31, 2021
Operating Leases			
Right-of-use assets, net	Other assets, net	\$ 26,807	\$ 26,116
Current liabilities	Accrued liabilities and other	7,172	9,048
Non-current liabilities	Other long-term liabilities	20,198	18,519
Total operating lease liabilities		<u>\$ 27,370</u>	<u>\$ 27,567</u>
Finance Leases			
Right-of-use assets, net	Other assets, net	\$ 290	\$ 468
Current liabilities	Accrued liabilities and other	129	194
Non-current liabilities	Other long-term liabilities	166	272
Total finance lease liabilities		<u>\$ 295</u>	<u>\$ 466</u>

For the nine months ended September 30, 2022 and 2021, cash payments on operating leases were \$7.5 million and \$8.5 million, respectively.

Anticipated future lease costs, which are based in part on certain assumptions to approximate minimum annual rental commitments under non-cancelable leases, are as follows:

	Operating	Financing	Total
Remainder of 2022	\$ 2,412	\$ 40	\$ 2,452
2023	8,554	146	8,700
2024	4,835	104	4,939
2025	5,044	65	5,109
2026	4,465	2	4,467
Thereafter	10,861	—	10,861
Total lease payments	<u>\$ 36,171</u>	<u>\$ 357</u>	<u>\$ 36,528</u>
Less: Imputed interest	<u>(8,801)</u>	<u>(62)</u>	<u>(8,863)</u>
Present value of lease liabilities	<u>\$ 27,370</u>	<u>\$ 295</u>	<u>\$ 27,665</u>

8. Income Taxes

For the three and nine months ended September 30, 2022, we recorded a \$1.3 million, and \$3.5 million tax provision, respectively, or 26% effective tax rate for each period, compared to a \$2.4 million and \$6.5 million tax provision for the three and nine months ended September 30, 2021, respectively, or approximately 24% effective tax rate for each period. Income tax expense is based on an estimated annual effective tax rate, which requires management to make its best estimate of annual pretax income or loss. During the year, management regularly updates forecasted annual pretax results for the various countries in which the Company operates based on changes in factors such as prices, shipments, product mix, material inflation and manufacturing operations. To the extent that actual 2022 pretax results for U.S. and foreign income or loss vary from estimates,

the actual income tax expense recognized in 2022 could be different from the forecasted amount used to estimate the income tax expense for the three and nine months ended September 30, 2022.

We have recorded valuation allowances in prior years related to certain foreign subsidiaries due to multiple year cumulative losses. Given the current earnings and anticipated future earnings of some of the Company's foreign locations, the Company believes there is a reasonable possibility that within the next 12 months, sufficient positive evidence may become available to allow it to reach a conclusion that the valuation allowance on the deferred tax assets of certain foreign entities will no longer be needed. Releasing the valuation allowance would result in the recognition of previously unrecognized deferred tax assets and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change on the basis of the level of profitability that the Company is able to actually achieve.

For the nine months ended September 30, 2022 and 2021, cash paid for taxes, net of refunds received, were \$4.2 million and \$3.1 million, respectively.

9. Pension and Other Post-Retirement Benefit Plans

The components of net periodic (benefit) cost related to pension and other post-retirement benefit plans is as follows:

	U.S. Pension and Other Post-Retirement Benefit Plans		Non-U.S. Pension Plan	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2022	2021	2022	2021
Interest cost	\$ 193	\$ 207	\$ 187	\$ 160
Expected return on plan assets	(208)	(553)	(244)	(251)
Amortization of prior service cost ¹	1,118	2	11	12
Recognized actuarial loss	82	70	142	239
Net (benefit) cost	\$ 1,185	\$ (274)	\$ 96	\$ 160

	U.S. Pension and Other Post-Retirement Benefit Plans		Non-U.S. Pension Plan	
	Nine months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Interest cost	\$ 581	\$ 621	\$ 602	\$ 483
Expected return on plan assets	(623)	(1,659)	(777)	(755)
Amortization of prior service cost ¹	1,122	6	37	40
Recognized actuarial loss	247	210	459	721
Net (benefit) cost	\$ 1,327	\$ (822)	\$ 321	\$ 489

¹ Includes \$1.1 million non-cash settlement charge.

Net periodic (benefit) cost components, not inclusive of service costs, are recognized in other expense (income) within the Condensed Consolidated Statements of Operations.

During the year ended December 31, 2021, the Audit Committee of the Board of Directors approved amendments to the U.S. Pension Plan to terminate the plan. The plan participants were notified of the Company's intention to terminate the plan effective December 31, 2021 and settle plan liabilities through either lump sum distributions to plan participants or annuity contracts that cover vested benefits.

During the nine months ended September 30, 2022, the Company partially settled the U.S. Pension Plan liabilities. Payouts totaling \$4.4 million were made out of plan assets and, as reflected in amortization of prior service cost in the table above, resulted in a non-cash settlement charge of \$1.1 million, which was recorded in other expense in the Condensed Consolidated Statements of Income.

On October 3, 2022, the Company settled the remaining U.S. Pension Plan liabilities through purchase of an annuity contract. The contract totaling \$25.2 million was paid out of plan assets and is expected to result in an \$8.1 million non-cash settlement charge, which will be recognized in the three months ending December 31, 2022.

10. Performance Awards

In 2020, the Company made awards, defined as cash, shares or other awards, to employees under the Commercial Vehicle Group, Inc. 2014 Equity Incentive Plan (the "2014 EIP") and the Commercial Vehicle Group, Inc. 2020 Equity Incentive Plan (the "2020 EIP"). Effective June 15, 2020, as part of the Company's stockholders' approval of the 2020 EIP, the Company agreed that no more awards will be made under the 2014 EIP.

Restricted Cash Awards – Restricted cash is a grant that is earned and payable in cash based upon the Company's relative total shareholder return in terms of ranking as compared to the peer group and Return on Invested Capital ("ROIC") component established by the Compensation Committee of the Board of Directors.

Performance Stock Awards Settled in Cash – Performance-based stock award is a grant that is earned and payable in cash. The total amount payable as of the award's vesting date is determined based upon the number of shares allocated to a participant, the Company's relative total shareholder return in terms of ranking which can fluctuate as compared to the peer group over the performance period, ROIC performance, and the share price of the Company's stock.

Total shareholder return is determined by the percentage change in value (positive or negative) over the applicable measurement period as measured by dividing (A) the sum of the cumulative value of dividends and other distributions paid on the Common Stock for the applicable measurement period and the difference (positive or negative) between each such company's starting stock price and ending stock price, by (B) the starting stock price. Performance targets are based on relative total shareholder return in terms of ranking as compared to the peer group over the performance period.

ROIC is defined as adjusted net income plus interest expense (net of tax), divided by total assets less current liabilities plus current debt. A five-point average is used to calculate the asset denominator.

These awards are payable at the end of the performance period in cash if the employee is employed through the end of the performance period. If the employee is not employed during the entire performance period, the award is forfeited. These grants are accounted for as cash settlement awards for which the fair value of the award fluctuates based on the change in total shareholder return in relation to the peer group.

The following table summarizes performance awards granted in the form of cash awards under the equity incentive plans:

	Amount
Adjusted Award Value at December 31, 2021	\$ 1,234
New grants	2,108
Forfeitures	(513)
Adjustments	(1,287)
Payments	(300)
Adjusted Award Value at September 30, 2022	\$ 1,242

Unrecognized compensation expense was \$2.0 million and \$2.3 million as of September 30, 2022 and 2021, respectively.

11. Share-Based Compensation

The company's outstanding share-based compensation is comprised solely of restricted stock awards and performance stock awards to be settled in stock.

Restricted Stock Awards - Restricted stock is a grant of shares of common stock that may not be sold, encumbered or disposed of and that may be forfeited in the event of certain terminations of employment or in the case of the board of directors, a separation for cause, prior to the end of a restricted period set by the compensation committee of the board of directors. Forfeitures are recorded as they occur. A participant granted restricted stock generally has all of the rights of a stockholder, unless the compensation committee determines otherwise. Time-based restricted stock awards generally vest over the three-year period following the date of grant, unless forfeited, and will be paid out in the form of stock at the end of the vesting period.

Performance Stock Awards Settled in Stock – Performance-based stock awards have similar restrictions as restricted stock. They vest over the specified period following the date of grant, unless forfeited, and will be paid out in the form of stock at the end of the vesting period if the Company meets the performance targets set at the time the award was granted. Performance targets are based on relative total shareholder return in terms of ranking as compared to the peer group over the performance period and ROIC performance.

As of September 30, 2022, there was approximately \$4.2 million of unrecognized compensation expense related to non-vested share-based compensation arrangements granted under our equity incentive plans. This expense is subject to future adjustments and forfeitures and will be recognized on a straight-line basis over the remaining period listed above for each grant.

A summary of the status of our restricted stock awards as of September 30, 2022 and changes during the nine months ended September 30, 2022, are presented below:

	2022	
	Shares (in thousands)	Weighted- Average Grant-Date Fair Value
Nonvested - December 31, 2021	783	\$ 5.68
Granted	600	7.58
Vested	(650)	3.46
Forfeited	(50)	8.45
Nonvested - September 30, 2022	683	\$ 6.81

As of September 30, 2022, a total of 2.9 million shares were available for future grants from the shares authorized for award under our 2020 EIP, including cumulative forfeitures.

