GENTHERM

2025

Annual Report

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

FORM 10-K

(Mark One)

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

for the fiscal year ended December 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	**95-4318554**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
28875 Cabot Drive, Novi, MI	**48377**
(Address of principal executive offices)	**(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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant, computed by reference to the closing price of such Common Stock on The Nasdaq Global Select Market as of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2025, was $853,967,174. For purposes of this computation, the registrant has excluded the market value of all shares of its Common Stock reported as being beneficially owned by executive officers and directors.

As of February 13, 2026, there were 30,526,465 issued and outstanding shares of Common Stock of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the 2026 annual meeting of shareholders are incorporated by reference into Part III of this Annual Report to the extent described herein.

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GENTHERM INCORPORATED

PART I

Forward-Looking Statements

This Annual Report on Form 10-K for the year ended December 31, 2025 (this “Annual 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; the components of and our execution of our strategic plan, product and technology development and manufacturing footprint optimization restructuring plans; our operating performance; 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 and other regulatory matters; the sufficiency of our cash balances and cash generated from operating, investing and financing activities for our future liquidity and capital resource needs; our ability to finance sufficient working capital; and significant matters related to the Modine Transaction, including the expected closing timing and structure thereof, the ability of the parties to complete such transaction and planned actions to satisfy the closing conditions, the expected benefits thereof, the tax consequences thereof, the terms and scope of the expected financing in connection with such transaction, and the combined company’s plans, objectives, expectations and intentions. Reference is made in particular to forward-looking statements included in “Item 1. Business,” “Item 1A. Risk Factors” and “Item 7. 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 Annual Report are made as of the date hereof or as of the date specified 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 "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," which are incorporated herein by reference, or as described in subsequent reports we file with the United States Securities and Exchange Commission (the "SEC"), and which could cause actual results and performance to differ materially from that described in or implied by the forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment and new risks emerge from time to time.

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.

ITEM 1. BUSINESS

Unless otherwise indicated, references to “Gentherm”, “the Company”, “we”, “our” and “us” in this Annual Report refer to Gentherm Incorporated and its consolidated subsidiaries.

Except to the extent expressly noted herein, the content of our website or the websites of other third parties noted herein are not incorporated by reference in this Annual Report.

Overview

Gentherm Incorporated is a global market leader of innovative thermal management and pneumatic comfort technologies. Our automotive products include Climate Control Seats (CCS®), Climate Control Interiors (CCI™), Lumbar and Massage Comfort Solutions, Valve Systems, and Climate and Comfort Electronics. 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.

On January 29, 2026, the Company entered into definitive agreements with Modine Manufacturing Company, a Wisconsin corporation (“Modine”), Platinum SpinCo Inc, a Delaware corporation and wholly owned subsidiary of Modine (“SpinCo”), and Platinum Gold Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of the Company (“Merger Sub”), with respect to a Reverse Morris Trust ("RMT") transaction (the "Modine Transaction"), and pursuant to and subject to the terms and conditions of such definitive agreements, (i) Modine will transfer (or cause to be transferred) and SpinCo will accept and assume (or cause to be accepted and assumed) all of the rights, titles and interests to and under certain assets and liabilities relating to Modine’s Performance Technologies business (“Performance Technologies”), (ii) Modine will distribute to its shareholders all of the issued and outstanding shares of common stock, $0.01 par value per share, of SpinCo (“SpinCo Common Stock”) held by Modine by way of a pro rata distribution (the “Spin-Off” and the disposition by Modine of 100% of the SpinCo Common Stock by way of the Spin-Off, the “Distribution”) and (iii) following the Distribution, Merger Sub will be merged with and into SpinCo, with SpinCo as the surviving entity (the “Merger”) and all SpinCo Common Stock will be converted into the right to receive shares of our common stock, no par value ("Common Stock"), as calculated and subject to adjustment as set forth in the Agreement and Plan of Merger, dated as of January 29, 2026, by and among the Company, Modine, Merger Sub and SpinCo (the “Merger Agreement”). Following consummation of the Merger, SpinCo will become a wholly owned subsidiary of the Company.

Closing of the Modine Transaction is subject to various closing conditions, including specified approvals by our shareholders, completion of financing for SpinCo, a customary IRS tax ruling, receipt of required regulatory approvals and the satisfaction of other customary closing conditions.

The Modine Transaction is described more fully under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview.”

