

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2025

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: 0-21810

**GENTHERM INCORPORATED**

(Exact name of registrant as specified in its charter)

**Michigan**

(State or other jurisdiction of  
incorporation or organization)

**28875 Cabot Drive, Novi, MI**

(Address of principal executive offices)

**95-4318554**

(I.R.S. Employer  
Identification No.)

**48377**

(Zip Code)

Registrant's telephone number, including area code: (248) 504-0500

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, no par value	THRM	Nasdaq

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 checked="" type="checkbox"/>	Accelerated filer	<input 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

At April 18, 2025, there were 30,859,785 issued and outstanding shares of Common Stock of the registrant.

# GENTHERM INCORPORATED

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

**GENTHERM INCORPORATED**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
(In thousands, except share data)  
(Unaudited)

	March 31, 2025	December 31, 2024
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 163,142	\$ 134,134
Accounts receivable, net	284,241	258,112
Inventory:		
Raw materials	143,275	137,511
Work in process	21,455	19,059
Finished goods	71,258	70,786
Inventory, net	235,988	227,356
Other current assets	80,673	64,413
Total current assets	764,044	684,015
Property and equipment, net	253,169	252,970
Goodwill	102,431	99,603
Other intangible assets, net	56,288	57,251
Operating lease right-of-use assets	57,550	43,954
Deferred income tax assets	75,867	75,041
Other non-current assets	34,897	34,722
Total assets	\$ 1,344,246	\$ 1,247,556
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 243,224	\$ 226,815
Current lease liabilities	9,535	7,517
Current maturities of long-term debt	138	137
Other current liabilities	100,333	105,824
Total current liabilities	353,230	340,293
Long-term debt, less current maturities	262,034	220,064
Non-current lease liabilities	50,795	37,052
Pension benefit obligation	3,745	4,017
Other non-current liabilities	27,914	29,183
Total liabilities	\$ 697,718	\$ 630,609
Shareholders' equity:		
Common Stock:		
No par value; 55,000,000 shares authorized 30,859,119 and 30,788,639 issued and outstanding at March 31, 2025 and December 31, 2024, respectively	3,446	2,049
Paid-in capital	4,290	4,290
Accumulated other comprehensive loss	(56,881)	(85,193)
Accumulated earnings	695,673	695,801
Total shareholders' equity	646,528	616,947
Total liabilities and shareholders' equity	\$ 1,344,246	\$ 1,247,556

See accompanying notes to the consolidated condensed financial statements.

**GENTHERM INCORPORATED**  
**CONSOLIDATED CONDENSED STATEMENTS OF (LOSS) INCOME**  
**(In thousands, except per share data)**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Product revenues	\$ 353,854	\$ 356,015
Cost of sales	267,389	267,262
Gross margin	86,465	88,753
Operating expenses:		
Net research and development expenses	24,216	22,745
Selling, general and administrative expenses	38,478	40,721
Restructuring expenses, net	4,514	7,238
Loss on sale of land and building, net	2,196	—
Total operating expenses	69,404	70,704
Operating income	17,061	18,049
Interest expense, net	(3,555)	(3,244)
Foreign currency (loss) gain	(10,298)	2,549
Other (loss) income	(1,124)	973
Earnings before income tax	2,084	18,327
Income tax expense	2,212	3,542
Net (loss) income	\$ (128)	\$ 14,785
Basic (loss) earnings per share	\$ (0.00)	\$ 0.47
Diluted (loss) earnings per share	\$ (0.00)	\$ 0.47
Weighted average number of shares – basic	30,779	31,544
Weighted average number of shares – diluted	30,779	31,691

See accompanying notes to the consolidated condensed financial statements.

**GENTHERM INCORPORATED**  
**CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(In thousands)**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Net (loss) income	\$ (128)	\$ 14,785
Other comprehensive income (loss):		
Pension benefit obligations	13	14
Foreign currency translation adjustments	25,428	(14,382)
Unrealized gain (loss) on foreign currency derivative securities, net of tax	2,871	(667)
Other comprehensive income (loss), net of tax	28,312	(15,035)
Comprehensive income (loss)	<u>\$ 28,184</u>	<u>\$ (250)</u>

See accompanying notes to the consolidated condensed financial statements.

**GENTHERM INCORPORATED**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Operating Activities:</b>		
Net (loss) income	\$ (128)	\$ 14,785
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	12,931	13,818
Deferred income taxes	(2,769)	(184)
Stock based compensation	2,621	3,789
Loss on disposition of property and equipment	2,338	69
Provisions for inventory	1,427	296
Other	1,082	(842)
Changes in assets and liabilities:		
Accounts receivable, net	(22,597)	(14,856)
Inventory	(6,141)	(16,648)
Other assets	(27,312)	(29,226)
Accounts payable	14,336	12,337
Other liabilities	10,868	6,340
Net cash used in operating activities	(13,344)	(10,322)
<b>Investing Activities:</b>		
Purchases of property and equipment	(14,871)	(11,320)
Proceeds from the sale of property and equipment	3,743	22
Proceeds from deferred purchase price of factored receivables	744	2,732
Cost of technology investments	(150)	(265)
Net cash used in investing activities	(10,534)	(8,831)
<b>Financing Activities:</b>		
Borrowings on debt	52,000	10,000
Repayments of debt	(10,037)	(10,324)
Proceeds from the exercise of Common Stock options	—	812
Taxes withheld and paid on employees' stock based compensation	(1,224)	(2,022)
Net cash provided by (used in) financing activities	40,739	(1,534)
Foreign currency effect	12,147	(3,879)
Net increase (decrease) in cash and cash equivalents	29,008	(24,566)
Cash and cash equivalents at beginning of period	134,134	149,673
Cash and cash equivalents at end of period	\$ 163,142	\$ 125,107
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for taxes	\$ 5,152	\$ 4,900
Cash paid for interest	3,128	3,310
<b>Non-Cash Investing Activities:</b>		
Period-end balance of accounts payable for property and equipment	\$ 3,871	\$ 8,643
Deferred purchase price of receivables factored in the period	—	4,447

See accompanying notes to the consolidated condensed financial statements.

**GENTHERM INCORPORATED**  
**CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(In thousands)  
(Unaudited)

	Common Stock		Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Earnings	Total
	Shares	Amount				
Balance at December 31, 2024	30,789	\$ 2,049	\$ 4,290	\$ (85,193)	\$ 695,801	\$ 616,947
Net loss	—	—	—	—	(128)	(128)
Other comprehensive income	—	—	—	28,312	—	28,312
Stock based compensation, net	70	1,397	—	—	—	1,397
Balance at March 31, 2025	<u>30,859</u>	<u>\$ 3,446</u>	<u>\$ 4,290</u>	<u>\$ (56,881)</u>	<u>\$ 695,673</u>	<u>\$ 646,528</u>

	Common Stock		Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Earnings	Total
	Shares	Amount				
Balance at December 31, 2023	31,542	\$ 50,503	\$ —	\$ (30,160)	\$ 624,379	\$ 644,722
Net income	—	—	—	—	14,785	14,785
Other comprehensive loss	—	—	—	(15,035)	—	(15,035)
Stock based compensation, net	87	2,766	—	—	(179)	2,587
Balance at March 31, 2024	<u>31,629</u>	<u>\$ 53,269</u>	<u>\$ —</u>	<u>\$ (45,195)</u>	<u>\$ 638,985</u>	<u>\$ 647,059</u>

See accompanying notes to the consolidated condensed financial statements.

## **Note 1 – Overview**

Gentherm Incorporated, a Michigan corporation, and its consolidated subsidiaries (“Gentherm”, “we”, “us”, “our” or the “Company”) is a global market leader of innovative thermal management and pneumatic comfort technologies. Our automotive products include variable temperature Climate Control Seats (CCS®), Climate Control Interiors (CCI™), Lumbar and Massage Comfort Solutions, Valve Systems, and electronic solutions for climate and comfort technologies. Our automotive products can be found on light vehicles manufactured by nearly all the major original equipment manufacturers (“OEMs”) operating in North America and Europe, and several major OEMs in Asia. We operate in locations aligned with our major customers’ product strategies to provide locally enhanced design, integration and production capabilities. Our medical products include patient temperature management systems that can be found in hospitals throughout the world, primarily in the U.S., China, Germany and Brazil. The Company is also developing a number of new technologies and products that will help enable improvements to existing products, improve health, wellness and patient outcomes and will lead to new product applications for existing and new and adjacent markets.

### *Basis of Presentation and Significant Accounting Policies*

The unaudited consolidated condensed financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to those rules and regulations. The information furnished in the consolidated condensed financial statements include all adjustments (consisting of only normal, recurring adjustments) considered necessary to present fairly the results of operations, financial position and cash flows of the Company. These financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2024. The operating results for interim periods are not necessarily indicative of results that may be expected for other interim periods or for the full year.

In preparing these financial statements, management was required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates and assumptions are based on our historical experience, the terms of existing contracts, our evaluation of trends in the industry, information provided by our customers and suppliers and information available from other third-party sources, as appropriate. These estimates and assumptions are subject to an inherent degree of uncertainty. We are not presently aware of any events or circumstances that would require us to update such estimates and assumptions or revise the carrying value of our assets or liabilities. Our estimates may change, however, as new events occur and additional information is obtained. As a result, actual results may differ significantly from our estimates, and any such differences may be material to our financial statements.

All amounts in these notes to the consolidated condensed financial statements are presented in thousands, except share and per share data.

### *Principles of Consolidation*

The consolidated condensed financial statements include the accounts of the Company, its wholly owned subsidiaries and those entities in which it has a controlling financial interest. The Company evaluates its relationship with other entities for consolidation and to identify whether such entities are variable interest entities and to assess whether the Company is the primary beneficiary of such entities. Investments in affiliates in which Gentherm does not have control but does have the ability to exercise significant influence over operating and financial policies are accounted for under the equity method. When Gentherm does not have the ability to exercise significant influence (generally when ownership interest is less than 20%), investments in affiliates are measured at cost, less impairments, adjusted for observable price changes in orderly transactions for identical or similar investments of the same issuer.

### *Revenue Recognition - payments to customers*

From time to time, the Company provides cash incentives to customers in exchange for new business awards. The Company evaluates the underlying economics of each amount of consideration payable to a customer to determine the proper accounting by understanding the reasons for the payment, the rights and obligations resulting from the payment, the nature of the promises in the contract, and other relevant facts and circumstances. When the Company concludes that the payment is incurred only if the new

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business is obtained and the Company expects to recover the amounts from the customer over the term of the new business arrangement, the Company recognizes these payments as an asset. The Company amortizes the asset as a reduction of revenue as products related to the payment are transferred to the customer, based on the total amount of products expected to be sold over the term of the arrangement (generally 5 to 10 years following start of production). The Company evaluates the amounts capitalized each reporting period for recoverability and recognizes a reduction of revenue for any amounts that are no longer expected to be recovered over the term of the business arrangement. Payments to customers that are not capitalized are recognized as a reduction to revenue at the time of the commitment to make such payments.

As of March 31, 2025 and December 31, 2024, total capitalized payments to customers were \$14,501 and \$14,276, respectively. During the three months ended March 31, 2025 and 2024, the Company recognized \$836 and \$73 as reductions of revenue due to amortization and write-off of previously capitalized payments.

The Company has no other material contract assets or contract liabilities as of March 31, 2025.

### *Gain (Loss) on Sale of Land and Building*

In connection with our move to a new global headquarters location, we completed the sale of our former headquarters building in Northville, Michigan in January 2025. The sale resulted in cash proceeds of \$3,740 and a loss on sale of \$2,311. In addition, we recognized a gain of \$115 for the sale of land in Asia.

## **Note 2 – Recently Issued Accounting Pronouncements**

### *Income Taxes*

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". ASU 2023-09 enhances income tax disclosures to further disaggregate the effective tax rate reconciliation and income taxes paid. Prospective adoption is required, however, retrospective application is permitted. This update is effective for fiscal years beginning after December 15, 2024. ASU 2023-09 is expected to impact our income tax disclosures beginning with the consolidated financial statements included in the annual report on Form 10-K for the fiscal year ending December 31, 2025, but will have no impact on our results of operations, cash flow, or financial condition.

### *Disaggregation of Income Statement Expenses*

In November 2024, the FASB issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)". ASU 2024-03 enhances disclosures around certain costs and expenses. Retrospective adoption is required for all periods presented in the financial statements and early adoption is permitted. This update is effective for annual reporting periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. We are currently in the process of determining the impact the implementation of ASU 2024-03 will have on the Company's financial statement disclosures.

## **Note 3 – Restructuring**

The Company continuously monitors market developments, industry trends and changing customer needs and in response, has taken and may continue to undertake restructuring actions, as necessary, to execute management's strategy, streamline operations and optimize the Company's cost structure. Restructuring actions may include the realignment of existing manufacturing footprint, facility closures, or similar actions, either in the normal course of business or pursuant to significant restructuring programs.

These actions may result in employees receiving voluntary or involuntary employee termination benefits, which are mainly statutory requirements or other contractual agreements. Voluntary termination benefits are accrued when an employee accepts the related offer. Involuntary termination benefits are accrued upon the commitment to a termination plan and when the benefit arrangement is communicated to affected employees, or when liabilities are determined to be probable and estimable, depending on the existence of a substantive plan for severance or termination.