12. Stockholders' Equity

Common Stock — Our authorized capital stock consists of 60,000,000 shares of common stock with a par value of \$0.01 per share; of which, 32,551,341 and 32,034,592 shares were issued and outstanding as of September 30, 2022 and December 31, 2021, respectively.

Preferred Stock — Our authorized capital stock also consists of 5,000,000 shares of preferred stock with a par value of \$0.01 per share. No preferred shares were outstanding as of September 30, 2022 and December 31, 2021.

Earnings Per Share - Basic earnings per share is determined by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share presented is determined by dividing net income by the weighted average number of common shares and potential common shares outstanding during the period as determined by the treasury stock method. Potential common shares are included in the diluted earnings per share calculation when dilutive.

Diluted earnings per share for the three and nine months ended September 30, 2022 and 2021 includes the effect of potential common shares issuable when dilutive, and is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income	\$ 3,551	\$ 7,511	\$ 10,018	\$ 21,096
Weighted average number of common shares outstanding (in '000s)	32,460	31,570	32,950	31,432
Dilutive effect of restricted stock grants after application of the Treasury Stock Method (in '000s)	462	1,136	695	1,306
Dilutive shares outstanding	32,922	32,706	33,645	32,738
Basic earnings per share	\$ 0.11	\$ 0.24	\$ 0.30	\$ 0.67
Diluted earnings per share	\$ 0.11	\$ 0.23	\$ 0.30	\$ 0.64

There were 8 thousand outstanding restricted shares awarded that were excluded from the calculation of diluted earnings per share for the three months ended September 30, 2022 and no outstanding restricted shares awarded that were excluded from the calculation of diluted earnings per share for the three months ended September 30, 2021. There were 10 thousand outstanding restricted shares awarded that were excluded from the calculation of diluted earnings per share for the nine months ended September 30, 2022 and no outstanding restricted shares awarded that were excluded from the calculation of diluted earnings per share for the nine months ended September 30, 2021.

13. Other Comprehensive Income (Loss)

The after-tax changes in accumulated other comprehensive income (loss), are as follows:

	Foreign currency translation adjustment	Pension and post-retirement benefits plans	Derivative instruments	Accumulated other comprehensive income (loss)
Balance - December 31, 2021	\$ (20,445)	\$ (22,750)	\$ 757	\$ (42,438)
Net current period change	(9,689)	—	—	(9,689)
Derivative instruments	—	—	4,011	4,011
Amortization of actuarial gain	—	1,085	—	1,085
Balance - September 30, 2022	<u>\$ (30,134)</u>	<u>\$ (21,665)</u>	<u>\$ 4,768</u>	<u>\$ (47,031)</u>

	Foreign currency translation adjustment	Pension and post-retirement benefit plans	Derivative instruments	Accumulated other comprehensive income (loss)
Balance - December 31, 2020	\$ (19,024)	\$ (27,423)	\$ 1,441	\$ (45,006)
Net current period change	(1,809)	—	—	(1,809)
Derivative instruments	—	—	(1,052)	(1,052)
Amortization of actuarial gain	—	2,094	—	2,094
Balance - September 30, 2021	<u>\$ (20,833)</u>	<u>\$ (25,329)</u>	<u>\$ 389</u>	<u>\$ (45,773)</u>

The related tax effects allocated to each component of other comprehensive loss are as follows:

	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
	Before Tax Amount	Tax Expense	After Tax Amount	Before Tax Amount	Tax Expense	After Tax Amount
Cumulative translation adjustment	\$ (4,493)	\$ —	\$ (4,493)	\$ (9,689)	\$ —	\$ (9,689)
Amortization of actuarial gain (loss)	(396)	34	(362)	989	96	1,085
Derivative instruments	2,494	(656)	1,838	5,460	(1,449)	4,011
Total other comprehensive income (loss)	<u>\$ (2,395)</u>	<u>\$ (622)</u>	<u>\$ (3,017)</u>	<u>\$ (3,240)</u>	<u>\$ (1,353)</u>	<u>\$ (4,593)</u>

	Three Months Ended September 30, 2021			Nine Months Ended September 30, 2021		
	Before Tax Amount	Tax Expense	After Tax Amount	Before Tax Amount	Tax Expense	After Tax Amount
Cumulative translation adjustment	\$ (1,225)	\$ —	\$ (1,225)	\$ (1,809)	\$ —	\$ (1,809)
Amortization of actuarial gain	1,308	113	1,421	1,754	340	2,094
Derivative instruments	(717)	168	(549)	(1,373)	321	(1,052)
Total other comprehensive income (loss)	<u>\$ (634)</u>	<u>\$ 281</u>	<u>\$ (353)</u>	<u>\$ (1,428)</u>	<u>\$ 661</u>	<u>\$ (767)</u>

14. Cost Reduction and Manufacturing Capacity Rationalization

During 2019, the Company began implementing cost reduction and manufacturing capacity rationalization initiatives (the "Restructuring Initiatives") in response to declines in end market volumes. Furthermore, in 2020 the Company began implementing additional cost reduction initiatives and further manufacturing capacity rationalization initiatives in response to the COVID-19 pandemic ("the 2020 Initiatives"). The Restructuring Initiatives and 2020 Initiatives consist primarily of headcount reductions in each segment and at corporate, as well as other costs associated with transfer of production and subsequent closure of facilities, and expansion of production footprint to manufacture warehouse automation subsystems.

On November 1, 2021, the Company's Board of Directors approved a restructuring program to align the Company's cost structure to support margin expansion. The program includes workforce reductions and footprint optimization across segments.

The changes in accrued restructuring balances are as follows:

	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket and Accessories	Corporate/Other	Total
December 31, 2021	\$ 230	\$ 417	\$ —	\$ —	\$ (161)	\$ 486
New charges	204	350	—	435	—	989
Payments and other adjustments	(309)	(770)	—	(435)	422	(1,092)
March 31, 2022	\$ 125	\$ (3)	\$ —	\$ —	\$ 261	\$ 383
New charges	—	314	571	560	306	1,751
Payments and other adjustments	(91)	(311)	(571)	(560)	(444)	(1,977)
June 30, 2022	\$ 34	\$ —	\$ —	\$ —	\$ 123	\$ 157
New charges	66	136	—	445	—	647
Payments and other adjustments	(90)	(46)	—	(445)	(123)	(704)
September 30, 2022	\$ 10	\$ 90	\$ —	\$ —	\$ —	\$ 100

	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket and Accessories	Corporate/Other	Total
December 31, 2020	\$ 349	\$ —	\$ —	\$ 40	\$ 290	\$ 679
Payments and other adjustments	(186)	—	—	(40)	(36)	(262)
March 31, 2021	\$ 163	\$ —	\$ —	\$ —	\$ 254	\$ 417
Payments and other adjustments	(67)	—	—	—	(171)	(238)
June 30, 2021	\$ 96	\$ —	\$ —	\$ —	\$ 83	\$ 179
New charges	—	—	—	—	—	—
Payments and other adjustments	(96)	—	—	—	(83)	(179)
September 30, 2021	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Of the \$0.6 million costs incurred in the three months ended September 30, 2022, \$0.1 million primarily related to headcount reductions and \$0.5 million related to facility exit and other costs. Substantially all costs incurred were recorded in cost of revenues.

Of the \$3.4 million costs incurred in the nine months ended September 30, 2022, \$0.9 million primarily related to headcount reductions and \$2.5 million related to facility exit and other costs. Of the \$3.4 million costs incurred, \$3.0 million was recorded in cost of revenues and \$0.4 million was recorded in selling, general and administrative expenses.

15. Commitments and Contingencies

Leases - As disclosed in Note 7, Leases, we lease office, warehouse and manufacturing space and equipment under non-cancelable operating lease agreements that generally require us to pay maintenance, insurance, taxes and other expenses in addition to annual rental fees. As of September 30, 2022, our equipment leases did not provide for any material guarantee of a specified portion of residual values.

Guarantees - Costs associated with guarantees are accrued when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of available facts; where no amount within a range of estimates is more likely, the minimum is accrued. As of September 30, 2022 and 2021, we had no such guarantees.

Litigation - We are subject to various legal proceedings and claims arising in the ordinary course of business, including but not limited to product liability claims, customer and supplier disputes, service provider disputes, examinations by taxing authorities, employment disputes, workers' compensation claims, unfair labor practice charges, OSHA investigations, intellectual property disputes and environmental claims arising out of the conduct of our businesses.

Management believes that the Company maintains adequate insurance and that we have established reserves for issues that are probable and estimable in amounts that are adequate to cover reasonable adverse judgments not covered by insurance. Based upon the information available to management and discussions with legal counsel, it is the opinion of management that the ultimate outcome of the various legal actions and claims that are incidental to our business are not expected to have a material adverse impact on the consolidated financial position, results of operations, equity or cash flows; however, such matters are subject to many uncertainties and the outcomes of individual matters are not predictable with any degree of assurance.