Available Information

We are incorporated under the laws of the State of Michigan. Our website is www.gentherm.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are made available free of charge through our website, www.gentherm.com, as soon as reasonably practicable after we electronically file them with or furnish them to the SEC. These reports are also available on the SEC’s website, www.sec.gov.

Segments

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

The Automotive reporting segment is comprised of 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 Climate and Comfort Electronics), Valve Systems and other automotive products.

The Medical reporting segment is comprised of 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.

Research, Development and Partnerships

Our research, development and partnerships activities are an essential part of our efforts to develop new or improved innovative products, devise new ways to use our core technologies together to create value for consumers, and scale our products and core technologies into adjacent markets. Research and development is conducted globally at several sites to support our geographically diverse customers, allowing us to better meet their needs.

To offer our customers cutting-edge products and technologies, our strategy includes partnering with key technology leaders. These activities are critical to optimize energy utilization and production efficiencies, improve effectiveness in our products and minimize the cost to integrate our products with those of our customers.

Core Technologies

Gentherm's core technologies align well with near-term and long-term consumer and technological trends. We believe increased consumer demand for personalized comfort in a vehicle is driving increased adoption of our thermal and pneumatic Lumbar and Massage Comfort Solutions. We believe there is also demand for similar occupant experiences in other end markets, including power-sports, commercial vehicles, agriculture and home and office. We are committed to developing innovative products and technologies that fulfill this demand. Additionally, our core technologies have broad market applications which will allow us to scale across new end markets.

Gentherm's core technologies are:

Thermal Management

Gentherm's heating technologies use all three primary forms of heat transfer: conductive, convective, and radiant. Resistive heater technologies are comprised of wire, carbon fiber or positive thermal coefficient (“PTC”) heating elements that quickly and effectively deliver heat to people and objects. Wire heating elements are designed from stainless steel, copper, or our proprietary carbon fiber woven lattice technology called Carbotex® based on the specifications for a particular product application. Resistive heaters have multiple applications, including seat heating, steering wheel heating, interior panel heating and battery heating in the automotive segment and patient warming within the medical segment.

Air Moving Devices

Gentherm's air moving devices offer a broad range of scalable blower solutions developed for next-generation thermal systems. Our product families include compact, slim, quiet, high-power and special application series backed by engineering in motor design, aerodynamics, mechanical systems and electronics.

Pneumatic Solutions

Gentherm's pneumatic Lumbar and Massage Comfort Solutions are differentiated because our underlying valve technology for regulating air flow is based on shape memory alloy ("SMA") valves. Our products operate by inflation and deflation of lifting elements (air bladders) to achieve desired comfort effect. Our innovative control elements produce precise mechanical forces and movements using wires made of memory metals, without the labor-intensive use of additional sensors.

Valves

Gentherm's valves are designed and developed with our extensive expertise in advanced injection molding. Our passive valves manage flow in fluid-carrying circuits through spring-loaded actuation. Our active valves provide precise electronic flow regulation in liquid and air or gas circuits using solenoid and SMA actuation.

Products

The Gentherm core technologies are essential in building our strong product portfolio:

Automotive Climate and Comfort Solutions – Climate Control Seats (CCS®)

Gentherm offers a range of CCS products utilizing proprietary technologies for regulating temperature and enhancing the comfort of vehicle passengers. Heated seats, based on our resistive heater core technology, are seamlessly integrated into automotive seat designs, and are constructed using materials that offer the best capacity, installation characteristics and durability. Our design and manufacturing capabilities allow customers to choose from a variety of resistive heater materials based on their individual vehicle specifications.

Our CCS Vent products move air through the seat to provide conditioning. Our CCS Active products utilize thermoelectric devices to heat and cool air used to condition the seat. The conditioned air circulates by one of our specially designed air moving devices through an air distribution system installed in the seat cushion and seat back, so that the seat surface can be heated, ventilated or cooled. Each seat has individual electronic controls to adjust the level of heating, ventilating or cooling. Our CCS products improve comfort compared with conventional vehicle cabin air conditioners by focusing heating and cooling directly on the passenger through the seat.

Intelligent neck conditioning systems ventilate warm or cabin temperature air directly onto the passenger's neck and shoulder area. The system combines electronics, air moving device technologies and a PTC heating element into a compact, integrated headrest design that can be adjusted to suit the body size of the passenger.