[Table of Contents](#)*2025 EMEA Plan*

In February 2025, the Company committed to a restructuring plan to further optimize the Company's manufacturing footprint by realigning its manufacturing capacity in Europe ("2025 EMEA Plan"). As a result, the Company will close its facility in Plzeň, Czech Republic and relocate the manufacturing activities into other existing facilities within the region.

The Company expects to incur cash restructuring costs of between \$4,000 and \$6,000 for employee severance and retention costs and between \$2,000 and \$3,000 of other transition costs primarily for machinery and equipment move and set up costs. Additionally, we expect to incur capital expenditures of between \$1,000 and \$2,000. The actions under the 2025 EMEA Plan are expected to be substantially completed by the end of 2027.

During the three months ended March 31, 2025, the Company recognized restructuring expense of \$2,406 for employee separation costs and \$40 for other costs.

*2025 Asia Plan*

In February 2025, the Company committed to an additional restructuring plan to further optimize the Company's manufacturing footprint by realigning its manufacturing capacity in Asia ("2025 Asia Plan"). As a result, the Company will relocate certain manufacturing activities from its facility in Shanghai, China to its new facility in Tianjin, China.

The Company expects to incur cash restructuring costs of between \$2,000 and \$3,000 for employee severance and retention costs and \$1,000 of other transition costs primarily for machinery and equipment move and set up costs. Additionally, we expect to incur capital expenditures of between \$2,000 and \$3,000. The actions under the 2025 Asia Plan are expected to be substantially completed in the first half of 2026.

During the three months ended March 31, 2025, the Company recognized restructuring expense of \$1,459 for employee separation costs and \$28 for other costs.

*Other Restructuring Actions*

The Company has undertaken several discrete restructuring actions in an effort to optimize its cost structure.

During the three months ended March 31, 2025 and 2024, the Company recognized \$521 and \$4,219, respectively, for employee separation costs related to structural cost reductions impacting the Company's global salaried workforce.

During the three months ended March 31, 2025 and 2024, the Company recognized \$(156) and \$2,552, respectively, for employee separation costs and \$216 and \$467 for other costs, primarily related to the relocation of certain manufacturing to best cost locations.

*Restructuring Expenses, Net By Reporting Segment*

The following table summarizes restructuring expenses, net for the three months ended March 31, 2025 and 2024 by reporting segment:

	Three Months Ended March 31,	
	2025	2024
Automotive	\$ 4,514	\$ 7,114
Medical	—	20
Corporate	—	104
Total	<u>\$ 4,514</u>	<u>\$ 7,238</u>

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*Restructuring Liability*

Restructuring liabilities are classified as other current liabilities in the consolidated condensed balance sheets. The following table summarizes restructuring liability for the three months ended March 31, 2025:

	Employee Separation Costs	Other Related Costs, Net	Total
Balance at December 31, 2024	\$ 3,288	\$ —	\$ 3,288
Additions, charged to restructuring expenses, net	4,412	284	4,696
Cash payments	(2,123)	(284)	(2,407)
Change in estimate	(182)	—	(182)
Currency translation	100	—	100
Balance at March 31, 2025	<u>\$ 5,495</u>	<u>\$ —</u>	<u>\$ 5,495</u>

**Note 4 – Details of Certain Balance Sheet Components**

	March 31, 2025	December 31, 2024
<b>Other current assets:</b>		
Income tax and other tax receivable	\$ 22,475	\$ 20,611
Billable tooling	21,611	19,740
Notes receivable	17,922	11,190
Prepaid expenses	12,400	6,305
Short-term derivative financial instruments	1,308	719
Receivables due from factor	—	1,111
Other	4,957	4,737
Total other current assets	<u>\$ 80,673</u>	<u>\$ 64,413</u>
<b>Other current liabilities:</b>		
Accrued employee liabilities	\$ 30,345	\$ 42,277
Income tax and other taxes payable	29,777	26,385
Liabilities from discounts and rebates	21,833	20,501
Restructuring	5,495	3,288
Accrued warranty	3,720	3,507
Short-term derivative financial instruments	279	2,037
Other	8,884	7,829
Total other current liabilities	<u>\$ 100,333</u>	<u>\$ 105,824</u>

**Note 5 – Goodwill and Other Intangibles**

*Goodwill*

Changes in the carrying amount of goodwill, by reportable segment, for the three months ended March 31, 2025 was as follows:

	Automotive	Medical	Total
Balance as of December 31, 2024	\$ 72,754	\$ 26,849	\$ 99,603
Currency translation	2,554	274	2,828
Balance as of March 31, 2025	<u>\$ 75,308</u>	<u>\$ 27,123</u>	<u>\$ 102,431</u>

The accumulated impairment losses of goodwill for Automotive and Medical was \$0 and \$19,509, respectively as of March 31, 2025.

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*Other Intangible Assets*

Other intangible assets and accumulated amortization balances as of March 31, 2025 and December 31, 2024 were as follows:

	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment	Net Carrying Value
<b>Definite-lived:</b>				
Customer relationships	\$ 113,107	\$ (71,993)	\$ (5,477)	\$ 35,637
Technology	44,989	(31,721)	(24)	13,244
Product development costs	18,937	(18,768)	—	169
Software development	1,007	(252)	—	755
<b>Indefinite-lived:</b>				
Tradenames	7,013	—	(530)	6,483
Balance as of March 31, 2025	<u>\$ 185,053</u>	<u>\$ (122,734)</u>	<u>\$ (6,031)</u>	<u>\$ 56,288</u>
	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment	Net Carrying Value
<b>Definite-lived:</b>				
Customer relationships	\$ 109,608	\$ (67,787)	\$ (5,477)	\$ 36,344
Technology	43,458	(29,976)	(24)	13,458
Product development costs	18,019	(17,849)	—	170
Software development	1,007	(201)	—	806
<b>Indefinite-lived:</b>				
Tradenames	7,003	—	(530)	6,473
Balance as of December 31, 2024	<u>\$ 179,095</u>	<u>\$ (115,813)</u>	<u>\$ (6,031)</u>	<u>\$ 57,251</u>

In addition to annual impairment testing of goodwill and indefinite-lived intangibles, which is performed in the fourth quarter of each fiscal year, the Company continuously monitors for events and circumstances that could negatively impact the key assumptions used in determining fair value and therefore would require interim impairment testing, including long-term revenue growth projections, profitability, discount rates, recent market valuations from transactions by comparable companies, volatility in the Company's market capitalization, and general industry, market and macroeconomic conditions. During the three months ended March 31, 2024, we recorded a non-cash impairment charge of \$530 for one of our tradenames within the Medical segment. There was no impairment recorded during the three months ended March 31, 2025.

**Note 6 – Debt**

The following table summarizes the Company's debt as of March 31, 2025 and December 31, 2024:

	March 31, 2025		December 31, 2024	
	Interest Rate	Principal Balance	Interest Rate	Principal Balance
<b>Credit Agreement:</b>				
Revolving Credit Facility (U.S. Dollar denominations)	5.80%	\$ 262,000	5.86%	\$ 220,000
Finance leases	3.42%	172	3.46%	201
Total debt		262,172		220,201
Current maturities		(138)		(137)
Long-term debt, less current maturities		<u>\$ 262,034</u>		<u>\$ 220,064</u>

*Credit Agreement*

On June 10, 2022, the Company entered into a Second Amended and Restated Credit Agreement (the "Second Amended and Restated Credit Agreement") with a consortium of lenders and Bank of America, N.A., as administrative agent (the "Agent"). The amendment, among other things, extended the maturity date to June 10, 2027.

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The Second Amended and Restated Credit Agreement provides for a \$500,000 secured revolving credit facility (the “Revolving Credit Facility”), with a \$50,000 sublimit for swing line loans and a \$15,000 sublimit for the issuance of standby letters of credit. Any amount of the facility utilized for swing line loans or letters of credit outstanding will reduce the amount available under the Second Amended and Restated Credit Agreement. Subject to specified conditions, Gentherm can increase the Revolving Credit Facility or incur secured term loans in an aggregate amount of up to \$200,000. The Second Amended and Restated Credit Agreement matures on June 10, 2027.

Under the Second Amended and Restated Credit Agreement, all obligations are unconditionally guaranteed by certain of the Company’s subsidiaries and a security interest is granted in substantially all of the personal property of the Company and its U.S. subsidiaries designated as borrowers, including the stock and membership interests of specified subsidiaries. The Second Amended and Restated Credit Agreement contains covenants, that, among other things, (i) prohibit or limit the ability to incur additional indebtedness, create liens, pay dividends, make certain types of investments (including acquisitions), enter into certain types of transactions with affiliates, prepay other indebtedness, sell assets or enter into certain other transactions outside the ordinary course of business, and (ii) require that Gentherm maintain a minimum Consolidated Interest Coverage Ratio and a maximum Consolidated Net Leverage Ratio (based on consolidated EBITDA for the applicable trailing four fiscal quarters) as of the end of any fiscal quarter. The Second Amended and Restated Credit Agreement also contains customary events of default. As of March 31, 2025, the Company was in compliance, in all material respects, with the terms of the Second Amended and Restated Credit Agreement.

Under the Second Amended and Restated Credit Agreement, U.S. Dollar denominated loans bear interest at either a base rate (“Base Rate Loans”) or Term SOFR rate (“Term SOFR Rate Loans”), plus a margin (“Applicable Rate”). The rate for Base Rate Loans is equal to the highest of the Federal Funds Rate plus 0.50%, Bank of America’s prime rate, or the Term SOFR rate plus 1.00%. The rate for Term SOFR Rate Loans denominated in U.S. Dollars is equal to the forward-looking Secured Overnight Financing Rate (“SOFR”) term rate administered by the Chicago Mercantile Exchange with a term of one month. All loans denominated in a currency other than the U.S. Dollar must be Term SOFR Rate Loans. Interest is payable at least quarterly. Additionally, a commitment fee of between 0.175% to 0.300% is payable on the average daily unused amounts under the Revolving Credit Facility.

The Applicable Rate varies based on the Consolidated Net Leverage Ratio reported by the Company. As long as the Company is not in default of the terms and conditions of the Second Amended and Restated Credit Agreement, the lowest and highest possible Applicable Rate is 1.125% and 2.125%, respectively, for Term SOFR Rate Loans and 0.125% and 1.125%, respectively, for Base Rate Loans.

Borrowing availability is subject to, among other things, the Company’s compliance with the minimum Consolidated Interest Coverage Ratio and the maximum Consolidated Net Leverage Ratio as of the end of any fiscal quarter. Based upon consolidated EBITDA for the trailing four fiscal quarters calculated for purposes of the Consolidated Net Leverage Ratio, \$235,224 remained available as of March 31, 2025 for additional borrowings under the Second Amended and Restated Credit Agreement subject to specified conditions that Gentherm currently satisfies.

In connection with the Second Amended and Restated Credit Agreement, the Company incurred debt issuance costs of \$1,520, which have been capitalized and are being amortized into interest expense, net over the term of the Revolving Credit Facility.

The Company had \$2,776 and \$2,838 of outstanding letters of credit issued as of March 31, 2025 and December 31, 2024, respectively.

The scheduled principal maturities of our debt as of March 31, 2025 were as follows:

	U.S. Revolving Note	Other Debt	Total
2025	\$ —	\$ 105	\$ 105
2026	—	67	67
2027	262,000	—	262,000
Total	<u>\$ 262,000</u>	<u>\$ 172</u>	<u>\$ 262,172</u>

## **Note 7 – Commitments and Contingencies**

### *Legal and Other Contingencies*

The Company is subject to various legal actions and claims in the ordinary course of its business, which may include those arising out of breach of contracts, intellectual property rights, environmental matters, regulatory matters and employment-related matters. The Company establishes accruals for matters which it believes that losses are probable and can be reasonably estimated. Although it is not possible to predict with certainty the outcome of these matters, the Company is of the opinion that the ultimate resolution of these matters outstanding as of March 31, 2025 will not have a material adverse effect on its results of operations or financial position. Product liability and warranty reserves are recorded separately from legal reserves.

### *Product Liability and Warranty Matters*

Our products subject us to warranty claims and, from time to time product liability claims, based on the Company's products alleged failure to perform as expected or resulting in alleged bodily injury or property damage. If any of our products are or are alleged to be defective, we may be required to participate in a recall or other corrective action involving such products. The Company maintains warranty and product liability insurance coverage at levels based on commercial norms and historical claims experience. The Company can provide no assurances that it will not experience material warranty or product liability claims or liabilities in the future or that it will not incur significant costs to defend such claims.

The Company accrues warranty obligations for products sold based on management estimates of future failure rates and current claim cost experience, with support from the sales, engineering, quality and legal functions. Using historical information available to the Company, including any claims filed by customers, the warranty accrual is adjusted quarterly to reflect management's estimate of future claims.

In February 2024, the National Highway Traffic Safety Administration ("NHTSA") announced that Volkswagen Group of America, Inc. ("VW") is recalling 261,257 vehicles from model years 2015-2020 to remedy an alleged problem with a suction jet pump seal inside the fuel tank system. The suction jet pump is a product originally designed and manufactured by Alfmeier, the business Gentherm acquired in August 2022. No litigation has been threatened or filed as of the date of this report and the Company has not accepted any financial responsibility for the recall. The Company has provided replacement parts for the recall at commercial pricing paid by VW. If the Company is obligated to indemnify VW for the direct and indirect costs associated with the recall, such costs could be material. The Company has insurance policies that generally include coverage of the costs of a recall, subject to insured limits, although the Company's costs related to manufacturing of replacement parts are generally not covered. In addition, the Company's purchase agreement of Alfmeier included indemnification provisions under which the Company believes it would have a claim against the sellers. Given the uncertainty that exists concerning the resolution of this matter, as of the date of this report, the Company cannot reasonably estimate the amount and timing of possible costs that may be incurred by the Company.