Warranty - We are subject to warranty claims for products that fail to perform as expected due to design or manufacturing deficiencies. Depending on the terms under which we supply products to our customers, a customer may hold us responsible for some or all of the repair or replacement costs of defective products when the product supplied did not perform as represented. Our policy is to record provisions for estimated future customer warranty costs based on historical trends and for specific claims. These amounts, as they relate to the periods ended September 30, 2022 and 2021, are included within accrued liabilities and other in the accompanying Condensed Consolidated Balance Sheets.

The following presents a summary of the warranty provision for the nine months ended September 30, 2022:

Balance - December 31, 2021	\$	1,490
Provision for warranty claims		491
Deduction for payments made and other adjustments		(745)
Balance - September 30, 2022	\$	<u>1,236</u>

Debt Payments - As disclosed in Note 4, Debt, the Credit Agreement requires the Company to repay a fixed amount of principal on a quarterly basis and make voluntary prepayments that coincide with certain events.

The following table provides future minimum principal payments due on long-term debt for the next five years:

	Term loan facility	Revolving credit facility	Total
Remainder of 2022	\$ 2,187	\$ —	\$ 2,187
2023	\$ 10,938	\$ —	\$ 10,938
2024	\$ 15,313	\$ —	\$ 15,313
2025	\$ 19,688	\$ —	\$ 19,688
2026	\$ 24,063	\$ —	\$ 24,063
Thereafter	\$ 100,624	\$ 11,588	\$ 112,212

16. Segment Reporting

In the quarter ended December 31, 2021, we completed a strategic reorganization of our operations into four segments, Vehicle Solutions, Warehouse Automation, Electrical Systems and Aftermarket & Accessories. The reorganization has allowed allow the Company to better focus on growth opportunities, capital allocation and enhancing shareholder value. As a result of the strategic reorganization, the prior period amounts have been reclassified to conform to the new organization structure.

Operating segments are defined as components of an enterprise that are evaluated regularly by the Company's chief operating decision maker ("CODM"), which is our President and Chief Executive Officer. Each of these segments consists of a number of manufacturing facilities. Certain of our facilities manufacture and sell products through multiple segments. Our segments are more specifically described below.

The Vehicle Solutions segment designs, manufactures and sells the following products:

- Commercial vehicle seats for the global commercial vehicle markets including heavy duty trucks, medium duty trucks, last mile delivery trucks and vans, construction and agriculture equipment in North America, Europe and Asia-Pacific. This segment includes a portion of the company's activities in the electric vehicle market;
- Plastic components ("Trim") primarily for the North America commercial vehicle market and recreational vehicle markets; and Cab structures for the North American medium-duty/heavy-duty ("MD/HD") truck market.

The Warehouse Automation segment designs, manufactures and sells the following products:

- Warehouse automation subsystems including control panels, electro-mechanical assemblies, cable assemblies, and power and communication solutions.
- The end markets for these products primarily include e-commerce, warehouse integration, transportation, and the military/defense industry.

The Electrical Systems segment designs, manufactures and sells the following products:

- Cable and harness assemblies for both high and low voltage applications, control boxes, dashboard assemblies and design and engineering for these applications.
- The end markets for these products are construction, agricultural, industrial, automotive (both internal combustion and electric vehicles), truck, mining, rail and the military/ defense industries in North America, Europe and Asia-Pacific.

The Aftermarket & Accessories segment designs, manufactures and sells the following products:

- Seats and components sold into the commercial vehicle markets in North America, Europe and Asia-Pacific;
- Commercial vehicle accessories including wipers, mirrors, and sensors; and
- Office seats primarily in Europe and Asia-Pacific.

Corporate expenses consist of certain overhead and shared costs that are not directly attributable to the operations of a segment. For purposes of business segment performance measurement, some of these costs that are for the benefit of the operations are allocated based on a combination of methodologies. The costs that are not allocated to a segment are considered stewardship costs and remain at corporate in our segment reporting.

The following tables present financial information for the Company's reportable segments for the periods indicated:

	Three Months Ended September 30, 2022					
	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket and Accessories	Corporate/Other	Total
Revenues	\$ 154,024	\$ 14,116	\$ 46,129	\$ 37,143	\$ —	\$ 251,412
Gross profit	13,839	404	6,210	6,389	—	26,842
Selling, general & administrative expenses	4,279	1,371	1,055	1,436	9,163	17,304
Operating income (loss)	\$ 9,560	\$ (967)	\$ 5,155	\$ 4,953	\$ (9,163)	\$ 9,538

	Three Months Ended September 30, 2021					
	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket and Accessories	Corporate/Other	Total
Revenues	\$ 117,914	\$ 51,681	\$ 40,085	\$ 29,930	\$ —	\$ 239,610
Gross profit	10,143	9,486	6,633	3,885	(3)	30,144
Selling, general & administrative expenses	7,222	1,461	1,718	1,536	6,835	18,772
Operating income (loss)	\$ 2,921	\$ 8,025	\$ 4,915	\$ 2,349	\$ (6,838)	\$ 11,372

	Nine Months Ended September 30, 2022					
	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket and Accessories	Corporate/Other	Total
Revenues	\$ 436,966	\$ 76,789	\$ 133,350	\$ 99,530	\$ —	\$ 746,635
Gross profit	35,657	8,249	16,857	13,341	—	74,104
Selling, general & administrative expenses	18,269	4,242	3,998	4,636	18,810	49,955
Operating income (loss)	\$ 17,388	\$ 4,007	\$ 12,859	\$ 8,705	\$ (18,810)	\$ 24,149

	Nine Months Ended September 30, 2021					
	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket and Accessories	Corporate/Other	Total
Revenues	\$ 372,487	\$ 150,378	\$ 130,742	\$ 89,066	\$ —	\$ 742,673
Gross profit	38,914	24,612	17,545	14,605	(43)	95,633
Selling, general & administrative expenses	20,269	4,199	4,646	4,407	19,008	52,529
Operating income (loss)	\$ 18,645	\$ 20,413	\$ 12,899	\$ 10,198	\$ (19,051)	\$ 43,104

17. Other Financial Information

Items reported in inventories consisted of the following:

	September 30, 2022	December 31, 2021
Raw materials	\$ 119,361	\$ 107,505
Work in process	16,688	21,671
Finished goods	14,298	11,869
Inventories	<u>\$ 150,347</u>	<u>\$ 141,045</u>

Items reported in property, plant, and equipment, net consisted of the following:

	September 30, 2022	December 31, 2021
Land and buildings	\$ 32,158	\$ 32,012
Machinery and equipment	204,436	194,828
Construction in progress	6,217	8,822
Property, plant, and equipment, gross	242,811	235,662
Less accumulated depreciation	(178,056)	(172,536)
Property, plant and equipment, net	<u>\$ 64,755</u>	<u>\$ 63,126</u>

Items reported in accrued expenses and other liabilities consisted of the following:

	September 30, 2022	December 31, 2021
Compensation and benefits	\$ 14,622	\$ 16,677
Taxes payable	5,730	6,391
Operating lease liabilities	7,172	9,048
Accrued freight	7,094	5,628
Contingent Consideration	4,750	4,409
Deferred tooling revenue	1,401	851
Other	7,677	7,836
Accrued liabilities and other	<u>\$ 48,446</u>	<u>\$ 50,840</u>

ITEM 2 – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis below describes material changes in financial condition and results of operations as reflected in our condensed consolidated financial statements for the three and nine months ended September 30, 2022 and 2021. This discussion and analysis should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2021 Form 10-K.

Business Overview

At CVG, we deliver real solutions to complex design, engineering and manufacturing problems across a range of global industries by innovating, constantly adding value, and treating our customer's bottom line as if it were our own.

We have manufacturing operations in the United States, Mexico, China, United Kingdom, Belgium, Czech Republic, Ukraine, Thailand, India and Australia. Our products are primarily sold in North America, Europe, and the Asia-Pacific region.

We primarily manufacture customized products to meet the requirements of our customer. We believe our products are used by a majority of the North American Commercial Truck markets, many construction vehicle OEMs and top e-commerce retailers.

Key Developments

In the first quarter of 2022, Russian military forces invaded Ukraine. We have approximately 1,200 employees in the Ukraine located in our facility near L'viv. While the facility was temporarily shut-down, we have resumed operations in L'viv and also set up additional capacity in the Czech Republic. During both the nine months ended September 30, 2022 and the twelve months ended December 31, 2021, our Ukraine facility represented approximately 1% of the Company's long-lived assets.

The invasion of Ukraine by Russia and the retaliatory measures taken by the U.S., NATO and other countries have created global security concerns and economic uncertainty that could have a lasting impact on regional and global economies. We cannot be certain that international tensions will not affect our facility in the Ukraine, including due to the Russian invasion, electrical outages, cyber-attacks and periodic battles with separatists closer to our facility. In addition, certain of our employees in Ukraine may be conscripted into the military and/or sent to fight in the ongoing conflict. Furthermore, 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 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 experience a loss of the use of our Ukrainian facility, which could have an adverse effect on our results of operations and financial condition.