Automotive Climate and Comfort Solutions – Climate Control Interiors (CCI™)

Gentherm offers heated steering wheels and products for other thermally conductive or radiative surfaces such as door panels and center console armrests. Heated steering wheels deliver heating comfort to automobile drivers through resistive elements. Heated door panels and armrests complement our climate-controlled seat and steering wheel products and provide a superior level of thermal comfort to the driving experience.

Automotive Climate and Comfort Solutions – Lumbar and Massage Comfort Solutions

Gentherm offers a seat ergonomics system that consists primarily of pneumatic lifting elements (air bladders) which are mounted under the surface of seat cushion and seat back. In addition, our Puls.A® solution uses precision micro air pressure bursts to deliver a soothing, pulsating massage that lets drivers and passengers enjoy deep, personal relaxation on every trip. All of our Lumbar and Massage Comfort Solutions utilize Gentherm's Valve Systems.

Automotive Climate and Comfort Solutions – Climate and Comfort Electronics

Gentherm offers electronic control modules used to control certain electrical motors in a vehicle. Our Intelligent Positioning System (IPS®) product suite utilizes proprietary software to determine the position of a power seat and control the memory seat module. Our PilotSense™ Hands-on Detection Electronic Control Module is a sensor integrated into the steering wheel that monitors whether the driver's hands are maintaining contact with the steering wheel. This product is available for both heated and non-heated steering wheels.

Valve Systems

Gentherm offers a variety of valve system solutions for applications in engine systems, brake systems and fuel management such as actuators, thermal management valves, pneumatic lumbar and massage valves, crank case ventilation valves, non-return valves, mechanical switching valves, servo assistance valves, fuel limit vent valves, roll over valves and drain valves.

Other Automotive

Gentherm's other automotive products include battery thermal management, battery cell connection systems and cable systems.

Medical - Patient Temperature Management Systems

Gentherm provides healthcare professionals with superior temperature management solutions and clinical expertise that improve patient outcomes, increase the standard of care and enhance patient satisfaction. We provide a full portfolio of patient temperature management systems that utilize air, water and resistive technologies 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. Our core brands include Blanketrol®, a hyper-hypothermia system, and Astotherm®, a fluid and blood warming system.

Business Strategy

Gentherm is creating a resilient future for our customers, employees and communities by building a portfolio of essential technology solutions. Our revised strategy centers around a framework focusing on Profitable Growth, Operational Excellence and Financial Performance, all supported by leveraging our world-class talent and culture to deliver superior total shareholder return:

Drive Strategic Profitable Growth

We believe our four core technologies create a path for profitable growth in end market applications within the light-vehicle automotive industry and medical industry and also translate and scale to multiple new applications and end markets.

In automotive, we have a market leading global position for climate and comfort solutions with a commercial model built around direct OEM engagement. Our engineering expertise and strong technical competencies enable us to develop innovative, value-add solutions for our customers. We will continue to seek opportunities to secure new business awards that protect and expand our existing programs, capture incremental market share through conquest wins, increase content per vehicle, and expand our presence in targeted geographic regions.

In medical, we will continue to bring together our automotive and medical engineers to identify medical use cases in patient and physician thermal management to develop innovative new products.

In addition to our continued market leadership in the automotive light-vehicle and medical industries, we believe our four core technologies provide us with the opportunity to scale our existing technologies across new applications and end markets. We will leverage our existing intellectual property, manufacturing assets, and engineering capabilities to scale addressable markets without significant incremental capital investment. We have identified and secured business in new end markets including home and office, power-sports, and commercial vehicles. We will continue to explore opportunities within those markets and other markets that we believe will provide an opportunity to grow profitably, without significant incremental investment.

Build Operational Excellence

We have accelerated our focus on operational excellence with the rollout of a formalized company operating system. Our enhanced focus on production and inventory control, standardized key performance indicators, and disciplined financial management, will enable more effective benchmarking of our facilities and replication of best-in-class practices globally. This approach will drive greater standardization across the business, improve asset utilization, lower capital expenditures and reinforce a culture of continuous improvement across the organization.

Achieve Superior Financial Performance

We will achieve superior financial performance by delivering on profitable growth opportunities, expanding margins through operational excellence, and maintaining a disciplined approach to capital allocation. We have built a performance-driven culture focused on high-return growth opportunities across several end markets. By strengthening operational excellence, we are positioning the business for margin expansion and stronger cash flow generation. We are continuing to invest in our manufacturing footprint to ensure we have an optimal cost structure and produce in the right locations to best serve our global customers. In addition, we regularly evaluate opportunities, including mergers, acquisitions or joint ventures, which could enhance our product portfolio, expand our access to new end markets, customers, and geographic regions, and or complement our current capabilities.