In April 2025, NHTSA announced that VW and Porsche Cars North America, Inc. ("Porsche") are each recalling vehicles from model years 2022-2023 to remedy a problem with their passenger occupant detection system that is alleged to be affected by the crimp connection of the seat cushion heating mat, which is produced by Gentherm. Total vehicles included in these recall campaigns are 13,508. No litigation has been threatened or filed as of the date of this report and the Company has not accepted any financial responsibility for the recalls. If the Company is obligated to indemnify VW and Porsche for the direct and indirect costs associated with the recall, such costs could be material. Insurance policies, noted above, are expected to apply. Given the uncertainty that exists concerning the resolution of this matter, as of the date of this report, the Company cannot reasonably estimate the amount and timing of possible costs that may be incurred by the Company.

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The following is a reconciliation of the changes in accrued warranty costs:

	Three Months Ended March 31,	
	2025	2024
Balance at the beginning of the period	\$ 3,507	\$ 3,945
Warranty claims paid	(1,511)	(747)
Warranty expense for products shipped during the current period	1,762	806
Adjustments to warranty estimates from prior periods	(81)	1,123
Adjustments due to currency translation	43	(59)
Balance at the end of the period	\$ 3,720	\$ 5,068

**Note 8 – Supplier Finance Program**

The Company is party to a supplier finance program with a third-party service provider (“Service Provider”), pursuant to which the Company has offered the opportunity to participate to certain of the Company's suppliers. The Company has no economic interest in a supplier's participation and the Company has not pledged any assets to the Service Provider under this program.

Under this program, the Company and supplier initially agree on the contractual payment terms for the goods to be procured for the Company in the ordinary course. A supplier's participation in this program is voluntary and does not impact its contractual payment terms with the Company, including the payment amount and timing of when payments are due. A participating supplier has the sole discretion to determine whether to discount one or more invoices, if any, to the Service Provider in exchange for payment by the Service Provider on an earlier date than provided for in the contract with the Company. Amounts due to participating suppliers are included in accounts payable in the consolidated condensed balance sheets until the Company makes payment to the Service Provider, even though the payment of such amount will be made to the supplier at an earlier date by the Service Provider. As of March 31, 2025, the Company had supplier obligations that had been confirmed under these arrangements of \$22,919. Payments of the Company's obligations to the Service Provider are reported as operating cash flows in the consolidated condensed statements of cash flows.

**Note 9 – Earnings Per Share**

Basic earnings per share are computed by dividing net (loss) income by the weighted average number of shares of the Company's Common Stock, no par value (“Common Stock”), outstanding during the period. The Company's diluted earnings per share give effect to all potential shares of Common Stock outstanding during a period that do not have an anti-dilutive impact to the calculation. In computing the diluted earnings per share, the treasury stock method is used in determining the number of shares assumed to be issued from the exercise of Common Stock equivalents.

The following table illustrates earnings per share and the weighted average shares outstanding used in calculating basic and diluted earnings per share:

	Three Months Ended March 31,	
	2025	2024
Net (loss) income	\$ (128)	\$ 14,785
Basic weighted average shares of Common Stock outstanding	30,778,752	31,543,784
Dilutive effect of restricted stock, restricted stock units and performance stock units	—	147,547
Diluted weighted average shares of Common Stock outstanding	30,778,752	31,691,331
Basic (loss) earnings per share	\$ (0.00)	\$ 0.47
Diluted (loss) earnings per share	\$ (0.00)	\$ 0.47

Securities excluded from the calculation of diluted loss per share were approximately 98,885 for the three months ended March 31, 2025, because the inclusion of such securities in the calculation would have been anti-dilutive. There were no anti-dilutive securities for the three months ended March 31, 2024.

**Note 10 – Financial Instruments**

*Derivative Financial Instruments*

The Company is exposed to various market risks including, but not limited to, changes in foreign currency exchange rates, changes in interest rates and price fluctuations of certain material commodities such as copper. Market risks for changes in interest rates relate primarily to its debt obligations under the Second Amended and Restated Credit Agreement. Foreign currency exchange risks are attributable to sales to foreign customers and purchases from foreign suppliers not denominated in a location’s functional currency, foreign plant operations, intercompany indebtedness, intercompany investments and include exposures to the Euro, Mexican Peso, Canadian Dollar, Hungarian Forint, North Macedonian Denar, Ukrainian Hryvnia, Japanese Yen, Chinese Renminbi, Korean Won, Czech Koruna, Vietnamese Dong, British Pound, and Moroccan Dirham.

The Company regularly enters into derivative contracts with the objective of managing its financial and operational exposure arising from these risks by offsetting gains and losses on the underlying exposures with gains and losses on the financial instruments used to hedge them. The decision of whether and when to execute derivative financial instruments, along with the duration of the instrument, may vary from period to period depending on market conditions, the relative costs of the instruments and capacity to hedge. The duration is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. The Company does not enter into derivative financial instruments for speculative or trading purposes. Some derivative contracts do not qualify for hedge accounting; for other derivative contracts, we elect to not apply hedge accounting.

The Company’s designated hedging relationships are formally documented at the inception of the hedge, and hedges must be highly effective in offsetting changes to future cash flows on hedged transactions both at the inception of a hedge and on an ongoing basis to be designated for hedge accounting treatment. For derivative contracts which can be classified as a cash flow hedge, the effective portion of the change in the fair value of the derivative is recorded to accumulated other comprehensive loss in the consolidated condensed balance sheets. When the underlying hedge transaction is realized, the gain or loss included in accumulated other comprehensive loss is recorded in the consolidated condensed statements of (loss) income on the same line as the related hedged risk. The Company records the ineffective portion of designated foreign currency instruments, if any, in the consolidated condensed statements of (loss) income on the same line as the related hedged risk. Cash flows associated with derivatives are reported in net cash from operating activities in the consolidated condensed statements of cash flows.

The Company uses an income approach to value derivative instruments, analyzing quoted market prices to calculate the forward values and then discounting such forward values to the present value using benchmark rates at commonly quoted intervals for the instrument’s full term.

The Company is party to a floating-to-fixed interest rate swap agreement that is an undesignated hedge of the Company’s exposure to interest payment fluctuations on a portion of the Revolving Credit Facility borrowings. The periodic changes in fair value are recognized in interest expense, net.

Information related to the recurring fair value measurement of derivative instruments in the consolidated condensed balance sheet as of March 31, 2025 is as follows:

	Fair Value Hierarchy	Notional Amount	Asset Derivatives		Liability Derivatives		Net Assets/ (Liabilities)
			Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	
<b>Derivatives Designated as Cash Flow Hedges</b>							
Foreign currency derivatives	Level 2	\$ 104,009	Other current assets	\$ 895	Other current liabilities	\$ 279	\$ 616
<b>Derivatives Not Designated as Hedging Instruments</b>							
Interest rate contracts	Level 2	\$ 100,000	Other current assets	\$ 417	Other current liabilities	\$ —	\$ 417

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Information related to the recurring fair value measurement of derivative instruments in the consolidated condensed balance sheet as of December 31, 2024 is as follows:

	Fair Value Hierarchy	Notional Amount	Asset Derivatives		Liability Derivatives		Net Assets/ (Liabilities)
			Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	
<b>Derivatives Designated as Cash Flow Hedges</b>							
Foreign currency derivatives	Level 2	\$ 126,496	Other current assets	\$ —	Other current liabilities	\$ 2,037	\$ (2,037)
<b>Derivatives Not Designated as Hedging Instruments</b>							
Interest rate contracts	Level 2	\$ 100,000	Other current assets	\$ 719	Other current liabilities	\$ —	\$ 719

Information relating to the effect of derivative instruments on the consolidated condensed statements of (loss) income and the consolidated condensed statements of comprehensive income (loss) is as follows:

	Location (Income/(Loss))	Three Months Ended March 31,	
		2025	2024
<b>Derivatives Designated as Cash Flow Hedges</b>			
Foreign currency derivatives	Cost of sales – (loss) income	\$ (1,047)	\$ 3,376
	Other comprehensive income (loss)	3,627	(853)
Total foreign currency derivatives		\$ 2,580	\$ 2,523
<b>Derivatives Not Designated as Hedging Instruments</b>			
Interest rate contracts	Interest (expense) income, net	\$ (302)	\$ 304
Total interest rate derivatives		\$ (302)	\$ 304

The Company did not incur any hedge ineffectiveness during the three months ended March 31, 2025 and 2024.

*Accounts Receivable Factoring*

The Company previously sold certain customer trade receivables on a non-recourse basis under factoring arrangements with designated financial institutions. The sale of receivables under these agreements was considered an off-balance sheet arrangement to the Company and was accounted for as a true sale and excluded from accounts receivable in the consolidated condensed balance sheets. These factoring arrangements included a deferred purchase price component in which a portion of the purchase price for the receivable was paid by the financial institution in cash upon sale and the remaining portion was recorded as a deferred purchase price receivable and paid at a later date. Deferred purchase price receivables are recorded in other current assets within the consolidated condensed balance sheets. Cash proceeds received upon the sale of the receivables are included in net cash from operating activities and the cash proceeds received on the deferred purchase price receivables are included in net cash from investing activities. During the year ended December 31, 2024, the factoring agreements the Company was party to either expired or were terminated.

Receivables factored under receivables factoring agreements balances as of December 31, 2024 were as follows:

	December 31, 2024
Receivables factored and outstanding	\$ 755

Trade receivables sold and factoring fees incurred during the three months ended March 31, 2024 were as follows:

	Three Months Ended March 31, 2024
Trade receivables sold	\$ 30,102
Factoring fees incurred	179

## **Note 11 – Fair Value Measurements**

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurements are based on one or more of the following three valuation techniques:

*Market:* This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

*Income:* This approach uses valuation techniques to convert future amounts to a single present value amount based on current market expectations.

*Cost:* This approach is based on the amount that would be required to replace the service capacity of an asset (replacement cost).

The Company uses the following fair value hierarchy to measure fair value into three broad levels, which are described below:

*Level 1:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

*Level 2:* Inputs, other than quoted market prices included in Level 1, that are observable either directly or indirectly for the asset or liability.

*Level 3:* Unobservable inputs that are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

### *Items Measured at Fair Value on a Recurring Basis*

Except for derivative instruments (see Note 10) and pension plan assets, the Company had no material financial assets and liabilities that were carried at fair value at March 31, 2025 and December 31, 2024. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and also considers counterparty credit risk in its assessment of fair value.

### *Items Measured at Fair Value on a Nonrecurring Basis*

The Company measures certain assets and liabilities at fair value on a non-recurring basis. As these nonrecurring fair value measurements are generally determined using unobservable inputs, these fair value measurements are classified within Level 3 of the fair value hierarchy. During the first quarter of 2025, there was a decrease in the fair value of an equity investment of \$1,294 due to observable transactions, which was recorded in other (loss) income. As of March 31, 2025, and December 31, 2024, there were no other significant assets or liabilities measured at fair value on a non-recurring basis.

### *Items Not Carried at Fair Value*

The Company uses an income valuation technique to measure the fair values of its debt instruments by converting amounts of future cash flows to a single present value amount using rates based on current market expectations (Level 2 inputs). As of March 31, 2025, and December 31, 2024, the carrying values of the indebtedness under the Company's Second Amended and Restated Credit Agreement were not materially different than the estimated fair values because the interest rates on variable rate debt approximated rates currently available to the Company (see Note 6).

## **Note 12 – Equity**

In June 2024, the Board of Directors authorized a stock repurchase program (the "2024 Stock Repurchase Program") to commence upon expiration of the Company's prior stock repurchase program on June 30, 2024. Under the 2024 Stock Repurchase Program, the Company is authorized to repurchase up to \$150,000 of its issued and outstanding Common Stock over a three-year period, expiring June 30, 2027. Repurchases may be made, from time to time, in amounts and at prices the Company deems appropriate, subject to market conditions, applicable legal requirements, debt covenants and other considerations.

During the three months ended March 31, 2025 and 2024, the Company did not make any share repurchases. As of March 31, 2025, the 2024 Stock Repurchase Program had \$120,117 of share repurchase authorization remaining.

**Note 13 – Reclassifications Out of Accumulated Other Comprehensive Income (Loss)**

Reclassification adjustments and other activities impacting accumulated other comprehensive loss during the three months ended March 31, 2025 and 2024 were as follows:

	Defined Benefit Pension Plans	Foreign Currency Translation Adjustments	Foreign Currency Hedge Derivatives	Total
Balance at December 31, 2024	\$ (1,851)	\$ (80,096)	\$ (3,246)	\$ (85,193)
Other comprehensive income before reclassifications	—	25,428	3,553	28,981
Income tax effect of other comprehensive income before reclassifications	—	—	(737)	(737)
Amounts reclassified from accumulated other comprehensive loss into net loss	18	—	74 <sup>a</sup>	92
Income taxes reclassified into net loss	(5)	—	(19)	(24)
Net current period other comprehensive income	13	25,428	2,871	28,312
Balance at March 31, 2025	<u>\$ (1,838)</u>	<u>\$ (54,668)</u>	<u>\$ (375)</u>	<u>\$ (56,881)</u>

(a) The amounts reclassified from accumulated other comprehensive income were included in cost of sales in the consolidated condensed statements of (loss) income.