During the nine months ended September 30, 2022, we experienced shutdowns at our plant in Shanghai, China due to the COVID-19 pandemic. The COVID-19 pandemic has caused and continues to cause, significant volatility, uncertainty and economic disruptions to our business. While we continue to operate our facilities, we may experience production slowdowns and/or shutdowns at our manufacturing facilities in North America, Europe and Asia Pacific as a result of government orders, our inability to obtain component parts from suppliers and/or inconsistent customer demand. In addition, many of our suppliers and customers may experience production slowdowns and/or shutdowns, which may further impact our business, sales and results of operation. The extent of the adverse effect of the COVID-19 pandemic on our business results depends on a number of factors beyond our control.

While backlog continues to be strong in the truck markets, all markets we operate in were impacted by supply chain constraints which caused volatility on our customers' production schedules and had a negative impact on our results. Overall, we continued to experience global supply chain disruptions and significant inflation, including longer lead-times to procure parts from China and due to port backups, labor inflation, chip shortages, steel and other raw material inflation, and freight cost increases. The impact of the pandemic, the related economic recovery and global inflationary pressures continue to be uneven from period to period and across our global footprint based on local and regional outbreaks. We continue to proactively monitor, assess and minimize to the extent reasonably possible disruptions and delays in production due to labor shortages or customer schedules, focus on cost control and recovery through pricing adjustments, and take reasonable measures to protect our workforce.

Consolidated Results of Operations

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

The table below sets forth certain consolidated operating data for the three months ended September 30 (dollars are in thousands):

	2022	2021	\$ Change	% Change
Revenues	\$ 251,412	\$ 239,610	\$ 11,802	4.9%
Gross profit	26,842	30,144	(3,302)	(11.0)%
Selling, general and administrative expenses	17,304	18,772	(1,468)	(7.8)%
Other (income) expense	1,924	(186)	2,110	NM ¹
Interest expense	2,813	1,630	1,183	72.6%
Provision for income taxes	1,250	2,417	(1,167)	(48.3)%
Net income	3,551	7,511	(3,960)	(52.7)%

¹ Not meaningful

Revenues. The increase in consolidated revenues resulted from:

- a \$39.1 million, or 28.5%, increase in OEM;
- a \$37.6 million, or 72.7%, decrease in warehouse automation revenues;
- a \$1.8 million, or 3.9%, increase in aftermarket and OES revenues; and
- a \$8.5 million, or 172.4% increase in other revenues.

Third quarter 2022 revenues were unfavorably impacted by foreign currency exchange translation of \$6.5 million, which is reflected in the change in revenues above. The increase in revenues is primarily driven by increased pricing to offset material cost increases and volume, offset by volume decrease in Warehouse Automation.

Gross Profit. The \$3.3 million decrease in gross profit is primarily attributable to the decrease in warehouse automation revenues and the cost of revenues, which increased \$15.1 million, or 7.2%, as a result of an increase in raw material and purchased component costs of \$12.1 million, or 8.7%, and an increase in labor and overhead expenses of \$3.0 million, or 4.3%. As a percentage of revenues, gross profit margin was 10.7% for the three months ended September 30, 2022 compared to 12.6% for the three months ended September 30, 2021. The decrease in gross profit margin is primarily due to global supply chain and market disruptions which have resulted in increased labor costs, raw material inflation, and freight cost increases. The three months ended September 30, 2022 results include charges of \$0.6 million associated with the restructuring program.

Selling, General and Administrative Expenses. Selling, general and administrative expenses ("SG&A") consist primarily of wages and benefits and other expenses such as Contingent Consideration, marketing, travel, legal, audit, rent and utility costs which are not directly associated with the manufacturing of our products. SG&A expenses decreased \$1.5 million compared to the three months ended September 30, 2021, primarily due to lower incentive compensation and health care expense. As a percentage of revenues, SG&A expense was 6.9% for the three months ended September 30, 2022 compared to 7.8% for the three months ended September 30, 2021.

Other (Income) Expense. Other expenses increased \$2.1 million in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 due primarily to partial settlement of the Company's U.S. Pension Plan liabilities of \$1.1 million as well as an unfavorable change in foreign currency of \$0.4 million.

Interest Expense. Interest associated with our debt was \$2.8 million and \$1.6 million for the three months ended September 30, 2022 and 2021, respectively. The increase in interest expense primarily related to higher base interest rates on our variable rate debt and a higher average debt balance during the respective comparative period.

Provision (Benefit) for Income Taxes. An income tax provision of \$1.3 million and \$2.4 million were recorded for the three months ended September 30, 2022 and 2021, respectively. The period over period change in income tax was primarily attributable to a \$5.1 million decrease in pre-tax income versus the prior year period.

Net Income (loss). Net income was \$3.6 million for the three months ended September 30, 2022 compared to \$7.5 million for the three months ended September 30, 2021. The decrease in net income is attributable to the factors noted above.

Segment Results

Vehicle Solutions Segment Results

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

The table below sets forth certain Vehicle Solutions Segment operating data for the three months ended September 30 (dollars are in thousands):

	2022		2021		\$ Change	% Change
Revenues	\$	154,024	\$	117,914	\$ 36,110	30.6%
Gross profit		13,839		10,143	3,696	36.4%
Selling, general & administrative expenses		4,279		7,222	(2,943)	(40.8)%
Operating income		9,560		2,921	6,639	227.3%

Revenues. The increase in Vehicle Solutions Segment revenues primarily resulted from increased pricing to offset material cost pass-through and favorable volume.

Gross Profit. The increase in gross profit was primarily attributable to volume leverage, increased pricing and lower health care expense. Included in gross profit is cost of revenues, which increased \$32.4 million, or 30.1%, as a result of an increase in raw material and purchased component costs of \$28.7 million, or 40.5%, and an increase in labor and overhead expenses of \$3.7 million, or 10.1%.

As a percentage of revenues, gross profit margin was 9.0% for the three months ended September 30, 2022 compared to 8.6% for the three months ended September 30, 2021.

Selling, General and Administrative Expenses. SG&A expenses decreased \$2.9 million for the three months ended September 30, 2022 compared to the three months ended September 30, 2021, primarily due to lower incentive compensation and health care expense.

Warehouse Automation Segment Results

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

The table below sets forth certain Warehouse Automation Segment operating data for the three months ended September 30 (dollars are in thousands):

	2022	2021	\$ Change	% Change
Revenues	\$ 14,116	\$ 51,681	\$ (37,565)	(72.7)%
Gross profit	404	9,486	(9,082)	(95.7)%
Selling, general & administrative expenses	1,371	1,461	(90)	(6.2)%
Operating income (loss)	(967)	8,025	(8,992)	(112.0)%

Revenues. The decrease in Warehouse Automation Segment revenues primarily resulted from lower sales volume due to decreased customer demand.

Gross Profit. The decrease in gross profit is primarily attributable to lower sales volume. Included in gross profit is cost of revenues, which decreased \$28.5 million, or 67.5%, as a result of a decrease in raw material and purchased component costs of \$23.9 million, or 70.5%, and a decrease in labor and overhead expenses of \$4.6 million, or 55.2%.

As a percentage of revenues, gross profit margin was 2.9% for the three months ended September 30, 2022 compared to 18.4% for the three months ended September 30, 2021. The decrease is due to loss of volume leverage.

Selling, General and Administrative Expenses. SG&A expenses decreased \$0.1 million for the three months ended September 30, 2022 compared to the three months ended September 30, 2021.

Electrical Systems Segment Results

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

The table below sets forth certain Electric Systems Segment operating data for the three months ended September 30 (dollars are in thousands):

	2022	2021	\$ Change	% Change
Revenues	\$ 46,129	\$ 40,085	\$ 6,044	15.1%
Gross profit	6,210	6,633	(423)	(6.4)
Selling, general & administrative expenses	1,055	1,718	(663)	(38.6)
Operating income	5,155	4,915	240	4.9

Revenues. The increase in Electric Systems Segment revenues primarily resulted from increased pricing to offset material cost pass-through and new business wins.

Gross Profit. The decrease in gross profit is primarily attributable to cost of revenues, which increased \$6.5 million, or 19.3%, as a result of an increase in raw material and purchased component costs of \$5.3 million, or 29.7%, and an increase in labor and overhead expenses of \$1.2 million, or 7.4%.

As a percentage of revenues, gross profit margin was 13.5% for the three months ended September 30, 2022 compared to 16.5% for the three months ended September 30, 2021. The decrease in gross profit margin is primarily due to global supply chain and market disruptions which have resulted in increased labor costs, raw material inflation, and freight cost increases.

Selling, General and Administrative Expenses. SG&A expenses decreased \$0.7 million for the three months ended September 30, 2022 compared to the three months ended September 30, 2021.

Aftermarket & Accessories Segment Results**Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021**

The table below sets forth certain Aftermarket & Accessories Segment operating data for the three months ended September 30 (dollars are in thousands):

	2022		2021		\$ Change	% Change
Revenues	\$	37,143	\$	29,930	\$ 7,213	24.1%
Gross profit		6,389		3,885	2,504	64.5
Selling, general & administrative expenses		1,436		1,536	(100)	(6.5)
Operating income		4,953		2,349	2,604	110.9

Revenues. The increase in Aftermarket & Accessories Segment revenues resulted from increased sales volume and pricing to offset material cost pass-through.