Leverage World Class Talent and Culture

We have built a talented global team by fostering leaders who think strategically, execute with discipline, and work together to unlock the full potential of our people. Guided by accountability, collaboration, transparency, and urgency, we cultivate a culture rooted in trust, resilience, and continuous learning. Together, this foundation positions us to deliver results today while driving sustainable growth for the future.

Automotive Customers

Our automotive products can be found on light vehicles manufactured by nearly all the major OEMs operating in North America and Europe, and several major OEMs in Asia. As such, our customers primarily include light vehicle OEMs and Tier 1s.

In many cases, the OEMs direct us to work with their suppliers, primarily their Tier 1s, to integrate our products into the vehicle's seat or interior design. As an independent supplier we can work with any OEM and any seat manufacturer to create innovative and unique configurations for their applications. Once the integration work is complete, prototypes are sent to the OEMs for evaluation and testing. If an OEM awards us the business to include our products in a vehicle model, it normally takes one to three years from the time an OEM awards us the business to actual production for that vehicle model. During this rollout process, we derive minimal funding from prototype sales but do not earn significant revenue until mass production begins. Upon commencement of mass production, our products are sold by Tier 1s to the OEMs. Inherent to the automotive supplier market are costs and commitments that are incurred well in advance of the receipt of orders and resulting revenues from customers.

The volume of products we sell is significantly affected by global and regional automotive production levels and the general business conditions in the automotive industry. Our industry broadly utilizes a "just-in-time" manufacturing process, and our production volumes established in a new business award frequently change in amount and timing based on updated production schedules from the OEMs and Tier 1s. Our product revenues are generally based upon purchase orders issued by our customers, which occur close to production and delivery of our products. As such, we typically do not have a backlog of firm orders at any point in time. Once we are selected to supply products for a particular vehicle model, we typically supply those products for the platform life, which is normally five to ten years (or shorter for China OEMs). In addition, when we are the incumbent supplier to a given platform, we believe we have a competitive advantage in winning the redesign or replacement platform.

For 2025, our revenues from sales to our two largest customers, Lear Corporation ("Lear") and Adient plc ("Adient") were $234 million and $164 million, respectively, representing 16% and 11% of our product revenues, respectively. Revenues from Lear and Adient represent sales of our climate and comfort solutions.

As noted above, in many cases automotive OEMs direct their suppliers to work with us. Therefore, it is relevant to understand how our revenues are divided among the OEMs, as shown below.

Product revenues by OEM, as a percentage of total Product revenues, for each of the past three years were as follows:

	2025	2024	2023
Volkswagen	12%	12%	9%
General Motors	12%	13%	13%
BMW	9%	8%	8%
Ford Motor Company	8%	9%	7%
Hyundai	7%	9%	10%
Mercedes-Benz	6%	7%	8%
Global EV manufacturer	5%	5%	4%
Stellantis	5%	4%	6%
Honda	5%	4%	4%
Jaguar/Land Rover	3%	4%	3%
Other (including Medical)	28%	25%	28%
Total	100%	100%	100%

Suppliers

We procure our raw materials from a variety of suppliers around the world. These suppliers are generally located near our manufacturing facilities, however, logistics costs may be impacted due to geopolitical factors. Some of our products contain key components such as semi-conductor chips and copper which cannot be substituted and are affected by market conditions. In the normal course of business, we do not carry substantial inventories of these raw materials in excess of levels reasonably required to meet our near-term production requirements.

Proprietary Rights and Patents

The development or acquisition of new or improved technologies is critical to the execution of our business strategy. Currently owned patents and patents obtained for new or improved technologies underpin the success of our research and development efforts and business. We have a policy of obtaining, where practical, the exclusive rights to use technology related to our products and their relevant applications through patents or licenses for proprietary technologies or processes. We adapt and commercialize such technologies in products for mass production. We also have developed technologies or furthered the development of acquired technologies through internal research and development efforts.

As of December 31, 2025, Gentherm held 382 issued patents, of which 181 were U.S. patents and 201 were non-U.S. patents. The Company continuously evaluates its patents and makes strategic decisions to reduce low-value patents and patents unrelated to current or planned business strategies, while still increasing patent use in-line with our current and planned business strategies.