	Defined Benefit Pension Plans	Foreign Currency Translation Adjustments	Foreign Currency Hedge Derivatives	Total
Balance at December 31, 2023	\$ (1,011)	\$ (34,830)	\$ 5,681	\$ (30,160)
Other comprehensive (loss) income before reclassifications	—	(14,275)	3,496	(10,779)
Income tax effect of other comprehensive (loss) income before reclassifications	—	(107)	(762)	(869)
Amounts reclassified from accumulated other comprehensive loss into net income	21	—	(4,349) <sup>a</sup>	(4,328)
Income taxes reclassified into net income	(7)	—	948	941
Net current period other comprehensive income (loss)	14	(14,382)	(667)	(15,035)
Balance at March 31, 2024	<u>\$ (997)</u>	<u>\$ (49,212)</u>	<u>\$ 5,014</u>	<u>\$ (45,195)</u>

(a) The amounts reclassified from accumulated other comprehensive loss were included in cost of sales in the consolidated condensed statements of (loss) income.

The Company expects that substantially all of the existing gains and losses related to foreign currency derivatives reported in accumulated other comprehensive loss as of March 31, 2025 to be reclassified into earnings during the next twelve months. See Note 10 for additional information about derivative financial instruments and the effects from reclassification to net (loss) income.

**Note 14 – Income Taxes**

At the end of each interim period, the Company makes an estimate of the annual expected effective income tax rate and applies that rate to its ordinary year-to-date earnings or loss. The income tax provision or benefit related to unusual or infrequent items, if applicable, that will be separately reported or reported net of their related tax effects are individually computed and recognized in the interim period in which those items occur. In addition, the effect of changes in enacted tax laws or rates, tax status, judgment on the realizability of a beginning-of-the-year deferred tax asset in future years or income tax contingencies is recognized in the interim period in which the change occurs.

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The computation of the annual expected effective income tax rate at each interim period requires certain estimates and assumptions including, but not limited to, the expected pre-tax income (or loss) for the year, projections of the proportion of income (and/or loss) earned and taxed in respective jurisdictions, permanent and temporary differences, and the likelihood of the realizability of deferred tax assets generated in the current year. Jurisdictions with a projected loss for the year for which no tax benefit can be recognized due to a valuation allowance are excluded from the estimated annual effective tax rate. The impact of such an exclusion could result in a higher or lower effective tax rate during a particular quarter, based upon the composition and timing of actual earnings compared to annual projections. The estimates used to compute the provision or benefit for income taxes may change as new events occur, additional information is obtained or as our tax environment changes. To the extent that the expected annual effective income tax rate changes, the effect of the change on prior interim periods is included in the income tax provision in the period in which the change in estimate occurs.

A summary of the provision for income taxes and the corresponding effective tax rate for the three months ended March 31, 2025 and 2024, is shown below:

	Three Months Ended March 31,	
	2025	2024
Income tax expense	\$ 2,212	\$ 3,542
Earnings before income tax	\$ 2,084	\$ 18,327
Effective tax rate	106.1 %	19.3 %

Income tax expense was \$2,212 for the three months ended March 31, 2025 on earnings before income tax of \$2,084, representing an effective tax rate of 106.1%. The effective tax rate differed from the U.S. Federal statutory rate of 21.0% primarily due to unfavorable tax effects of the vesting of stock based compensation awards and a valuation allowance established in the U.S. related to a capital loss carryforward.

Income tax expense was \$3,542 for the three months ended March 31, 2024 on earnings before income tax of \$18,327, representing an effective tax rate of 19.3%. The effective tax rate differed from the U.S. Federal statutory rate of 21.0% primarily due to the impact of a one-time benefit related to acquisitions, partially offset by income taxes on foreign earnings taxed at rates varying from the U.S. Federal statutory rate and the unfavorable impact of the global intangible low-tax income.

**Note 15 – Segment Reporting**

The Company is organized under two reportable segments: Automotive and Medical.

The Automotive reporting segment is comprised of the results from our global automotive businesses, including the design, development, manufacturing and sales of our automotive climate and comfort solutions (including Climate Control Seats, Climate Control Interiors, lumbar and massage comfort solutions and electronic solutions for climate and comfort technologies), valve system solutions and other automotive products.

The Medical reporting segment is comprised of the results from our patient temperature management business in the medical industry. Patient temperature management includes temperature management systems across multiple product categories addressing the needs of hyper-hypothermia therapy in intensive care, normothermia in surgical procedures and additional warming/cooling therapies utilized in acute and chronic care departments and non-hospital facilities.

The Corporate and other unallocated expenses category includes certain enterprise and governance activities resulting in unallocated corporate costs and other activity and net costs that the Company may choose not to allocate directly to its business segments.

A measure of assets has not been disclosed for each segment as it is not regularly reviewed by our chief operating decision maker.

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The table below presents segment information about the reported product revenues, significant segment expenses, operating income (loss) and depreciation and amortization of the Company for the three months ended March 31, 2025 and 2024.

	Three Months Ended March 31,	
	2025	2024
<b>Product Revenues</b>		
Automotive	\$ 341,874	\$ 344,638
Medical	11,980	11,377
Total	353,854	356,015
<b>Significant Segment Expenses and Operating Performance</b>		
<b>Automotive</b>		
Cost of sales	260,227	260,289
Net research and development expenses	19,384	17,424
Selling, general and administrative expenses	15,719	16,601
Restructuring expenses, net	4,514	7,114
Loss on sale of land and building, net	2,196	—
Automotive operating income	39,834	43,210
<b>Medical</b>		
Cost of sales	6,276	5,913
Other operating expenses	5,309	5,417
Impairment of intangible assets and property and equipment	—	530
Medical operating income (loss)	395	(483)
<b>Corporate and Other Unallocated Expenses</b>		
Corporate and other unallocated expenses	23,168	24,678
Total consolidated operating income	\$ 17,061	\$ 18,049
<b>Other Segment Disclosures</b>		
<b>Depreciation and Amortization</b>		
Automotive	\$ 11,602	\$ 12,408
Medical	855	883
Corporate and other unallocated expenses	474	527
Total	\$ 12,931	\$ 13,818

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Automotive and Medical segment product revenues by product category for the three months ended March 31, 2025 and 2024 were as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Climate Control Seats <sup>(a)</sup>	\$ 191,153	\$ 192,049
Climate Control Interiors <sup>(a)</sup>	45,341	44,398
Lumbar and Massage Comfort Solutions	45,313	38,251
Climate and Comfort Electronics <sup>(a)</sup>	7,715	4,226
Automotive Climate and Comfort Solutions	289,522	278,924
Valve Systems	23,173	26,625
Other Automotive <sup>(a)</sup>	29,179	39,089
Subtotal Automotive segment	341,874	344,638
Medical segment	11,980	11,377
Total Company	\$ 353,854	\$ 356,015

(a) Product categories have been modified, and prior-period amounts have been recast to conform with the current period presentation. Climate Control Seats (CCS) includes CCS Heat (previously Seat Heaters), CCS Vent/CCS Active Cool (previously CCS) and CCS Neck Conditioners (previously included in Other Automotive). Climate Control Interiors (CCI) includes CCI Steering Wheel Heat and CCI Interior Heat (previously included in Other Automotive). Other Automotive includes Automotive Cables, Battery Performance Solutions, non-automotive electronics and contract manufacturing electronics (previously classified as Electronics).

Revenue (based on shipment destination) by geographic area for the three months ended March 31, 2025 and 2024 is as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
United States	\$ 124,926	\$ 125,453
China	48,935	54,476
Germany	26,557	23,613
South Korea	23,784	28,184
Czech Republic	20,984	19,584
Mexico	15,672	10,015
Slovakia	13,722	13,178
Romania	12,957	14,222
Japan	12,099	12,455
United Kingdom	9,376	11,324
Other	44,842	43,511
Total Non-U.S.	228,928	230,562
Total Company	\$ 353,854	\$ 356,015

Property and equipment, net, for each of the geographic areas in which the Company operates as of March 31, 2025 and December 31, 2024 is as follows:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
<b>Property and equipment, net</b>		
Mexico	\$ 49,032	\$ 47,814
Germany	45,793	42,457
China	43,566	44,767
United States	38,907	42,928
North Macedonia	25,589	25,374
Vietnam	20,294	20,920
Czech Republic	9,710	9,440
Hungary	7,871	7,994
Ukraine	5,062	5,174
Other	7,345	6,102
Total	\$ 253,169	\$ 252,970

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Forward-Looking Statements

*This Quarterly Report on Form 10-Q (this "Report") contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent our goals, beliefs, plans and expectations about our prospects for the future and other future events, such as: the expected light vehicle production in the Company's key markets; the impact of macroeconomic and geopolitical conditions, including adverse global trade conditions and actual and threatened global tariffs; the components and our execution of our strategic plan and restructuring plans; long-term consumer and technological trends in the automotive industry and our related market opportunity for our existing and new products and technologies; the competitive landscape; the impact of global tax reform legislation; the sufficiency of our cash balances and cash generated from operating, investing and financing activities for our future liquidity and capital resource needs; and our ability to finance sufficient working capital. Reference is made in particular to forward-looking statements included in this "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations". Such statements may be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "anticipate", "intend", "continue", or similar terms, variations of such terms or the negative of such terms. The forward-looking statements included in this Report are made as of the date hereof or as of the date specified herein and are based on management's reasonable expectations and beliefs. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments, third-party information and projections from sources that management believes to be reputable, as well as other factors we consider appropriate under the circumstances. Such statements are subject to a number of assumptions, risks, uncertainties and other factors, which are set forth in "Item 1A. Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2024 and subsequent reports filed with the Securities and Exchange Commission, and which could cause actual results to differ materially from that described in the forward-looking statements. In addition, with reasonable frequency, we have entered into business combinations, acquisitions, divestitures, strategic investments and other significant transactions. Such forward-looking statements do not include the potential impact of any such transactions that may be completed after the date hereof, each of which may present material risks to the Company's future business and financial results. Except as required by law, we expressly disclaim any obligation or undertaking to update any forward-looking statements to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.*

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by, the consolidated condensed financial statements and related notes thereto included elsewhere in this Report and our consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2024.

### Overview

Gentherm Incorporated is a global market leader of innovative thermal management and pneumatic comfort technologies. Our automotive products include variable temperature Climate Control Seats (CCS®), Climate Control Interiors (CCI™), Lumbar and Massage Comfort Solutions, Valve Systems, and electronic solutions for climate and comfort technologies. Our automotive products can be found on light vehicles manufactured by nearly all the major original equipment manufacturers ("OEMs") operating in North America and Europe, and several major OEMs in Asia. We operate in locations aligned with our major customers' product strategies to provide locally enhanced design, integration and production capabilities. Our medical products include patient temperature management systems that can be found in hospitals throughout the world, primarily in the U.S., China, Germany and Brazil. The Company is also developing a number of new technologies and products that will help enable improvements to existing products, improve health, wellness and patient outcomes and will lead to new product applications for existing and new and adjacent markets.

Our Automotive sales are driven by the number of light vehicles produced by the OEMs primarily in our key markets of North America, Europe, China, Japan and South Korea, which is ultimately dependent on consumer demand for automotive light vehicles, our product content per vehicle, and other factors that may limit or otherwise impact production by us, our supply chain and our customers. Historically, new vehicle demand and product content (i.e. vehicle features) have been driven by macroeconomic and other factors, such as interest rates, automotive manufacturer and dealer sales incentives, fuel prices, consumer confidence, employment levels, income growth trends and government and tax incentives. Vehicle content has also been driven by trends in consumer preferences, such as preferences for smart devices and features, personalized user experience, and comfort, health and wellness. Economic volatility or weakness in North America, Europe or Asia, as well as global geopolitical factors, have resulted and could further result in a significant reduction in automotive sales and production by our customers, which have had and could further have an adverse effect on our business, results of operations and financial condition. We believe our diversified OEM customer base and

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geographic revenue base, along with our flexible cost structure, have well positioned us to withstand the impact of industry downturns and benefit from industry upturns in the ordinary course. However, shifts in the mix of global automotive production to higher cost regions or to vehicles that contain less of our product content and inflationary pressures have adversely impacted our profitability and may continue to do so. In addition, we have been and may in the future be adversely impacted by volatility or weakness in markets for hybrid or electric vehicles specifically. We believe our products offer certain advantages for hybrid and electric vehicles, including improved energy efficiency, and position us well to withstand changes in the volume mix between vehicles driven by internal combustion engines and hybrid and other electric vehicles. We believe our industry is increasingly progressing towards a focus on human comfort, health and wellness, which is evidenced by increasing adoption rates for comfort products. We believe that products we are developing, such as ClimateSense®, WellSense™, and ComfortScale™, position us well to address trends in consumer preferences such as personalized user experience, comfort, health and wellness. Gentherm is an independent partner that can cooperate with any combination of the vehicle OEMs and seat manufacturers globally, including those that are vertically integrated, to create innovative and unique configurations that adapt to industry trends.