Gross Profit. The increase in gross profit is primarily attributable to the increase in sales volume and pricing. Included in gross profit is cost of revenues, which increased \$4.7 million, or 18.1%, as a result of an increase in raw material and purchased component costs of \$2.0 million, or 11.7%, and an increase in labor and overhead expenses of \$2.7 million, or 29.7%.

As a percentage of revenues, gross profit margin was 17.2% for the three months ended September 30, 2022 compared to 13.0% for the three months ended September 30, 2021. The increase in gross profit margin is primarily due to increased pricing to offset material cost pass-through. The three months ended September 30, 2022 results include charges of \$0.4 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses decreased \$0.1 million for the three months ended September 30, 2022 compared to the three months ended September 30, 2021.

Consolidated Results of Operations**Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021**

The table below sets forth certain consolidated operating data for the nine months ended September 30, (dollars are in thousands):

	2022		2021		\$ Change	% Change
Revenues	\$	746,635	\$	742,673	\$ 3,962	0.5%
Gross profit		74,104		95,633	(21,529)	(22.5)%
Selling, general and administrative expenses		49,955		52,529	(2,574)	(4.9)%
Other (income) expense		2,798		(1,127)	3,925	NM ¹
Interest expense		6,892		9,489	(2,597)	(27.4)%
Loss on extinguishment of debt		921		7,155	(6,234)	(87.1)%
Provision for income taxes		3,520		6,491	(2,971)	(45.8)%
Net income		10,018		21,096	(11,078)	(52.5)%

¹ Not meaningful

Revenues. The increase in consolidated revenues resulted from:

- a \$43.1 million, or 9.6%, increase in OEM;
- a \$73.6 million, or 48.9%, decrease in warehouse automation revenues;
- a \$14.1 million, or 10.4%, increase in aftermarket and OES revenues; and
- a \$20.3 million, or 288.2% increase in other revenues.

Nine months ended 2022 revenues were unfavorably impacted by foreign currency exchange translation of \$12.4 million, which is reflected in the change in revenues above. The increase in revenues is primarily driven by increased pricing to offset material cost increases and volume, offset by volume decreases in Warehouse Automation.

Gross Profit. The \$21.5 million decrease in gross profit is primarily attributable to the decrease in warehouse automation revenues and the cost of revenues, which increased \$25.5 million, or 3.9%, as a result of an increase in raw material and purchased component costs of \$13.9 million, or 3.2%, and an increase in labor and overhead expenses of \$11.6 million, or 5.4%. As a percentage of revenues, gross profit margin was 9.9% for the nine months ended September 30, 2022 compared to 12.9% for the nine months ended September 30, 2021. The nine months ended September 30, 2022 results include charges of \$3.0 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses decreased \$2.6 million compared to the nine months ended September 30, 2021, primarily due to lower incentive compensation and health care expense. As a percentage of revenues, SG&A expense was 6.7% for the nine months ended September 30, 2022 compared to 7.1% for the nine months ended September 30, 2021.

Other (Income) Expense. Other expenses increased \$3.9 million in the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 due primarily to partial settlement of the Company's U.S. Pension Plan liabilities of \$1.1 million as well as an unfavorable change in foreign currency of \$1.3 million.

Interest Expense. Interest associated with our debt was \$6.9 million and \$9.5 million for the nine months ended September 30, 2022 and 2021, respectively. The decrease in interest expense primarily related to lower rates, partially offset by a higher average debt balance during the respective comparative periods.

Loss on extinguishment of debt. On May 12, 2022, the Company refinanced its long-term debt, which resulted in a loss of \$0.9 million, including a \$0.6 million non-cash write off relating to deferred financing costs of the Term loan facility due 2026 and \$0.3 million of other associated fees. During the nine months ended September 30, 2021 the Company refinanced its long-term debt, which resulted in a loss of \$7.2 million, including a \$3.7 million non-cash write off relating to deferred financing costs and unamortized discount of the 2023 Term Loan Facility, a voluntary repayment premium of \$3.0 million and \$0.5 million of other associated fees.

Provision (Benefit) for Income Taxes. An income tax provision of \$3.5 million and \$6.5 million were recorded for the nine months ended September 30, 2022 and 2021, respectively. The period over period change in income tax was primarily attributable to the \$14.0 million decrease in pre-tax income versus the prior year period.

Net Income (loss). Net income was \$10.0 million for the nine months ended September 30, 2022 compared to \$21.1 million for the nine months ended September 30, 2021. The decrease in net income is attributable to the factors noted above.

Segment Results

Vehicle Solutions Segment Results

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

The table below sets forth certain Vehicle Solutions Segment operating data for the nine months ended September 30, (dollars are in thousands):

	2022	2021	\$ Change	% Change
Revenues	\$ 436,966	\$ 372,487	\$ 64,479	17.3%
Gross profit	35,657	38,914	(3,257)	(8.4)%
Selling, general & administrative expenses	18,269	20,269	(2,000)	(9.9)%
Operating income	17,388	18,645	(1,257)	(6.7)%

Revenues. The increase in Vehicle Solutions Segment revenues primarily resulted from increased pricing to offset material cost pass-through and new business wins offset by lower shipments caused by the COVID shutdown in China.

Gross Profit. The decrease in gross profit was primarily attributable to cost of revenues, which increased \$67.7 million, or 20.3%, as a result of an increase in raw material and purchased component costs of \$55.4 million, or 25.1%, and an increase in labor and overhead expenses of \$12.3 million, or 10.9%.

As a percentage of revenues, gross profit margin was 8.2% for the nine months ended September 30, 2022 compared to 10.4% for the nine months ended September 30, 2021. The decrease in gross profit margin is primarily due to global supply chain and market disruptions which have resulted in increased labor costs, raw material inflation, and freight cost increases. The nine months ended September 30, 2022 results include charges of \$0.2 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses decreased \$2.0 million for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily due to lower incentive compensation and healthcare expense.

Warehouse Automation Segment Results

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

The table below sets forth certain Warehouse Automation Segment operating data for the nine months ended September 30, (dollars are in thousands):

	2022	2021	\$ Change	% Change
Revenues	\$ 76,789	\$ 150,378	\$ (73,589)	(48.9)%
Gross profit	8,249	24,612	(16,363)	(66.5)%
Selling, general & administrative expenses	4,242	4,199	43	1.0%
Operating income	4,007	20,413	(16,406)	(80.4)%

Revenues. The decrease in Warehouse Automation Segment revenues resulted from lower sales volume due to decreased customer demand.

Gross Profit. The decrease in gross profit is primarily attributable to the decrease in sales volume. Included in gross profit is cost of revenues, which decreased \$57.2 million, or 45.5%, as a result of a decrease in raw material and purchased component costs of \$47.9 million, or 47.4%, and a decrease in labor and overhead expenses of \$9.3 million, or 37.6%.

As a percentage of revenues, gross profit margin was 10.7% for the nine months ended September 30, 2022 compared to 16.4% for the nine months ended September 30, 2021. The nine months ended September 30, 2022 results include charges of \$0.8 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses were flat year over year.

Electrical Systems Segment Results

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

The table below sets forth certain Electric Systems Segment operating data for the nine months ended September 30, (dollars are in thousands):

	2022	2021	\$ Change	% Change
Revenues	\$ 133,350	\$ 130,742	\$ 2,608	2.0%
Gross profit	16,857	17,545	(688)	(3.9)%
Selling, general & administrative expenses	3,998	4,646	(648)	(13.9)%
Operating income	12,859	12,899	(40)	(0.3)%

Revenues. The increase in Electrical Systems Segment revenues resulted from increased pricing to offset material cost pass-through, and new business wins.

Gross Profit. The decrease in gross profit is primarily attributable to the cost of revenues, which increased \$3.3 million, or 2.9%, as a result of an increase in raw material and purchased component costs of \$0.9 million, or 1.4%, and an increase in labor and overhead expenses of \$2.4 million, or 4.8%.

As a percentage of revenues, gross profit margin was 12.6% for the nine months ended September 30, 2022 compared to 13.4% for the nine months ended September 30, 2021. The decrease is primarily due to supply chain and semi-conductor chip shortages at our customer plants, and the disruption caused by the war in the Ukraine. The nine months ended September 30, 2022 results include charges of \$0.6 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses decreased \$0.7 million for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, consistent with the prior year amount on a percent of sales basis.

Aftermarket & Accessories Segment Results

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

The table below sets forth certain Aftermarket & Accessories Segment operating data for the nine months ended September 30, (dollars are in thousands):

	2022	2021	\$ Change	% Change
Revenues	\$ 99,530	\$ 89,066	\$ 10,464	11.7%
Gross profit	13,341	14,605	(1,264)	(8.7)%
Selling, general & administrative expenses	4,636	4,407	229	5.2%
Operating income (loss)	8,705	10,198	(1,493)	(14.6)%

Revenues. The increase in Aftermarket & Accessories Segment revenues resulted from increased sales volume and pricing to offset material cost pass-through.

Gross Profit. The decrease in gross profit is primarily attributable to cost of revenues, which increased \$11.7 million, or 15.8%, as a result of an increase in raw material and purchased component costs of \$5.5 million, or 11.5%, and an increase in labor and overhead expenses of \$6.2 million, or 23.4%.