Competition

Gentherm faces competition from other automotive suppliers and, with respect to certain products, from the OEMs and Tier 1s who manufacture or have the capability to manufacture certain products that Gentherm manufactures and supplies. The automotive supply industry competes on the basis of technology, quality, reliability of supply, design, engineering capability and competitive pricing. The automotive technology and components industry remains extremely competitive among existing and new market participants. We believe our technical expertise, flexibility integrating with specific OEM designs, global footprint and broad product offerings make us well positioned to compete against the traditional thermal management systems and pneumatic comfort suppliers, global Tier 1s and component specialists. The competitive landscape for patient temperature management systems includes patient temperature management medical device manufacturers.

Seasonality

Our principal operations are directly related to the automotive industry. Consequently, we have historically experienced seasonal fluctuations to the extent automotive vehicle production slows, such as in the summer months when many customer plants close for model year changeovers and in December when many customer plants close for the holidays.

Human Capital Management

At Gentherm, our people are the foundation of our success and we believe they provide us with a competitive advantage. Our human capital strategy is focused on creating the right working environment and developing the right skill sets to advance our performance culture and unlock our innovation and growth strategy. We also strive to promote a safe work environment and a culture that values engagement and belonging.

We attract, retain and motivate our employees, with oversight by our Board of Directors and its Committees, through a broad range of human capital management topics, including corporate culture, talent and succession planning, pay equity, health and safety, training and development, total rewards and engagement and belonging.

People Demographics

Our global workforce operates in more than 30 locations across 13 countries. As of December 31, 2025, and 2024, Gentherm's employment levels worldwide were as follows:

	2025	2024
Mexico	5,546	5,478
China	1,852	1,734
North Macedonia	1,850	2,416
Ukraine	1,302	1,520
Vietnam	1,195	1,244
Morocco	764	52
Germany	530	576
United States	464	481
Hungary	339	355
Czech Republic	255	318
Korea	50	48
Japan	18	14
United Kingdom	9	8
Malta	—	2
Total	14,174	14,246

Environmental and Regulatory Compliance

Gentherm operates in a dynamic global regulatory environment and is subject to numerous regulatory requirements. Failure to comply with global and specific country regulations could subject us to civil penalties, production disruptions, or limitations on the sale of affected products. We believe we are materially in compliance with substantially all of these requirements in effect.

Chemical Regulation

There are numerous global laws and regulations that prohibit or restrict the selection and use of certain chemicals for product development and manufacturing and potentially impact an automobile manufacturer's responsibility for vehicle components at the end of a vehicle's life. New chemical regulations continue to be introduced and passed, such as the European requirements that suppliers of parts and vehicles to the European market disclose certain substances of concern in parts. Further, increases in the use of circuit boards and other electronics may require additional assessment under the directives related to certain hazardous substances and waste from electrical and electronic equipment.

Vehicle Safety

In the U.S., the National Traffic and Motor Vehicle Safety Act of 1966 (the "Safety Act") regulates motor vehicle equipment that we manufacture and sell as well as vehicles. The Safety Act prohibits the sale in the United States of any new vehicle or equipment that does not conform to applicable federal motor vehicle safety standards established by the National Highway Traffic Safety Administration ("NHTSA"). The Safety Act further requires that if a vehicle manufacturer or NHTSA determine a vehicle or an item of vehicle equipment does not comply with a safety standard, or that vehicle or equipment contains a defect that poses an unreasonable safety risk, the vehicle manufacturer must conduct a safety recall to remedy that condition in the affected vehicles. Should a vehicle manufacturer or NHTSA determine a safety defect or noncompliance issue exists with respect to any of our products, the cost of such recall campaigns could be substantial and may not be covered by insurance. Further, many other countries have established vehicle and vehicle equipment safety standards and regulations. Meeting or exceeding the many safety standards is costly as global compliance and non-governmental assessment requirements lack harmonization globally and continue to evolve with greater complexity.

ITEM 1A. RISK FACTORS

You should carefully consider each of the risks, assumptions, uncertainties and other factors described below and elsewhere in this Annual Report, as well as any amendments or updates reflected in subsequent filings with the SEC. We believe these risks, assumptions, uncertainties and other factors, individually or in the aggregate, could cause our actual results to differ materially from expected and historical results and could materially and adversely affect our business operations, results of operations, financial condition and liquidity.