### **Recent Trends**

#### Tariffs and Global Trade Environment

In April 2025, the U.S. government announced additional tariffs on various goods imported to the U.S. and other countries announced reciprocal tariffs on goods imported to such countries, including goods used by or manufactured by us. Some of these additional tariffs have been implemented and others have been conditionally paused, and it is reasonably possible that new or additional tariffs will be periodically announced given the current global trade environment. We continue to monitor and evaluate the direct and indirect impacts of these tariffs and heightened global trade disputes. Our business model of manufacturing by regions for the regions limit the global impact of certain trade restrictions and tariffs, with our primary tariff exposure relating to our Mexico operations that sell products into the U.S. Further, the majority of our supply components are not subject to the additional tariffs or are compliant with exceptions, and we believe that we can generally mitigate the direct impact of any such tariffs currently in effect by directly or indirectly passing the additional costs through to customers. We are taking and will continue to take additional actions to mitigate any direct and indirect impacts.

As of March 31, 2025, there was no material impact on our results of operations, financial position, and cash flows. However, these matters are changing rapidly and there is significant uncertainty as to how long and to what degree that Gentherm and the automotive industry will be impacted by these additional tariffs, the adverse global trade environment and the resulting economic uncertainty. See Part II, Item 1A, “Risk Factors” in this report for additional information.

#### Global Conditions

The global automotive light vehicle industry is impacted by a number of factors, including global and regional economic conditions. At times in recent years, the global economy has experienced significant volatility, inflationary pressures and supply chain disruptions, which have a widespread adverse effect on the global automotive industry. These macroeconomic conditions have resulted in fluctuating demand and production disruptions, facility closures, labor shortages, work stoppages, and increased prices of inputs to our products. Although some supply chain conditions have steadily improved and certain inflationary pressures have moderated, rising costs of materials, labor, equipment and other inputs used to manufacture and sell our products, including freight and logistics costs, have impacted, and may in the future impact, operating costs and operating results. We continue to employ measures to mitigate the impact of cost increases through identification of sourcing and manufacturing efficiencies where possible. However, we have been unable to fully mitigate or pass through the increases in our operating costs, which may continue in the future.

We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. Therefore, fluctuations in foreign currency exchange rates can create volatility in the results of operations and may adversely affect our financial condition.

We have a global manufacturing footprint that enables us to serve our customers in the regions they operate and shift production between regions to remain competitive. Over the past year, there have been various ongoing geopolitical conflicts, such as the current conflicts between Russia and Ukraine and in the Middle East and heightened tensions in the Red Sea and in the South China Sea. These conflicts have interrupted ocean freight shipping and if prolonged or intensified, could have a substantial adverse effect on our financial results. Further, there is the potential that certain political pressures, such as changes to international trade agreements,

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increases in tariffs, import quotas or other trade restrictions or actions, including export controls and other retaliatory responses to such actions, could affect the operations of our OEM customers, resulting in reduced automotive production in certain regions or shifts in the mix of production to higher cost regions. See “—Tariffs and Global Trade Environment” above for further information on the impact of tariffs and the global trade environment in 2025. We, like other manufacturers, have a high proportion of fixed structural costs, and therefore relatively small changes in industry vehicle production can have a substantial effect on our financial results.

### Restructuring Plans

#### *2025 EMEA Plan*

In February 2025, we committed to a restructuring plan to further optimize our manufacturing footprint by realigning our manufacturing capacity in Europe (“2025 EMEA Plan”). As a result, we will close our facility in Plzeň, Czech Republic and relocate the manufacturing activities into other existing facilities within the region.

We expect to incur cash restructuring costs of between \$4 million and \$6 million for employee severance and retention costs and between \$2 million and \$3 million of other transition costs primarily for machinery and equipment move and set up costs. Additionally, we expect to incur capital expenditures of between \$1 million and \$2 million. The actions under the 2025 EMEA Plan are expected to be substantially completed by the end of 2027.

During the three months ended March 31, 2025, we recognized restructuring expense of \$2.4 million for employee separation costs and less than \$0.1 million for other costs.

#### *2025 Asia Plan*

In February 2025, we committed to an additional restructuring plan to further optimize our manufacturing footprint by realigning our manufacturing capacity in Asia (“2025 Asia Plan”). As a result, we will relocate certain manufacturing activities from our facility in Shanghai, China to our new facility in Tianjin, China.

We expect to incur cash restructuring costs of between \$2 million and \$3 million for employee severance and retention costs and \$1 million of other transition costs primarily for machinery and equipment move and set up costs. Additionally, we expect to incur capital expenditures of between \$2 million and \$3 million. The actions under the 2025 Asia Plan are expected to be substantially completed in the first half of 2026.

During the three months ended March 31, 2025, we recognized restructuring expense of \$1.5 million for employee separation costs and less than \$0.1 million for other costs.

### Light Vehicle Production Volumes

Our sales are driven by the number of vehicles produced by the automotive manufacturers, which is ultimately dependent on consumer demand for automotive vehicles, our content per vehicle, and other factors that may limit or otherwise impact production by us, our supply chain and our customers. According to the forecasting firm S&P Global Mobility (April 2025 release), global light vehicle production in the three months ended March 31, 2025 in the Company’s key markets of North America, Europe, China, Japan and South Korea, as compared to the three months ended March 31, 2024, are shown below (in millions of units):

	Three Months Ended March 31,		
	2025	2024	% Change
North America	3.8	4.0	(5.3)%
Europe	4.3	4.6	(6.7)%
Greater China	7.0	6.3	11.2 %
Japan / South Korea	3.0	2.8	7.2 %
Total light vehicle production volume in key markets	18.1	17.7	2.2 %

The S&P Global Mobility (April 2025 release) forecasted light vehicle production volume in the Company’s key markets for full year 2025 to decrease to 72.9 million units, a 2.4% decrease from full year 2024 light vehicle production volumes. Forecasted light vehicle production volumes are a component of the data we use in forecasting future business. However, these forecasts generally are updated monthly, and future forecasts have been and may continue to be significantly different from period to period due to changes in macroeconomic and geopolitical conditions or matters specific to the automotive industry. Further, due to differences in

regional product mix at our manufacturing facilities, as well as material production schedules from our customers for our products on specific vehicle programs, our future forecasted results do not directly correlate with the global and/or regional light vehicle production forecasts of S&P Global Mobility or other third-party sources.

### **Automotive New Business Awards**

We believe that innovation is an important element to gaining market acceptance of our products and strengthening our market position. During the first quarter of 2025, we secured automotive new business awards totaling \$400 million. Automotive new business awards represent the aggregate projected lifetime revenue of new awards provided by our customers to Gentherm in the applicable period, with the value based on the price and volume projections received from each customer as of the award date. Although automotive new business awards are not firm customer orders, we believe that automotive new business awards are an indicator of future revenue. Automotive new business awards are not projections of revenue or future business as of March 31, 2025, the date of this Report or any other date. Customer projections regularly change over time, and we do not update our calculation of any automotive new business award after the date initially communicated. Automotive new business awards in the first quarter 2025 also do not reflect, in particular, the impact of macroeconomic and geopolitical challenges on future business. Revenues resulting from automotive new business awards also are subject to additional risks and uncertainties that are included in this Report or incorporated by reference in “Forward-Looking Statements” above.

### **Stock Repurchase Program**

In June 2024, the Board of Directors authorized a stock repurchase program (the “2024 Stock Repurchase Program”) to commence upon expiration of the Company’s prior stock repurchase program on June 30, 2024. Under the 2024 Stock Repurchase Program, the Company is authorized to repurchase up to \$150.0 million of its issued and outstanding Common Stock over a three-year period, expiring June 30, 2027. Repurchases under the 2024 Stock Repurchase Program may be made, from time to time, in amounts and at prices the Company deems appropriate, subject to market conditions, applicable legal requirements, debt covenants and other considerations. Any such repurchases may be executed using open market purchases, accelerated share repurchase programs, privately negotiated agreements or other transactions. Repurchases may be funded from cash on hand, available borrowings or proceeds from potential debt or other capital markets sources.

During the three months ended March 31, 2025 and 2024, the Company did not make any repurchases. The 2024 Stock Repurchase Program had \$120 million of repurchase authorization remaining as of March 31, 2025.

### **Reportable Segments**

The Company has two reportable segments for financial reporting purposes: Automotive and Medical.

See Note 15, “Segment Reporting,” to the consolidated condensed financial statements included in this Report for a description of our reportable segments as well as their proportional contribution to the Company’s reported product revenues, significant segment expenses, operating income (loss), and depreciation and amortization.

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**Consolidated Results of Operations**

The results of operations for the three months ended March 31, 2025 and 2024, in thousands, were as follows:

	Three Months Ended March 31,		
	2025	2024	Favorable / (Unfavorable)
Product revenues	\$ 353,854	\$ 356,015	\$ (2,161)
Cost of sales	267,389	267,262	(127)
Gross margin	86,465	88,753	(2,288)
Operating expenses:			
Net research and development expenses	24,216	22,745	(1,471)
Selling, general and administrative expenses	38,478	40,721	2,243
Restructuring expenses, net	4,514	7,238	2,724
Loss on sale of land and building, net	2,196	—	(2,196)
Total operating expenses	69,404	70,704	1,300
Operating income	17,061	18,049	(988)
Interest expense, net	(3,555)	(3,244)	(311)
Foreign currency (loss) gain	(10,298)	2,549	(12,847)
Other (loss) income	(1,124)	973	(2,097)
Earnings before income tax	2,084	18,327	(16,243)
Income tax expense	2,212	3,542	1,330
Net (loss) income	\$ (128)	\$ 14,785	\$ (14,913)

Product revenues by product category, in thousands, for the three months ended March 31, 2025 and 2024, were as follows:

	Three Months Ended March 31,			
	2025	2024	\$ Change	% Change
Climate Control Seats <sup>(a)</sup>	\$ 191,153	\$ 192,049	\$ (896)	(0.5)%
Climate Control Interiors <sup>(a)</sup>	45,341	44,398	943	2.1 %
Lumbar and Massage Comfort Solutions	45,313	38,251	7,062	18.5 %
Climate and Comfort Electronics <sup>(a)</sup>	7,715	4,226	3,489	82.6 %
Automotive Climate and Comfort Solutions	289,522	278,924	10,598	3.8 %
Valve Systems	23,173	26,625	(3,452)	(13.0)%
Other Automotive <sup>(a)</sup>	29,179	39,089	(9,910)	(25.4)%
Subtotal Automotive segment	341,874	344,638	(2,764)	(0.8)%
Medical segment	11,980	11,377	603	5.3 %
Total Company	\$ 353,854	\$ 356,015	\$ (2,161)	(0.6)%

(b) Product categories have been modified, and prior-period amounts have been recast to conform with the current period presentation. Climate Control Seats (CCS) includes CCS Heat (previously Seat Heaters), CCS Vent/CCS Active Cool (previously CCS) and CCS Neck Conditioners (previously included in Other Automotive). Climate Control Interiors (CCI) includes CCI Steering Wheel Heat and CCI Interior Heat (previously included in Other Automotive). Other Automotive includes Automotive Cables, Battery Performance Solutions, non-automotive electronics and contract manufacturing electronics (previously classified as Electronics).

**Product Revenues**

Below is a summary of our product revenues, in thousands, for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,			Automotive Volume	Variance Due To:		Total
	2025	2024	Favorable / (Unfavorable)		FX	Pricing / Other	
Product revenues	\$ 353,854	\$ 356,015	\$ (2,161)	\$ 5,200	\$ (5,421)	\$ (1,940)	\$ (2,161)

Product revenues for the three months ended March 31, 2025 decreased 0.6% as compared to the three months ended March 31, 2024. The decrease in product revenues is due to unfavorable foreign currency impacts primarily attributable to the Euro and Korean Won and unfavorable pricing, partially offset by favorable automotive volumes.

## Cost of Sales

Below is a summary of our cost of sales and gross margin, in thousands, for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,			Variance Due To:				
	2025	2024	Favorable / (Unfavorable)	Automotive Volume	Operational Performance	FX	Other	Total
Cost of sales	\$ 267,389	\$ 267,262	\$ (127)	\$ (3,087)	\$ (78)	\$ 3,707	\$ (669)	\$ (127)
Gross margin	86,465	88,753	(2,288)	2,113	(78)	(1,714)	(2,609)	(2,288)
Gross margin - Percentage of product revenues	24.4%	24.9%						

Cost of sales for the three months ended March 31, 2025 were relatively unchanged as compared to the three months ended March 31, 2024. The increase in cost of sales is primarily due to higher automotive volumes, freight costs and the costs related to our footprint realignment, offset by material purchasing savings and favorable foreign currency impacts (net of foreign currency hedges) primarily attributable to the Mexican Peso, the Euro and the Korean Won.

## Net Research and Development Expenses

Below is a summary of our net research and development expenses, in thousands, for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,		
	2025	2024	Favorable / (Unfavorable)
Research and development expenses	\$ 29,507	\$ 27,742	\$ (1,765)
Reimbursed research and development expenses	(5,291)	(4,997)	294
Net research and development expenses	\$ 24,216	\$ 22,745	\$ (1,471)
Percentage of product revenues	6.8%	6.4%	

Net research and development expenses for the three months ended March 31, 2025 increased 6.5% as compared to the three months ended March 31, 2024. The increase in net research and development expenses is primarily related to higher personnel costs.