As a percentage of revenues, gross profit margin was 13.4% for the nine months ended September 30, 2022 compared to 16.4% for the nine months ended September 30, 2021. The decrease in gross profit margin is primarily due to global supply chain and market disruptions which have resulted in increased labor costs, raw material inflation, and freight cost increases. The nine months ended September 30, 2022 results include charges of \$1.4 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses increased \$0.2 million for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, consistent with the prior year amount on a percent of sales basis.

Liquidity and Capital Resources

As of September 30, 2022, the Company had \$11.6 million of outstanding borrowings under its revolving credit facility, \$38.7 million of cash and \$137.2 million of availability under the revolving credit facility, resulting in total liquidity of \$175.9 million.

Our primary sources of liquidity as of September 30, 2022 were cash reserves and availability under our revolving credit facility. We believe that these sources of liquidity will provide adequate funds for our working capital needs, capital expenditures and debt service throughout the next twelve months. However, no assurance can be given that this will be the case.

As of September 30, 2022, cash of \$35.0 million was held by foreign subsidiaries. The Company had a \$0.5 million deferred tax liability as of September 30, 2022 for the expected future income tax implications of repatriating cash from the foreign subsidiaries for which no indefinite reinvestment assertion has been made.

Covenants and Liquidity

On May 12, 2022, the Company entered into an amendment to increase its existing senior secured credit facilities to \$325 million from \$275 million consisting of a \$175 million Term Loan A and a \$150 million Revolving Credit Facility. The amendment provides the Company with additional capital flexibility to execute upon its transformation and growth initiatives. As part of the amended terms of the agreement, the maturity date of the Senior Secured Credit Facilities has been extended by twelve months to May 12, 2027, the interest rate decreased by 50 bps at various leverage ratios based on SOFR, and the maximum consolidated total leverage ratio increased from 3.25x to 3.75x until December 31, 2022 with a quarterly step down of 25 bps to 3.00x leverage by September 30, 2023 and remain at this level thereafter. Further, separate from the Company's annual \$35 million capital spending cap, a one-time \$45 million capital project basket was included in the amendment. All other key provisions, including the \$75 million accordion, acquisition holiday, and other baskets remain unchanged.

Our ability to comply with the covenants in the Credit Agreement, as discussed in Note 4, Debt, of our Condensed Consolidated Financial Statements may be affected by economic or business conditions beyond our control. Based on our current forecast, we believe that we will be able to maintain compliance with the financial maintenance covenants and the fixed charge coverage ratio covenant and other covenants in the Credit Agreement for the next twelve months; however, no assurances can be given that we will be able to comply. We base our forecasts on historical experience, industry forecasts and other assumptions that we believe are reasonable under the circumstances. If actual results are substantially different than our current forecast, we may not be able to comply with our financial covenants.

Sources and Uses of Cash

	September 30, 2022	September 30, 2021
	(In thousands)	
Net cash provided by (used in) operating activities	\$ 33,794	\$ (20,889)
Net cash used in investing activities	(12,525)	(11,399)
Net cash provided by (used in) financing activities	(13,031)	16,073
Effect of currency exchange rate changes on cash	(4,483)	(685)
Net increase (decrease) in cash	<u>\$ 3,755</u>	<u>\$ (16,900)</u>

Operating activities. For the nine months ended September 30, 2022, net cash provided by operating activities was \$33.8 million compared to net cash used in operating activities of \$20.9 million for the nine months ended September 30, 2021. Net cash provided by operating activities is primarily attributable to a decrease in working capital for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021.

Investing activities. For the nine months ended September 30, 2022, net cash used in investing activities was \$12.5 million compared to \$11.4 million for the nine months ended September 30, 2021. In 2022, we expect capital expenditures to be approximately \$22 million.

Financing activities. For the nine months ended September 30, 2022, net cash used in financing activities was \$13.0 million compared to net cash provided by financing activities of \$16.1 million for the nine months ended September 30, 2021. Net cash used in financing activities for the nine months ended September 30, 2022 is primarily attributable to \$11.3 million of net repayments under our credit facilities. Net cash provided by financing activities for the nine months ended September 30, 2021 is attributable to \$26.8 million of borrowings, offset by \$5.4 million of costs attributed to debt amendment and extinguishment completed during the nine months ended September 30, 2021 and a \$5.0 million Contingent Consideration payment.

Debt and Credit Facilities

The debt and credit facilities descriptions in Note 4, Debt of our Condensed Consolidated Financial Statements are incorporated in this section by reference.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). For a comprehensive discussion of our significant accounting policies, see "Note 1. Significant Accounting Policies", to our consolidated financial statements in Item 8 in our 2021 Form 10-K.

Critical accounting estimates are those that are most important to the portrayal of our financial condition and results. These estimates require management's most difficult, subjective, or complex judgments, often as a result of the need to estimate matters that are inherently uncertain. We review the development, selection, and disclosure of our critical accounting estimates with the Audit Committee of our board of directors. For information about critical accounting estimates, see Critical Accounting Estimates in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2021 Form 10-K. At September 30, 2022, there have been no material changes to our critical accounting estimates from those disclosed in our 2021 Form 10-K.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information relating to quantitative and qualitative disclosures about market risk, see the discussion under "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our 2021 Form 10-K. As of September 30, 2022, there have been no material changes in our exposure to market risk from those disclosed in our 2021 Form 10-K.

ITEM 4 – CONTROLS AND PROCEDURES

Disclosure Controls and Procedures. Our senior management is responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

We evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2022. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of September 30, 2022 to provide reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting. There were no changes during the quarter ended September 30, 2022 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of error or mistake. Controls also can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on 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. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II. OTHER INFORMATION

ITEM 1 Legal Proceedings

We are subject to various legal proceedings and claims arising in the ordinary course of business, including, but not limited to, product liability claims, customer and supplier disputes, service provider disputes, examinations by taxing authorities, employment disputes, workers' compensation claims, unfair labor practice charges, OSHA investigations, intellectual property disputes and environmental claims arising out of the conduct of our businesses. Based upon the information available to management and discussions with legal counsel, it is the opinion of management that the ultimate outcome of the various legal actions and claims that are incidental to our business are not expected to have a material adverse impact on the consolidated financial position, results of operations, stockholders' equity or cash flows; however, such matters are subject to many uncertainties and the outcomes of individual matters are not predictable with any degree of assurance.

ITEM 1A Risk Factors

You should carefully consider the information in this Form 10-Q, the risk factors discussed in "Risk Factors" and other risks discussed in our 2021 Form 10-K and our filings with the SEC since December 31, 2021. These risks could materially and adversely affect our results of operations, financial condition, liquidity and cash flows. Our business also could be affected by risks that we are not presently aware of or that we currently consider immaterial to our operations.

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 2022, the countries in which we operate experienced significantly heightened inflationary pressures which we expect to continue into 2023. We may not be able to fully mitigate the impact of inflation 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 may 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.

ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds

We did not sell any equity securities during the nine months ended September 30, 2022 that were not registered under the Securities Act of 1933, as amended.

Forward-Looking Statements

This Quarter Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. For this purpose, any statements contained herein that are not statements of historical fact, including without limitation, certain statements under "Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and located elsewhere herein regarding industry outlook, the Company's expectations for future periods with respect to its plans to improve financial results, the future of the Company's end markets, including the short-term and long-term impact of the COVID-19 pandemic on

our business and the global supply chain, changes in the Class 8 and Class 5-7 North America truck build rates, performance of the global construction equipment business, the Company's prospects in the wire harness, warehouse automation and electric vehicle markets, the Company's initiatives to address customer needs, organic growth, the Company's strategic plans and plans to focus on certain segments, competition faced by the Company, volatility in and disruption to the global economic environment, including inflation and labor shortages, financial covenant compliance, anticipated effects of acquisitions, production of new products, plans for capital expenditures and our results of operations or financial position and liquidity, may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believe", "anticipate", "plan", "expect", "intend", "will", "should", "could", "would", "project", "continue", "likely", and similar expressions, as they relate to us, are intended to identify forward-looking statements. The important factors discussed in "Item 1A - Risk Factors", among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. Such forward-looking statements represent management's current expectations and are inherently uncertain. Investors are warned that actual results may differ from management's expectations. Additionally, various economic and competitive factors could cause actual results to differ materially from those discussed in such forward-looking statements, including, but not limited to, factors which are outside our control.

Any forward-looking statement that we make in this report speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statement or to publicly announce the results of any revision to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

ITEM 3 Defaults Upon Senior Securities

Not applicable.

ITEM 4 Mine Safety Disclosures

Not applicable.

ITEM 5 Other Information

Not applicable

ITEM 6 Exhibits

- [10.1](#) Andy Cheung Offer Letter dated September 8, 2022 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 14, 2022)
 - [10.2](#) Separation Agreement and General Release between the Company and Christopher Bohnert dated September 13, 2022.
 - [31.1](#) 302 Certification by Harold C. Bevis, President and Chief Executive Officer.
 - [31.2](#) 302 Certification by Andy Cheung, Executive Vice President and Chief Financial Officer.
 - [32.1](#) Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
 - [32.2](#) Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 Interactive Data Files

SIGNATURE

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.

COMMERCIAL VEHICLE GROUP, INC.