Industry and Operational Risks

We operate in a highly competitive industry and efforts by our competitors, as well as new entrants to the industry, could adversely affect our business, results of operations and financial condition.

The automotive component supply industry is subject to intense competition. Business is typically awarded to the supplier offering the most favorable combination of cost, quality, timely delivery, technological innovation and service. Our competitors' efforts to grow market share could exert downward pressure on our product pricing and margins. Vertical integration by existing and new market entrant competitors, customers and suppliers could continue to complicate and impact sourcing decisions by our customers and adversely affect our sales. We are experiencing increased competition from Chinese-based component suppliers that are developing relationships with Chinese-based OEMs, which are growing market share in China, and are expanding in key global markets, including Europe and North America.

The material reduction in sales from any of our principal customers, due to their acquisition activity, insourcing, product quality and delivery or otherwise, could materially and adversely affect our business, results of operations, cash flows and financial condition.

For the year ended December 31, 2025, our top two customers were Lear and Adient, which comprised 16% and 11%, respectively, of our product revenues. Our products supplied to General Motors and Volkswagen each represented 12% of our product revenues for the year ended December 31, 2025. The continued growth, viability and financial stability of our principal customers, as well as the OEMs to which our products are supplied, are critical to our success. The loss of any significant portion of our sales from these customers or other significant customers, whether due to their acquisition activity, insourcing, product quality and delivery or otherwise, would have a material adverse effect on our business, results of operations, cash flows and financial condition.

Our ability to attract and retain talented, diverse and highly skilled employees is critical to our success and competitiveness, and attracting and retaining such employees has caused and could continue to cause an increase in labor costs and may be adversely impacted by current macroeconomic factors in the automotive industry.

Our success depends on our ability to recruit and retain talented and diverse employees who are highly skilled in their areas. In particular, our technologies and products increasingly rely on software and hardware that is highly technical and complex and the market for highly skilled workers and leaders in our industry is extremely competitive and costly. The difficulty of attracting, hiring, developing, motivating and retaining highly qualified and diverse employees throughout our Company has caused and could continue to cause increases in the cost of labor due to wage inflation. Failure to continue attracting and retaining such highly qualified and diverse employees could further increase labor costs, disrupt our operations and adversely affect our strategic plans.

Labor shortages, work stoppages and additional workforce disruptions impacting us, our suppliers or customers periodically have disrupted our operations and our growth strategies, and resulting increases in labor and related operating costs may adversely impact our financial performance.

Labor shortages, work stoppages and additional workforce disruptions due to illness, quarantines and absenteeism, including ours and those at our suppliers or customers, periodically have disrupted our business and adversely impacted our financial performance. Because the automotive industry relies heavily on "just-in-time" delivery of components, labor shortages or work stoppages at one or more of Gentherm's production facilities or those of our suppliers could have adverse effects on the business and financial results. Similarly, the purchase of our products may be limited if one or more of our direct customers or an OEM were to experience labor shortages or work stoppages, which could result in the temporary shutdown of the related Gentherm production facilities or other restructuring initiatives.

Approximately 36% of the Company's workforce are members of industrial trade unions or worker councils and we believe a significant percentage of employees of our largest customers and suppliers are members of such organizations, all of whom are employed under the terms of various labor agreements. A union strike or inability to enter into a new labor agreement prior to expiration of an existing agreement could have an adverse impact on us or our suppliers or customers.

Our inability to effectively manage the development, timing, quality and costs of new product launches could adversely affect our financial performance.

The launch of new products and technologies is complex, the success of which depends on a wide range of factors, including the capacity of our internal teams, robustness of our product and manufacturing process development, success in sourcing new components and commodities with suitable suppliers, readiness of our and our suppliers' manufacturing facilities and manufacturing processes, as well as factors related to tooling, equipment, employees, initial product quality and other factors. Given the complexity of new product and technology launches, we may experience difficulties managing product quality, timeliness and associated costs.

The process of designing and developing new technology, products and services is costly and uncertain and requires extensive capital investment. In addition, new program launches require a significant ramp up of costs up to a few years prior to sales of such products. However, our sales related to these new programs generally are dependent upon the timing and success of our customers' introduction of new vehicles. Our inability to effectively manage the timing, quality and costs of these new program launches could have a materially adverse effect on our business, results of operations and financial condition.