## Selling, General and Administrative Expenses

Below is a summary of our selling, general and administrative expenses, in thousands, for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,		
	2025	2024	Favorable / (Unfavorable)
Selling, general and administrative expenses	\$ 38,478	\$ 40,721	\$ 2,243
Percentage of product revenues	10.9%	11.4%	

Selling, general and administrative expenses for the three months ended March 31, 2025 decreased 5.5% as compared to the three months ended March 31, 2024. The decrease in selling, general and administrative expenses is primarily related to lower compensation expenses and favorable foreign currency impacts.

## Restructuring Expenses, net

Below is a summary of our restructuring expenses, net, in thousands, for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,		
	2025	2024	Favorable / (Unfavorable)
Restructuring expenses, net	\$ 4,514	\$ 7,238	\$ 2,724

During the three months ended March 31, 2025, the Company recognized expenses of \$4.2 million for employee separation costs and \$0.3 million for other costs.

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During the three months ended March 31, 2024, the Company recognized expenses of \$6.7 million for employee separation costs and \$0.5 million for other costs. These restructuring expenses primarily related to discrete restructuring actions focused on the reduction of global overhead expenses.

See Note 3, “Restructuring,” to the consolidated condensed financial statements included in this Report for additional information.

**Loss on Sale of Land and Building, net**

Below is a summary of our loss on sale of land and building, net, in thousands, for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,		
	2025	2024	Favorable / (Unfavorable)
Loss on sale of land and building, net	\$ 2,196	\$ —	\$ (2,196)

Loss on sale of land and building, net for the three months ended March 31, 2025 is primarily related to the sale of our former headquarters building in Northville, Michigan.

**Interest Expense, net**

Below is a summary of our interest expense, net, in thousands, for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,		
	2025	2024	Favorable / (Unfavorable)
Interest expense, net	\$ (3,555)	\$ (3,244)	\$ (311)

Interest expense, net for the three months ended March 31, 2025 increased 9.6% as compared to the three months ended March 31, 2024. The increase in interest expense, net is primarily related to the change in fair value of the interest rate swap derivative and increased borrowings under the Revolving Credit Facility, partially offset by lower interest rates on outstanding borrowings under the Revolving Credit Facility in the current period.

**Foreign Currency (Loss) Gain**

Below is a summary of our foreign currency (loss) gain, in thousands, for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,		
	2025	2024	Favorable / (Unfavorable)
Foreign currency (loss) gain	\$ (10,298)	\$ 2,549	\$ (12,847)

Foreign currency loss for the three months ended March 31, 2025 included net realized foreign currency loss of \$0.7 million and net unrealized foreign currency loss of \$9.6 million.

Foreign currency gain for the three months ended March 31, 2024 included net realized foreign currency gain of \$0.7 million and net unrealized foreign currency gain of \$1.9 million.

**Other (Loss) Income**

Below is a summary of our other (loss) income, in thousands, for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,		
	2025	2024	Favorable / (Unfavorable)
Other (loss) income	\$ (1,124)	\$ 973	\$ (2,097)

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Other (loss) income for the three months ended March 31, 2025 decreased as compared to the three months ended March 31, 2024. The decrease in other (loss) income is primarily due to a \$1.3 million write-down of an equity investment and an increase in the fair value of an investment due to observable transactions in the prior year period.

### Income Tax Expense

Below is a summary of our income tax expense, in thousands, for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,			Favorable / (Unfavorable)
	2025	2024		
Income tax expense	\$ 2,212	\$ 3,542	\$ 1,330	

Income tax expense was \$2.2 million for the three months ended March 31, 2025, on earnings before income tax of \$2.1 million, representing an effective tax rate of 106.1%. The effective tax rate differed from the U.S. Federal statutory rate of 21.0% primarily due to unfavorable tax effects of the vesting of stock based compensation awards and a valuation allowance established in the U.S. related to a capital loss carryforward.

Income tax expense was \$3.5 million for the three months ended March 31, 2024 on earnings before income tax of \$18.3 million, representing an effective tax rate of 19.3%. The effective tax rate differed from the U.S. Federal statutory rate of 21.0% primarily due to the impact of a one-time benefit related to the Alfmeier acquisition, partially offset by income taxes on foreign earnings taxed at rates varying from the U.S. Federal statutory rate and the unfavorable impact of the global intangible low-tax income.

### Liquidity and Capital Resources

#### Overview

Our primary sources of liquidity and capital resources are cash flows from operations and borrowings available under our Second Amended and Restated Credit Agreement. Our cash requirements consist principally of working capital, capital expenditures, research and development, operating lease payments, income tax payments and general corporate purposes. We generally reinvest available cash flows from operations into our business, while opportunistically utilizing our authorized stock repurchase program. Further, we continuously evaluate acquisition and investment opportunities that will enhance our business strategies.

As of March 31, 2025, the Company had \$163.1 million of cash and cash equivalents and \$235.2 million of availability under our Second Amended and Restated Credit Agreement. We may issue debt or equity securities, which may provide an additional source of liquidity. However, there can be no assurance equity or debt financing will be available to us when we need it or, if available, the terms will be satisfactory to us and not dilutive to our then-current shareholders.

We continue to expect to be able to move funds between different countries to manage our global liquidity needs without material adverse tax implications, subject to current monetary policies and the terms of the Second Amended and Restated Credit Agreement. We utilize a combination of strategies, including dividends, cash pooling arrangements, intercompany loan repayments and other distributions and advances to provide the funds necessary to meet our global liquidity needs. There are no significant restrictions on the ability of our subsidiaries to pay dividends or make other distributions to Gentherm Incorporated. As of March 31, 2025, the Company's cash and cash equivalents held by our non-U.S. subsidiaries totaled \$112.0 million. If additional non-U.S. cash was needed for our U.S. operations, we may be required to accrue and pay withholding if we were to distribute such funds from non-U.S. subsidiaries to the U.S.; however, based on our current liquidity needs and strategies, we do not anticipate a need to accrue and pay such additional amounts.

We currently believe that our cash and cash equivalents, borrowings available under our Second Amended and Restated Credit Agreement, and cash flows from operations will be adequate to meet anticipated cash requirements for at least the next twelve months and the foreseeable future.

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**Cash and Cash Flows**

The following table represents our cash and cash equivalents, in thousands:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Cash and cash equivalents at beginning of period	\$ 134,134	\$ 149,673
Net cash used in operating activities	(13,344)	(10,322)
Net cash used in investing activities	(10,534)	(8,831)
Net cash provided by (used in) financing activities	40,739	(1,534)
Foreign currency effect on cash and cash equivalents	12,147	(3,879)
Cash and cash equivalents at end of period	<u>\$ 163,142</u>	<u>\$ 125,107</u>

*Cash Flows From Operating Activities*

Net cash used in operating activities totaled \$13.3 million during the three months ended March 31, 2025 primarily reflecting a net loss of \$0.1 million, \$22.6 million related to changes in accounts receivable, net, \$16.5 million related to changes in net other assets and liabilities, \$6.2 million related to changes in inventory and \$2.8 million for non-cash deferred income taxes, partially offset by \$20.4 million for non-cash charges for depreciation, amortization, stock based compensation, loss on disposition of property, provisions for inventory and other, and \$14.3 million related to changes in accounts payable.

*Cash Flows From Investing Activities*

Net cash used in investing activities was \$10.5 million during the three months ended March 31, 2025, reflecting purchases of property and equipment of \$14.9 million and investments in technology companies of \$0.1 million, partially offset by proceeds from the sale of property and equipment of \$3.7 million and proceeds from deferred purchase price of factored receivables of \$0.8 million.

*Cash Flows From Financing Activities*

Net cash provided by financing activities was \$40.7 million during the three months ended March 31, 2025, reflecting the borrowing on debt of \$52.0 million, partially offset by \$10.1 million of debt repayments and \$1.2 million paid for employee taxes related to the net settlement of restricted stock units that vested during the year.

**Debt**

The following table summarizes the Company's debt, in thousands, as of March 31, 2025 and December 31, 2024:

	<b>March 31, 2025</b>		<b>December 31, 2024</b>	
	<b>Interest Rate</b>	<b>Principal Balance</b>	<b>Interest Rate</b>	<b>Principal Balance</b>
<b>Credit Agreement:</b>				
Revolving Credit Facility (U.S. Dollar denominations)	5.80 %	\$ 262,000	5.86 %	\$ 220,000
Finance leases	3.42 %	172	3.46 %	201
Total debt		262,172		220,201
Current maturities		(138)		(137)
Long-term debt, less current maturities		<u>\$ 262,034</u>		<u>\$ 220,064</u>

### *Credit Agreement*

Gentherm, together with certain of its subsidiaries, maintain a revolving credit note (the “Revolving Credit Facility”) under its Second Amended and Restated Credit Agreement (the “Second Amended and Restated Credit Agreement”) with a consortium of lenders and Bank of America, N.A. as administrative agent. The Second Amended and Restated Credit Agreement was entered into on June 10, 2022 and amended and restated in its entirety the Amended and Restated Credit Agreement dated June 27, 2019, by and among Gentherm, certain of its direct and indirect subsidiaries, the lenders party thereto and the Agent. The Second Amended and Restated Credit Agreement has a maximum borrowing capacity of \$500 million and matures on June 10, 2027. The Second Amended and Restated Credit Agreement contains covenants, that, among other things, (i) prohibit or limit the ability of the borrowers and any material subsidiary to incur additional indebtedness, create liens, pay dividends, make certain types of investments (including acquisitions), enter into certain types of transactions with affiliates, prepay other indebtedness, sell assets or enter into certain other transactions outside the ordinary course of business, and (ii) require that Gentherm maintain a minimum Consolidated Interest Coverage Ratio and a maximum Consolidated Net Leverage Ratio (based on consolidated EBITDA for the applicable trailing four fiscal quarters) as of the end of any fiscal quarter. As of March 31, 2025, the Company was in compliance, in all material respects, with the terms of the Second Amended and Restated Credit Agreement.

### *Finance Leases*

As of March 31, 2025 and December 31, 2024, there was \$0.2 million of outstanding finance leases.

### **Material Cash Requirements**

In February 2025, we committed to a restructuring plan to further optimize our manufacturing footprint by realigning our manufacturing capacity in Europe. We expect to incur cash restructuring costs of between \$4 million and \$6 million for employee severance and retention costs and between \$2 million and \$3 million of other transition costs primarily for machinery and equipment move and set up costs. Additionally, we expect to incur capital expenditures of between \$1 million and \$2 million.

In February 2025, we committed to an additional restructuring plan to further optimize our manufacturing footprint by realigning our manufacturing capacity in Asia. We expect to incur cash restructuring costs of between \$2 million and \$3 million for employee severance and retention costs and \$1 million of other transition costs primarily for machinery and equipment move and set up costs. Additionally, we expect to incur capital expenditures of between \$2 million and \$3 million.

See Note 3, “Restructuring,” to the consolidated condensed financial statements included in this Report for additional information regarding these plans.

Except as described above, there have been no material changes in our cash requirements since December 31, 2024, the end of fiscal year 2024. See Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2024 for additional information regarding our material cash requirements.

### **Effects of Inflation**

The automotive component supply industry has historically been subject to inflationary pressures with respect to materials and labor. At times in recent years, the automotive industry has experienced significant volatility in the costs of certain materials and components, labor and transportation. Although supply chain conditions have steadily improved and certain inflationary pressures have moderated, rising costs of materials, labor, equipment and other inputs used to manufacture and sell our products, including freight and logistics costs, have impacted, and may in the future impact, operating costs and operating results. The impact of new tariffs could add to these inflationary pressures. Although the Company has developed and implemented strategies to mitigate the impact of higher material component costs and transportation costs through sourcing and manufacturing efficiencies where possible, these strategies together with commercial negotiations with Gentherm’s customers and suppliers have not fully offset to date and may not fully offset our future cost increases. Such inflationary cost increase may increase the cash required to fund our operations by a material amount.

***Critical Accounting Estimates***

The discussion and analysis of our financial condition and results of operations are based upon our consolidated condensed financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. For discussion of our significant accounting policies, see Note 2, “Summary of Significant Accounting Policies,” to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2024. There have been no significant changes in our critical accounting policies or critical accounting estimates during the three months ended March 31, 2025. We are not presently aware of any events or circumstances that would require us to update our estimates, assumptions or revise the carrying value of our assets or liabilities. Our estimates may change, however, as new events occur and additional information is obtained. As a result, actual results may differ significantly from our estimates, and any such differences may be material to our financial statements.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company is exposed to various market risks including, but not limited to, changes in foreign currency exchange rates, changes in interest rates and price fluctuations of certain material commodities such as copper. Market risks for changes in interest rates relate primarily to the Company's debt obligations under the Second Amended and Restated Credit Agreement. Foreign currency exchange risks are attributable to sales to foreign customers and purchases from foreign suppliers not denominated in a location's functional currency, foreign plant operations, intercompany indebtedness, acquisitions denominated in foreign currencies, intercompany investments and include exposures to the Euro, Mexican Peso, Canadian Dollar, Hungarian Forint, North Macedonian Denar, Ukrainian Hryvnia, Japanese Yen, Chinese Renminbi, Korean Won, Czech Koruna, Vietnamese Dong, British Pound, and Moroccan Dirham.