Date: November 2, 2022 By /s/ Andy Cheung
Chung Kin Cheung ("Andy Cheung")
Chief Financial Officer
(Principal Financial Officer)

Date: November 2, 2022 By /s/ Angela M. O'Leary
Angela M. O'Leary
Chief Accounting Officer
(Principal Accounting Officer)



Exhibit 10.2

September 13, 2022

Mr. Christopher Bohnert,

Re: Separation Agreement and General Release

Dear Chris:

This Separation Agreement ("Agreement") serves as the understanding and mutual intent of both parties to facilitate an amicable separation between you and the Company (as hereinafter defined). This Agreement is made on behalf of, and for the benefit of, Commercial Vehicle Group, Inc., and any and all directly or indirectly owned subsidiaries and affiliated companies of Commercial Vehicle Group, Inc., and all of their past and present officers, directors, employees, agents (all in both their individual and official capacities), parent companies, subsidiary companies, predecessors, partners, members, affiliates, principals, insurers, and any and all employee benefit plans (and any fiduciary of such plans) sponsored by the aforesaid entities (all of which are collectively referred to herein as the "Company"). Please read this document carefully as it will outline the terms of all the agreements we have made:

1. Record of Separation – The Company will record your separation from the Company in your role as the Chief Financial Officer effective October 11, 2022 as a "termination by the Company without Cause" pursuant to the CIC Agreement (as defined in Section 2 below) and from October 12, 2022 until December 31, 2022 you will be employed with the current salary and benefits and serve in an advisory role (the "Advisory Role") reporting to the then current Chief Financial Officer. If the Advisory Role is terminated by either party, with ten business days' notice, prior to December 31, 2022, such date or December 31, 2022, whichever is earlier, shall be your "Separation Date".
2. Severance – Pursuant only to that certain Change in Control & Non-Competition Agreement dated March 8, 2021 between you and the Company (the "CIC Agreement"), the Company will continue to pay you your salary in accordance with the Company's payroll practices for a period of twelve (12) months from January 1, 2023 to December 31, 2023, subject to the terms of the CIC Agreement.
3. 2022 Annual Incentive Plan Payment – Pursuant to your CIC Agreement, you will be eligible for the payment of the 2022 annual incentive plan payment, if earned, and such annual incentive plan payment will be paid in 2023 when awards are finalized and paid to all plan participants ("Bonus Pay"). Your Bonus Pay will be a pro-rated amount through your Separation Date.
4. Unvested Restricted Shares – A portion of unvested restricted shares granted to you will vest on your Separation Date pursuant to Section 5 of this Agreement.
5. Advisory Role – From October 12, 2022 to your Separation Date, in your Advisory Role, you will be paid pursuant to Section 1 above. Your work schedule during your Advisory Role shall be mutually agreed to between you and the then current Chief Financial Officer; provided that your time spent in the office shall be no greater than three days per week or as agreed between the parties; however, you shall work a total of forty (40) hours per week. Additionally, it is understood that you will be on vacation from October 12, 2022 to October 20, 2022 (with no further vacation time available through your Separation Date), and be available to work remotely on October 21, 2022. Additionally, as additional consideration for your service in the Advisory Role, if the Company terminates your employment prior to December 31, 2022, or you serve in the Advisory Role through December 31, 2022, the Company agrees to vest, as of December 31, 2022, 6,376 shares from your 2021 restricted share grant and 7,545 shares of your 2022 restricted share grant.

6. Long Term Incentives –Any unvested restricted cash not already paid to you as of the date of this Agreement shall be forfeited in accordance with the governing plan documents.

7. Confidentiality and Mutual Non-Disparagement.
 - a. This Agreement – As both parties understand, confidentiality in these types of matters is very important. The Company agrees the officers of the Company and any others who are explicitly authorized by the officers of the Company to speak on behalf of the Company will not make any comments relating to you and/or your employment with the Company, which are negative, false, critical, derogatory, or which may tend to injure you and/or your role with the Company. You also agree that you shall not make any comments relating to the Company or anyone associated with the Company, which are negative, false, critical, derogatory, or which may tend to injure the business of the Company. In addition, you agree that you shall not disparage or speak negatively about the Company or anyone associated with it (except as required or permitted by law, such as a charge or participation in a proceeding before the EEOC or state FEP agency).
 - b. CVG Business Information – We recognize that confidential business and/or customer information (“Confidential Information”) has been disclosed to you by the Company. Included in such Confidential Information is information about the Company and its due business practices, such as business plans and financial information; employee and customer information (including but not limited to customers of the Company developed by you or others during your employment); technical, and marketing plans, records, data systems, software, methods of operation, pricing, vendor and customer lists and information; all processes, developments, techniques, procedures, and ideas used or developed by the Company; and any and all other information that as a matter of practice should or would be deemed Confidential Information, unless it is otherwise publicly disclosed by the Company. You understand and agree that at all times you: (i) shall keep such information confidential; (ii) shall not disclose or communicate any such Confidential Information to any third party; and (iii) shall not make use of any Confidential Information on your own behalf, or on behalf of any third party.

8. Future Cooperation. You agree to cooperate with the Company in support of its business interests on any matter arising out of your employment; respond and provide information for reasonable information requests about subjects worked on during your employment; cooperate to facilitate an orderly transition of your job duties to a successor employee; and to provide information truthfully in connection with any claim, investigation, or litigation in which the Company deems your cooperation is needed. The Company will reimburse you for reasonable and customary expenses that you incur in connection with you providing such cooperation as requested in writing by the Company. Unless it is not permissible by law, in the event that a subpoena or document request is served upon you, you will immediately notify the Company and provide copies of any relevant documents to the Company.

9. Non-competition and Non-solicitation.
 - a. By entering into this Agreement, you acknowledge the Confidential Information has been and will be developed and acquired by the Company by means of substantial expense and effort, that the Confidential Information is a valuable asset of the Company, that the unauthorized disclosure or misuse of the Confidential Information to anyone would cause substantial and irreparable injury to the Company.
 - b. In exchange for consideration paid or to be paid to you under the CIC Agreement and the additional considerations specified in this Agreement, the adequacy of which you expressly acknowledge, you agree that during your employment by the Company, and for a period of twelve (12) months following your separation, you shall not, directly or indirectly, as an owner, shareholder, officer, employee, manager, consultant, independent contractor, or otherwise:
 - i. Directly or indirectly call on, induce, solicit or take away, or attempt to call on, induce, solicit, or take away, in connection with or on behalf of any activity in competition with the Company’s then-current business, any person or entity who was a vendor, customer, or prospective customer of the Company, for the purpose or result that the vendor, customer, or prospective



- customer purchase from, use or employ the products or services of any person or entity other than the Company; or
- ii. Contact any employee of the Company for the purpose of discussing or suggesting that such employee resign from employment with the Company for the purpose of becoming employed elsewhere or provide information about individual employees of the Company or personnel policies or procedures of the Company to any person or entity, including any individual, agency or company engaged in the business of recruiting employees, executives or officers; or
 - iii. Own, manage, operate, join, control, be employed by, consult with or participate in the ownership, management, operation or control of, or be connected with (as a stockholder, partner, or otherwise), any business, individual, partner, firm, corporation, or other entity that competes or plans to compete, directly or indirectly, with the Company, its products, or any division, subsidiary or affiliate of the Company; provided, however, that your "beneficial ownership," either individually or as a member of a "group," as such terms are used in Rule 13d of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of not more than two percent (2%) of the voting stock of any publicly held corporation, shall not be in violation of this Agreement.
- c. The covenants contained in this Section 8 shall be construed as independent of any other provisions or covenants, and the existence of any claim or cause of action by you against the Company, whether predicated on this Agreement or otherwise, or the actions of the Company with respect to enforcement of similar restrictions as to other employees, shall not constitute a defense to the enforcement by the Company of the covenants.

You acknowledge and agree that the Company has invested great time, effort and expense in its business and reputation, and that the services performed by you, and the information divulged to you, are unique and extraordinary, and you agree that the Company shall be entitled, upon a breach of this Section of this Agreement, to injunctive relief against such activities, or any other remedies available to the Company at law or equity. If you shall have breached any of the provisions of this Agreement, and if the Company shall bring legal action for injunctive relief, such relief shall, at a minimum, have the duration specified in this Agreement, commencing from the date such relief is granted, but reduced only by the period of time elapsed between the termination date and your first breach of this Agreement. The obligations contained in this Agreement shall survive the termination of the employment relationship. Any specific right or remedy set forth in this Agreement, legal, equitable or otherwise, shall not be exclusive, but shall be cumulative upon all other rights and remedies set forth herein, or allowed or allowable by this Agreement, the CIC Agreement or by law. The failure of the Company to enforce any of the provisions of this Agreement, any other agreement with you, or the provisions of any agreement with any other employee, shall not constitute a waiver or limit any of the rights of the Company.

You agree that the Company has attempted to limit your right to compete only to the extent necessary to protect the Company from unfair competition. We further agree that if for any reason the restrictions set forth above are too broad or otherwise unenforceable at law, then they, or any one of them, shall be reduced to such area, time, or terms, as shall be legally enforceable. If it is judicially determined that this Agreement, or any portion thereof, is illegal or offensive under any applicable law (statute, common law, or otherwise), then it is hereby agreed the non-competition covenant shall be revised and shall be in full force and effect to the full extent permitted by law. By this Agreement, we intend to have this Agreement not to compete and not to solicit be in full force and effect to the greatest extent permissible.