The Company regularly enters into derivative contracts with the objective of managing its financial and operational exposure arising from these risks by offsetting gains and losses on the underlying exposures with gains and losses on the financial instruments used to hedge them. The decision of whether and when to execute derivative financial instruments, along with the duration of the instrument, may vary from period to period depending on market conditions, the relative costs of the instruments and capacity to hedge. The duration is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. The Company does not enter into derivative financial instruments for speculative or trading purposes. Some derivative contracts do not qualify for hedge accounting; for other derivative contracts, we elect to not apply hedge accounting.

The Company's designated hedging relationships are formally documented at the inception of the hedge, and hedges must be highly effective in offsetting changes to future cash flows on hedged transactions both at the inception of a hedge and on an ongoing basis to be designated for hedge accounting treatment. For derivative contracts that can be classified as a cash flow hedge, the effective portion of the change in the fair value of the derivative is recorded to accumulated other comprehensive loss in the consolidated condensed balance sheets. When the underlying hedge transaction is realized, the gain or loss included in accumulated other comprehensive loss is recorded in earnings in the consolidated condensed statements of (loss) income on the same line as the gain or loss on the hedged item attributable to the hedged risk. The Company records the ineffective portion of foreign currency hedging instruments, if any, to cost of sales, and the ineffective portion of interest rate swaps, if any, to interest expense, net in the consolidated condensed statements of (loss) income. Cash flows associated with derivatives are reported in net cash from operating activities in the consolidated condensed statements of cash flows.

Information related to the fair values of all derivative instruments in the consolidated condensed balance sheet as of March 31, 2025 is set forth in Note 10, "Financial Instruments" in the consolidated condensed financial statements included in this Report.

*Interest Rate Sensitivity*

The table below presents principal cash flows and related weighted average interest rates by expected maturity dates for each of the Company's debt obligations, excluding finance leases. The information is presented in U.S. dollar equivalents, which is the Company's reporting currency.

	Expected Maturity Date						Total	Fair Value
	2025	2026	2027	2028	2029	2030		
<b>Liabilities</b>								
<i>Long-Term Debt:</i>								
Variable rate	\$ —	\$ —	\$ 262,000	\$ —	\$ —	\$ —	\$ 262,000	\$ 262,000
Variable interest rate as of March 31, 2025			5.80%				5.80%	

Based on the amounts outstanding as of March 31, 2025, a hypothetical 100 basis point change (increase or decrease) in interest rates would impact annual interest expense by \$2.6 million. To hedge the Company's exposure to interest payment fluctuations on a portion of these borrowings, we entered into a floating-to-fixed interest rate swap agreement with a notional amount of \$100.0 million.

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*Exchange Rate Sensitivity*

The table below provides information about the Company’s foreign currency exchange rate agreements that are sensitive to changes in foreign currency exchange rates. The table presents the notional amounts and weighted average exchange rates by expected maturity dates for each type of foreign currency exchange agreement. These notional amounts generally are used to calculate the payments to be exchanged under the contract.

Anticipated Transactions and Related Derivatives	Expected Maturity or Transaction Date			Fair Value
	2025	2026	Total	
<b>USD Functional Currency</b>				
<i>Exchange Agreements:</i>				
<i>(Receive MXN / Pay USD)</i>				
Total contract amount <sup>(a)</sup>	\$ 59,912	\$ 35,122	\$ 95,034	\$ 436
Average contract rate	20.03	20.50	20.20	
<i>(Receive HUF / Pay EUR)</i>				
Total contract amount <sup>(a)</sup>	\$ 8,975	\$ —	\$ 8,975	\$ 180
Average contract rate	417.22	—	417.22	

(a) Reflects the approximate U.S. dollar equivalent of the notional value of the hedge contracts.

The table below presents the potential gain and loss in fair value for the foreign currency derivative contracts from a hypothetical 10% change in quoted currency exchange rates.

Exchange Rate Sensitivity	March 31, 2025		December 31, 2024	
	Potential loss in fair value	Potential gain in fair value	Potential loss in fair value	Potential gain in fair value
<i>Exchange Agreement: (Receive MXN / Pay USD)</i>	\$ 4,512	\$ 6,931	\$ 6,243	\$ 7,359
<i>Exchange Agreements: (Receive HUF / Pay EUR)</i>	741	905	917	1,120

**ITEM 4. CONTROLS AND PROCEDURES**

**(a) Evaluation of Disclosure Controls and Procedures**

Management of the Company, under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures as of March 31, 2025. As defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (as amended, the “Exchange Act”), disclosure controls and procedures are controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported on a timely basis, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of March 31, 2025.

**(b) Changes in Internal Control over Financial Reporting**

There were no changes in the Company’s internal control over financial reporting during the three months ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

## PART II OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We are subject to litigation from time to time in the ordinary course of business, however there was no material pending litigation to which we are a party and no material legal proceeding was terminated, settled or otherwise resolved during the three months ended March 31, 2025.

### ITEM 1A. RISK FACTORS

The Company's risk factors have not materially changed from those previously disclosed in Part 1, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024, except as set forth below. You should carefully consider the risks and uncertainties described therein.

***Changes in economic and trade policy, including tariffs and trade restrictions, could have a material and adverse effect on our business.***

The U.S. has established free trade laws and regulations that set certain duties and tariffs for qualifying imports and exports, subject to compliance with the applicable classification and other requirements. Changes in laws or policies governing the terms of foreign trade, and in particular increased trade restrictions, export licenses, tariffs or taxes on imports from countries where we manufacture products, such as China and Mexico, could have a material adverse effect on our business and financial results. In recent years, the U.S. and Chinese governments have imposed a series of significant incremental retaliatory tariffs and other trade restrictions to certain imported and exported products. Most notably with respect to the automotive industry, the U.S. imposed tariffs on imports of certain steel, aluminum and automotive components, and China imposed retaliatory tariffs on imports of U.S. vehicles and certain automotive components and trade restrictions on other materials to be exported to the U.S. Further, the U.S. administration recently has proposed and begun to enact additional or enhanced tariffs in various jurisdictions relevant to our business. In April 2025, the U.S. government announced additional tariffs on various goods imported to the U.S. and other countries announced reciprocal tariffs on goods imported to such countries, including goods used by or manufactured by us. Some of these additional tariffs have been implemented and others have been conditionally paused, and it is reasonably possible that new or additional tariffs will be periodically announced given the current global trade environment. Depending upon their implementation and duration, as well as our ability to mitigate their impact, these tariffs and any other future regulatory actions implemented on a broader range of products or raw materials could materially affect our business, including in the form of increased cost of goods sold, decreased margins, increased pricing for customers and consumers, reduced sales of our products, reduced light vehicle production in the markets we serve and sales by OEMs to consumers in the automotive industry, disruptions in our supply chain and impaired ability to effectively operate and compete in the countries where we do business. For example, estimates for 2025 light vehicle production in the markets we serve have further declined in recent months, including significantly for North America, which represents approximately 40% of our annual revenue. Sustained uncertainty about, or worsening of, current global economic conditions and further tariffs and escalations of tensions between the U.S. and its trading partners has and could continue to adversely impact the stability of global financial markets and result in a global economic slowdown and long-term changes to global trade, which could in turn have a material adverse impact on our business and financial condition.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS****Issuer Purchases of Equity Securities During First Quarter 2025**

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs</b>	<b>Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs</b>
January 1, 2025 to January 31, 2025	—	\$ —	—	\$ 120,117,332
February 1, 2025 to February 28, 2025	—	—	—	120,117,332
March 1, 2025 to March 31, 2025	—	—	—	120,117,332

**ITEM 5. OTHER INFORMATION****Trading Plans – Directors and Section 16 Officers**

During the three months ended March 31, 2025, none of the Company's directors or Section 16 officers adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or (ii) any non-Rule 10b5-1 trading arrangement.

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**ITEM 6. EXHIBITS**

Exhibits to this Report are as follows:

Exhibit Number	Exhibit Description	Filed /Furnished Herewith	Incorporated by Reference			
			Form	Period Ending	Exhibit / Appendix Number	Filing Date
3.1	<a href="#">Second Amended and Restated Articles of Incorporation of Gentherm Incorporated</a>		8-K		3.2	3/5/18
3.2	<a href="#">Amended and Restated Bylaws of Gentherm Incorporated</a>		8-K		3.1	5/26/16
10.1*	<a href="#">Confidential Information and Invention Assignment Agreement between Gentherm Incorporated and Barb Runyon, dated as of May 20, 2019</a>	X				
10.2*	<a href="#">Confidential Information and Invention Assignment Agreement between Gentherm Incorporated and Jaymi Wilson, dated as of October 6, 2022</a>	X				
10.3*	<a href="#">Form of Sign-On Inducement Restricted Stock Unit Award Agreement (February 2025)</a>		8-K		10	2/24/2025
31.1	<a href="#">Section 302 Certification – CEO</a>	X				
31.2	<a href="#">Section 302 Certification – CFO</a>	X				
32.1**	<a href="#">Section 906 Certification – CEO</a>	X				
32.2**	<a href="#">Section 906 Certification – CFO</a>	X				
101.INS	Inline XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	X				
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents	X				
104	Cover Page Interactive Date File – the cover page XBRL tags are embedded within the Inline XBRL document	X				

\* Indicates management contract or compensatory plan or arrangement.

\*\* Documents are furnished not filed.

**SIGNATURES**

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

**Gentherm Incorporated**

/s/ William Presley

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William Presley  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: April 24, 2025

/s/ Jonathan Douyard

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Jonathan Douyard  
Executive Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

Date: April 24, 2025

# CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT

Agreement made 5/20/19

## RECITALS

As an employee of Gentherm Incorporated, (hereinafter referred to as the "Company"), I have gained or will gain knowledge of the Company's trade secrets or other confidential information or proprietary information, as defined below. The Company would suffer irreparable harm if I were to use such confidential information outside of the Company, and/or on behalf of any competitor of the Company; and the Company is entitled to be protected from any such unauthorized retention or use. Furthermore, because I have extensive knowledge about the Company's business and I possess special knowledge concerning that business, the Company is also entitled to be protected from the possibility that I may seek to become associated with a business that competes with the Company's business.

## DEFINITIONS

For the purposes of this Agreement, the term "**trade secret**" includes, but is not limited to, technical data, non- technical data, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, or a list of actual or potential customers or suppliers lists, graphs, sheets, diskettes for computer storage, and correspondence which (a) derives economic value, actual or potential, from not being generally known outside the Company and not being readily ascertainable; and (b) is subject to efforts to maintain its secrecy. For purposes of this Agreement the term "**other confidential information**" includes any information which is not a trade secret, but which is not generally known to the public, and is received from, or concerns the affairs of, the Company or is received from a third party under obligation of confidentiality.

The following is a list of trade secrets or other confidential information intended to be covered by this Agreement. This list is not inclusive, but intended as an illustration of the types of information protected by this Agreement:

**A. Marketing Information:** Information about the Company's operations, including, but not limited to, identity, number and location of customers, sales, sales volume(s), and marketing and advertising research.

**B. Management Information:** Any and all information relating to employee compensation programs, procedural systems, hiring practices, technical information, sales techniques quality control, financial information, marketing plans and strategy, operational plans, strategies and goals, contracts, marketing, evaluation procedures and case studies.

**C. Proprietary Information:** Any inventions, source codes, algorithms, schematics, models, discoveries, developments, improvements, methods, processes, know-how, compositions, works, concepts, trade secrets, designs and ideas (whether or not capable of patent, trademark or copyright protection), trademarks, logos, trade names, proprietary materials, copyrights, copyrightable works, non-copyrightable works, patents, domain names, database rights, methodologies, websites, web-pages, search engines, designs, applications, data, programs, phone numbers, fax numbers, cell numbers, email addresses and accounts, and any other proprietary information.

**D. Other Information:** Any other information of any kind which gives the Company an opportunity to obtain advantage over competitors.

For the purposes of this Agreement, the "**Company**" shall mean Gentherm Incorporated and any corporation, division, partnership, limited liability company or other person and/or business organization working in connection with Gentherm Incorporated, as well as their respective officers, directors, members, employees, and agents.

## AGREEMENT

In consideration for my employment and/or continued employment with the Company, the disclosure to me of the Company's trade secrets and/or other confidential information, and other valuable consideration, I agree to the following:

### A. Trade Secrets & Other Confidential Information.

1. I will not at any time, either during or after my employment with the Company, use or disclose to others any trade secrets or other confidential information about the Company's business or any of its proprietary rights to which I

had access or was provided during my employment and any such information reasonably considered confidential and not within my general knowledge or within the scope of my acquired skills from sources other than my employment. I agree to execute any further agreements concerning any trade secrets of the Company as may be required by the Company.

2. Upon termination of my employment, I will deliver to the Company all documents or papers (including any medium for electronic storage of information) relating to the Company's business or such trade secrets or other confidential information that are in my possession or under my control without making copies or summaries of any such material.
3. To the fullest extent permitted by law, any inventions, source codes, algorithms, schematics, models, discoveries, developments, improvements, methods, processes, know-how, compositions, works, concepts, trade secrets, designs and ideas (whether or not capable of patent, trademark copyright protection), trademarks, logos, trade names, proprietary materials, copyrights, copyrightable works, non-copyrightable works, patents, domain names, database rights, methodologies, websites, web-pages, search engines, designs, applications, data, programs, phone numbers, fax numbers, cell numbers, email address and accounts, and any other proprietary information (collectively "Proprietary Information") (a) suggested by or resulting from any work I do as an employee (alone or with others) of the Company; (b) resulting from my use of the Company's time, materials or facilities; or (c) relating to existing or planned activities of the Company (including all affiliates of the Company) are WORKS-FOR-HIRE and shall be promptly disclosed to the Company and shall be its exclusive property. I assign to the Company any rights I may have or acquire in such Proprietary Information and agree to sign and deliver at any time any instruments confirming the exclusive ownership by the Company. In the event that any Proprietary Information is determined not to be WORKS-FOR-HIRE by a court of competent jurisdiction, this Agreement shall operate as an irrevocable assignment by me to the Company of my entire interest in any such Proprietary Information, including, without limitation, any and all rights that I may have or acquire in the Proprietary Information.
4. All inventions, proprietary information, or discoveries that belong to me before being employed by the Company, and which I want to exempt from this agreement, are listed on an attached schedule.
5. I agree that during my employment by the Company I will not engage in any other employment or business, unless specifically authorized by the VP of Human Resources and/ or the General Counsel.
6. I agree that my obligations under this Section will continue indefinitely until such time as the information ceases to be a trade secret or of any other advantage to the Company.

**B. Non-Solicitation and Non-Compete.**

While associated with the Company, and for a period of twelve months after my employment with the Company ends for any reason, I shall not, either directly or indirectly:

(a) induce or solicit, directly or indirectly, any employee of the Company to terminate his or her employment with the Company,

(b) engage in or otherwise provide services to any business which is the same or is substantially similar to the business of the Company, or

(c) take any action that will cause the termination of a business relationship between the Company and any business entity who is or was a customer or supplier, or a prospective customer or supplier of the Company within twelve months prior to my employment ending, and with whom I had material dealings or about whom I was provided confidential information.

**C. At Will Employment, Governing Law, Etc.**

I agree that this agreement (a) shall not be construed as an agreement by the Company to employ me for any specific period; (b) cannot be modified except in writing, signed by me and the President of the Company entitled "Employment Contract"; (c) shall inure to the benefit of the Company and its successors and assigns; (d) shall be binding upon my heirs, legal representatives, and assigns; and (e) shall be governed by Michigan Law. I further acknowledge and agree that I am an **Employee At Will**.

**D. Injunctive Relief.**

I acknowledge that: (a) the breach of any provision of this Agreement will result in immediate and irreparable damage to the Company; (b) no adequate remedy at law exists with regard to any such breach; (c) public policy will be furthered by the enforcement of this Agreement by an injunction; (d) injunctive relief will not deprive me of an ability to

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earn a living because I am qualified for many positions which do not involve the breach of any provision of this Agreement; and (e) the Company will be entitled to enforce this Agreement by injunction or other equitable remedies in the event of such breach, in addition to any other remedies available to the Company (including, without limitation, monetary damages). Accordingly, in the event of a breach (or threatened or attempted breach) of this Agreement, the Company shall, in addition to any other rights and remedies, be entitled to immediate appropriate injunctive relief, or a decree of specific performance of this Agreement, without the necessity of showing any irreparable injury or special damages. If it is judicially determined that I have violated any of my obligations under this Agreement, I shall pay the Company's actual legal fees and costs associated with any such judicial action, including, but not limited to, the Company's actual attorneys' fees.

**E. Severability.**

If this Agreement shall be held by a court to be invalid or unenforceable because it is too broad in any respect, the agreement shall be narrowed by the court to the extent required to be enforceable.

**F. Entire Agreement.**

This Agreement constitutes the entire agreement and understanding between me and the Company concerning the matters contained herein and supersedes any prior understanding, agreement or negotiations regarding such matters.

**G. Assignment.**

This Agreement shall be assigned by Company in connection with any sale of the Company's business. I acknowledge that my obligations under this Agreement are personal to me and that I cannot assign my obligations in this Agreement to any other person or entity.

**H. No Legal Restrictions.**

I confirm that there is no legal restriction on my ability to perform the duties and obligations set forth in this Agreement, nor do I have any existing obligation to others which might be inconsistent with any provision contain herein.

Dated: 5/20/19

**I have read and fully understand the terms of this Agreement.**

/s/ Barb Runyon  
Employee

**Accepted and Agreed:**

/s/ Katlin Mathews  
On behalf of Gentherm

**Optional Attachment:** Excluded Prior Inventions (if any)

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# CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT

Agreement made 10/6/2022

## RECITALS

As an employee of Gentherm Incorporated, (hereinafter referred to as the "Company"), I have gained or will gain knowledge of the Company's trade secrets or other confidential information or proprietary information, as defined below. The Company would suffer irreparable harm if I were to use such confidential information outside of the Company, and/or on behalf of any competitor of the Company; and the Company is entitled to be protected from any such unauthorized retention or use. Furthermore, because I have extensive knowledge about the Company's business and I possess special knowledge concerning that business, the Company is also entitled to be protected from the possibility that I may seek to become associated with a business that competes with the Company's business.

## DEFINITIONS

For the purposes of this Agreement, the term "**trade secret**" includes, but is not limited to, technical data, non-technical data, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, or a list of actual or potential customers or suppliers lists, graphs, sheets, diskettes for computer storage, and correspondence which (a) derives economic value, actual or potential, from not being generally known outside the Company and not being readily ascertainable; and (b) is subject to efforts to maintain its secrecy. For purposes of this Agreement the term "**other confidential information**" includes any information which is not a trade secret, but which is not generally known to the public, and is received from, or concerns the affairs of, the Company or is received from a third party under obligation of confidentiality.

The following is a list of trade secrets or other confidential information intended to be covered by this Agreement. This list is not inclusive, but intended as an illustration of the types of information protected by this Agreement:

**A. Marketing Information:** Information about the Company's operations, including, but not limited to, identity, number and location of customers, sales, sales volume(s), and marketing and advertising research.

**B. Management Information:** Any and all information relating to employee compensation programs, procedural systems, hiring practices, technical information, sales techniques quality control, financial information, marketing plans and strategy, operational plans, strategies and goals, contracts, marketing, evaluation procedures and case studies.

**C. Proprietary Information:** Any inventions, source codes, algorithms, schematics, models, discoveries, developments, improvements, methods, processes, know-how, compositions, works, concepts, trade secrets, designs and ideas (whether or not capable of patent, trademark or copyright protection), trademarks, logos, trade names, proprietary materials, copyrights, copyrightable works, non-copyrightable works, patents, domain names, database rights, methodologies, websites, web-pages, search engines, designs, applications, data, programs, phone numbers, fax numbers, cell numbers, email addresses and accounts, and any other proprietary information.

**D. Other Information:** Any other information of any kind which gives the Company an opportunity to obtain advantage over competitors.

For the purposes of this Agreement, the "**Company**" shall mean Gentherm Incorporated and any corporation, division, partnership, limited liability company or other person and/or business organization working in connection with Gentherm Incorporated, as well as their respective officers, directors, members, employees, and agents.

## AGREEMENT

In consideration for my employment and/or continued employment with the Company, the disclosure to me of the Company's trade secrets and/or other confidential information, and other valuable consideration, I agree to the following:

### A. Trade Secrets & Other Confidential Information.

1. I will not at any time, either during or after my employment with the Company, use or disclose to others any trade secrets or other confidential information about the Company's business or any of its proprietary rights to which I
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had access or was provided during my employment and any such information reasonably considered confidential and not within my general knowledge or within the scope of my acquired skills from sources other than my employment. I agree to execute any further agreements concerning any trade secrets of the Company as may be required by the Company.

2. Upon termination of my employment, I will deliver to the Company all documents or papers (including any medium for electronic storage of information) relating to the Company's business or such trade secrets or other confidential information that are in my possession or under my control without making copies or summaries of any such material.
3. To the fullest extent permitted by law, any inventions, source codes, algorithms, schematics, models, discoveries, developments, improvements, methods, processes, know-how, compositions, works, concepts, trade secrets, designs and ideas (whether or not capable of patent, trademark copyright protection), trademarks, logos, trade names, proprietary materials, copyrights, copyrightable works, non-copyrightable works, patents, domain names, database rights, methodologies, websites, web-pages, search engines, designs, applications, data, programs, phone numbers, fax numbers, cell numbers, email address and accounts, and any other proprietary information (collectively "Proprietary Information") (a) suggested by or resulting from any work I do as an employee (alone or with others) of the Company; (b) resulting from my use of the Company's time, materials or facilities; or (c) relating to existing or planned activities of the Company (including all affiliates of the Company) are WORKS-FOR-HIRE and shall be promptly disclosed to the Company and shall be its exclusive property. I assign to the Company any rights I may have or acquire in such Proprietary Information and agree to sign and deliver at any time any instruments confirming the exclusive ownership by the Company. In the event that any Proprietary Information is determined not to be WORKS-FOR-HIRE by a court of competent jurisdiction, this Agreement shall operate as an irrevocable assignment by me to the Company of my entire interest in any such Proprietary Information, including, without limitation, any and all rights that I may have or acquire in the Proprietary Information.
4. All inventions, proprietary information, or discoveries that belong to me before being employed by the Company, and which I want to exempt from this agreement, are listed on an attached schedule.
5. I agree that during my employment by the Company I will not engage in any other employment or business, unless specifically authorized by the VP of Human Resources and/ or the General Counsel.
6. I agree that my obligations under this Section will continue indefinitely until such time as the information ceases to be a trade secret or of any other advantage to the Company.

**B. Non-Solicitation and Non-Compete.**

While associated with the Company, and for a period of twelve months after my employment with the Company ends for any reason, I shall not, either directly or indirectly:

(a) induce or solicit, directly or indirectly, any employee of the Company to terminate his or her employment with the Company,

(b) engage in or otherwise provide services to any business which is the same or is substantially similar to the business of the Company, or

(c) take any action that will cause the termination of a business relationship between the Company and any business entity who is or was a customer or supplier, or a prospective customer or supplier of the Company within twelve months prior to my employment ending, and with whom I had material dealings or about whom I was provided confidential information.

**C. At Will Employment, Governing Law, Etc.**

I agree that this agreement (a) shall not be construed as an agreement by the Company to employ me for any specific period; (b) cannot be modified except in writing, signed by me and the President of the Company entitled "Employment Contract"; (c) shall inure to the benefit of the Company and its successors and assigns; (d) shall be binding upon my heirs, legal representatives, and assigns; and (e) shall be governed by Michigan Law. I further acknowledge and agree that I am an **Employee At Will**.

**D. Injunctive Relief.**

I acknowledge that: (a) the breach of any provision of this Agreement will result in immediate and irreparable

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damage to the Company; (b) no adequate remedy at law exists with regard to any such breach; (c) public policy will be furthered by the enforcement of this Agreement by an injunction; (d) injunctive relief will not deprive me of an ability to earn a living because I am qualified for many positions which do not involve the breach of any provision of this

Agreement; and (e) the Company will be entitled to enforce this Agreement by injunction or other equitable remedies in the event of such breach, in addition to any other remedies available to the Company (including, without limitation, monetary damages). Accordingly, in the event of a breach (or threatened or attempted breach) of this Agreement, the Company shall, in addition to any other rights and remedies, be entitled to immediate appropriate injunctive relief, or a decree of specific performance of this Agreement, without the necessity of showing any irreparable injury or special damages. If it is judicially determined that I have violated any of my obligations under this Agreement, I shall pay the Company's actual legal fees and costs associated with any such judicial action, including, but not limited to, the Company's actual attorneys' fees.

**E. Severability.**

If this Agreement shall be held by a court to be invalid or unenforceable because it is too broad in any respect, the agreement shall be narrowed by the court to the extent required to be enforceable.

**F. Entire Agreement.**

This Agreement constitutes the entire agreement and understanding between me and the Company concerning the matters contained herein and supersedes any prior understanding, agreement or negotiations regarding such matters.

**G. Assignment.**

This Agreement shall be assigned by Company in connection with any sale of the Company's business. I acknowledge that my obligations under this Agreement are personal to me and that I cannot assign my obligations in this Agreement to any other person or entity.

**H. No Legal Restrictions.**

I confirm that there is no legal restriction on my ability to perform the duties and obligations set forth in this Agreement, nor do I have any existing obligation to others which might be inconsistent with any provision contain herein.

Dated: 10/6/2022

**I have read and fully understand the terms of this Agreement.**

/s/ Jaymi K. Wilson  
Employee

**Accepted and Agreed:**

/s/ Rachel Pikulski  
On behalf of Gentherm

**Optional Attachment:** Excluded Prior Inventions (if any)

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## CERTIFICATION

I, William Presley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gentherm Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ William Presley

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William Presley  
President and Chief Executive Officer  
(Principal Executive Officer)  
April 24, 2025

## CERTIFICATION

I, Jonathan Douyard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gentherm Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jonathan Douyard

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Jonathan Douyard  
Executive Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)  
April 24, 2025

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

In connection with the Quarterly Report of Gentherm Incorporated (the “Company”) on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William Presley, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ William Presley

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William Presley

President and Chief Executive Officer

(Principal Executive Officer)

April 24, 2025

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

In connection with the Quarterly Report of Gentherm Incorporated (the “Company”) on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jonathan Douyard, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Jonathan Douyard

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Jonathan Douyard  
Executive Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)  
April 24, 2025

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