10. **Release of Claims.** **This is a release of claims against the Company and those associated with it. Please read it carefully:** In exchange for the commitments by the Company as provided for in this Agreement, you agree (for yourself, your heirs, executors, and assignees) to fully release and waive any claims or rights, of any kind or nature whatsoever, whether known or unknown, that you may have against the Company, and/or any of its employees, officers, directors, insurers, or agents (both as representatives of the Company and in their individual capacities), which may exist or have arisen up to and including the date of this Agreement. The claims and rights which are waived and released include any that arise out of your employment or relationship with the Company, or any of its representatives, and the cessation of your employment, except for enforcement of this Agreement. Although there may be others, some of the specific claims which are released are all claims of any nature that may exist with respect to violation of any legal obligations,



compensation, company policies, contract obligations, whistleblower status, retaliation, torts or public policy, and/or unlawful discrimination, whether on the basis of race, creed, color, national origin, disability, age, sex, harassment, or other protected characteristic. (This release and waiver specifically includes any claims of age discrimination under the Federal Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, or otherwise. This release and waiver specifically does not include any claim related to the enforcement of this Agreement.) You certify and warrant that, to the best of your knowledge, you have not suffered any workplace injury while in the Company's employ, other than those regarding which the Company is already on notice; have received all leave time to which you are or were entitled; and have been paid for all hours worked and properly compensated for all hours worked in excess of forty (40) hours per week if applicable. You also certify and warrant that you have not filed, caused to be filed, and presently are not a party to any claims against the Company, you have not divulged any proprietary or Confidential Information of the Company, and will continue to maintain the confidentiality of such information, you have been paid and/or received or will be paid and/or will receive pursuant to this Agreement all compensation, commissions, overtime pay, wages, bonuses, PTO and vacation, benefits, and other compensation to which you were entitled during your employment, you have been granted any leaves of absence to which you were entitled, under the federal FMLA and disability laws, and in compliance with the Company's policies, and you have been paid all amounts due to you (including bonus, merit increase, or otherwise) in connection with any absences, you are not aware of any facts or conduct to suggest that the Company (its employees, officers, directors, insurers, or agents (as representatives of the Company) has or have engaged in any improper or fraudulent conduct with respect to the U.S. government or any other government agency, and to your knowledge you have not engaged in, and are not aware of, any unlawful conduct related to any of the Company's business activities.

Nothing herein will preclude you from filing a charge of discrimination with the Equal Employment Opportunity Commission; however, you expressly waive and release any right you may have to any remedy resulting from such a charge, or any action or suit, that may be instituted on your behalf against the Company by the Equal Employment Opportunity Commission, or any other governmental agency, or in any class or collective action. Additionally, nothing in this Agreement shall affect or release any vested rights and interests you may have in any company-sponsored retirement or pension plan; nor is anything in this Agreement intended to create or enlarge rights to benefits under any such plan. No money shall be paid under this Agreement until you have executed this Agreement, including its release and waiver of all employment related claims (except enforcement of this Agreement), in favor of the Company within the time limit set by the Company, and you do not revoke this Agreement within the revocation period set forth herein.

11. Other Agreements. Irrespective of the terms of any other agreements between you and the Company, you expressly agree that subject to the Company's payment obligations of this Agreement, the Company shall have no further obligations to pay you any amounts under any such agreements.

Nothing in this Agreement is intended to supersede any other Non-Competition, Non-Solicitation and Confidentiality Agreements between you and the Company, including, without limitation, the covenants and other provisions protecting the Company in the CIC Agreement. For avoidance of doubt, you specifically agree and acknowledge (i) that the non-competition, non-solicitation and confidentiality provisions of this Agreement are in addition to any such provisions in any other agreements between you and the Company and (ii) your obligations under the CIC Agreement survive your termination, remain in full force and effect and are hereby re-affirmed by you, including, without limitation, obligations related to the Company's Confidential Information, inventions, and post-termination Non-competition and Non-solicitation provisions thereof, respectively.

12. Period for Review and Right to Revoke. Although we have discussed this Agreement at some length, please feel free to take up to twenty-one (21) days, to consider this Agreement. In addition, if you should change your mind for any reason after executing this Agreement, you may rescind the Agreement anytime within seven (7) days after the date of your signature. To be effective, any such rescission must be in writing, postmarked, or delivered before the expiration of the seven (7) day period, to me as provided for in this Agreement. You may use as much or as little of this time as you desire; however, as I am sure you understand, no payments or insurance can be continued beyond your last day worked until you have confirmed your agreement. You are encouraged to talk to anyone, including legal counsel, for advice prior to signing this Agreement.



13. Miscellaneous.

- a. Other than as stated herein, the Parties acknowledge and agree that no promise or inducement has been offered for this Agreement and no other promises or agreements shall be binding, unless reduced to writing and signed by the Parties. Nothing in this Agreement shall be construed to admit or imply that the Company, or anyone associated with it, has acted wrongfully in any way, and all such claims are being specifically denied.
- b. Both you and the Company agree that if either Party breaches any term of this Agreement and either Party successfully enforces any term/right under this Agreement through legal process of any kind (other than an action regarding the waiver and release under the federal age Act or the Older Workers Benefit Protection Act), then the successful party shall be entitled to recover, from the other, its costs and expenses of such enforcement, including reasonable attorney's fees. You and the Company agree that Ohio law shall govern any dispute arising under this Agreement, that any legal action or proceedings with respect to this Agreement must be initiated in the state or federal court located in Franklin County, State of Ohio, and that the Company and you hereby agree to subject themselves to the jurisdiction of the federal and state courts of Ohio with respect to any such legal action or proceedings. Notwithstanding the foregoing, with respect to any action which includes injunctive relief, or any action for the recovery of any property, the Company may bring such action in any state or location which has jurisdiction.
- c. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (Section 409A), or an exemption thereunder, and shall be construed and administered in accordance with Section 409A, if applicable. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a separation of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by you on account of non-compliance with Section 409A.

THIS SEPARATION AGREEMENT AND RELEASE IS A LEGALLY BINDING DOCUMENT WITH IMPORTANT LEGAL CONSEQUENCES, INCLUDING A RELEASE OF ALL CLAIMS, KNOWN AND UNKNOWN. YOU HAVE THE RIGHT TO REVOKE THIS AGREEMENT WITHIN SEVEN (7) CALENDAR DAYS AFTER SIGNING IT, BY DELIVERING WRITTEN NOTICE OF REVOCATION TO Ms. Kristin Mathers, Chief Human Resources Officer, Commercial Vehicle Group, Inc., 7800 Walton Parkway, New Albany, Ohio 43054, USA. IT IS RECOMMENDED THAT YOU CONSULT YOUR OWN ATTORNEY BEFORE SIGNING THIS DOCUMENT. BY SIGNING BELOW, YOU ACKNOWLEDGE THAT YOU HAVE READ, FULLY UNDERSTAND AND VOLUNTARILY AGREE TO ALL OF THE PROVISIONS CONTAINED IN THIS AGREEMENT AND RELEASE.



YOU UNDERSTAND THAT, BY SIGNING THIS AGREEMENT AND RELEASE AND ACCEPTING THE CONSIDERATION DESCRIBED IN THIS AGREEMENT, YOU ARE FOREVER GIVING UP THE RIGHT TO SUE THE RELEASEES, AND ANYONE ELSE ASSOCIATED WITH THEM, FOR ANY CLAIMS, OF ANY TYPE, THAT YOU MIGHT HAVE AGAINST ANY OF THEM, INCLUDING CLAIMS BASED ON YOUR EMPLOYMENT OR YOUR SEPARATION, THAT HAVE OCCURRED UP TO AND INCLUDING THE MOMENT YOU SIGN THIS AGREEMENT.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date(s) set forth below.

Employee

Commercial Vehicle Group, Inc.

/s/ Christopher Bohnert
Christopher Bohnert

/s/ Kristin Mathers
By: Kristin Mathers
Chief Human Resources Officer

Date: 9/14/2022

Date: 9/14/2022



302 CERTIFICATION

I, Harold C. Bevis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commercial Vehicle Group, Inc. and Subsidiaries;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers 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 we 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - 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.

November 2, 2022

/s/ Harold C. Bevis

Harold C. Bevis

President and Chief Executive Officer
(Principal Executive Officer)

302 CERTIFICATION

I, Andy Cheung, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commercial Vehicle Group, Inc. and Subsidiaries;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers 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 we 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - 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.

November 2, 2022

/s/ Andy Cheung

Chung Kin Cheung ("Andy Cheung")

Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Commercial Vehicle Group, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harold C. Bevis, President and Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

November 2, 2022

/s/ Harold C. Bevis

Harold C. Bevis
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Commercial Vehicle Group, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andy Cheung, Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

November 2, 2022

/s/ Andy Cheung

Chung Kin Cheung ("Andy Cheung")
Chief Financial Officer
(Principal Financial Officer)