To the extent we are not able to successfully launch new business, or if we are unable to prevent or effectively remedy errors, bugs, vulnerabilities or defects in our new products and technologies, vehicle production at our customers could be significantly delayed or shut down. Such operating failures could result in significant financial penalties to us or a diversion of personnel and financial resources to improving or fixing launches rather than investment in continuous process improvement or other growth initiatives, and could result in our customers shifting work away from us to a competitor. Any of the foregoing matters could result in a significant loss of revenue and market share and could have an adverse effect on our profitability and cash flows.

Our ability to grow our product portfolio successfully depends on the sustained acceptance of new products and technologies that we invest in by existing and potential customers and consumers, as well as the success of our customers.

Growing our product portfolio is core to our business, and we regularly identify and evaluate potential new products and technologies to add to our product offerings. In such growth efforts, we have been, and will continue to be, required to educate potential customers and demonstrate that the merits of additional products and technologies we develop, acquire or license justify the costs associated with them. Customers will only adopt new products and technologies if there appears to be significant consumer demand at proposed pricing, and some OEMs may develop their own, be slow to adopt or may never adopt such products and technologies.

For our automotive products, we rely on OEMs and applicable dealer networks to market new products and technologies to consumers, and we do not have any control over the applicable marketing budget or messaging nor the training of employees and agents. Without acceptance of such products by customers and consumers, our ability to sustain growth in our product portfolio will be inhibited, which could have a material adverse effect on our results of operations, financial condition, business and business strategy. Further, our failure to adapt our strategies and operations appropriately could have a material adverse effect on our business, results of operations and financial condition.

The automotive industry, our primary market, is cyclical and is significantly impacted by macroeconomic, geopolitical and similar global factors, and a decline in the production levels of our major customers and OEMs, could materially and adversely affect our business, results of operations and financial condition.

Our Automotive segment represents 97% of our product revenues for each of the years ended December 31, 2025, 2024 and 2023. Demand for our automotive products is significantly impacted by light vehicle production in key markets of North America, Europe, China, Japan, and Korea, and 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. Automotive sales and production are cyclical and are materially affected by macroeconomic, geopolitical and industry conditions that are outside of our control and the control of our customers and suppliers. These conditions include monetary fiscal policy, economic recessions, inflation, political instability, labor relations issues, energy prices, regulatory requirements, government initiatives, trade restrictions and agreements, capital and liquidity constraints, ongoing geopolitical conflicts, acts of war and terrorism, and natural and man-made disasters, such as the current conflicts between Russia and Ukraine, in the Middle East, and heightened tensions in the Red Sea and South China Sea. Additionally, the global automotive industry is experiencing a period of significant technological change. In recent years, automotive light vehicle demand and production have been materially impacted by the unexpected shifting demand and plans for EV and the mix of ICE and EV programs. 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. When automotive light vehicle production in our key markets and our sales decline to levels significantly below our planning assumption, as we have experienced periodically, our financial condition, results of operations, and cash flow has been adversely affected. Our operational costs are similarly impacted by such macroeconomic, geopolitical and industry conditions, which has and may continue to adversely impact our margins and profitability.

Our business in China may be subject to aggressive competition and is sensitive to economic, political, and market conditions.

Maintaining a strong position in the Chinese market is a key component of our global growth strategy. The automotive supply market in China is highly competitive, with competition from many of the largest global manufacturers and numerous smaller domestic manufacturers. Our automotive sales volume growth in China has varied significantly in each of the last few years. Domestic Chinese OEMs have continued to expand their market share in China and have lower-cost products to begin to penetrate other global markets, and as a result, several non-Chinese OEMs in China and in other global markets in which such Chinese OEMs participate have experienced declines in revenue and market share. As the Chinese market and Chinese OEM pricing strategy evolves, we anticipate that market participants in China and in other global markets impacted by Chinese OEM pricing will act aggressively to increase or maintain their market share. Increased competition has resulted in price reductions, reduced margins and our inability to gain or hold market share. If we are unable to maintain our position in the Chinese market or if vehicle sales in China continue to experience varied growth rates or decrease, our business and financial results could be materially adversely affected.

Our operations within Ukraine subject us to risks that may harm our operations and financial results.

The conflict between Russia and Ukraine, and certain measures taken in response, have impacted the availability and prices of certain raw materials and energy (especially in Europe) and have led to various economic sanctions, which could have a lasting impact on regional and global economies. Our facility in Vynohradiv, Ukraine is on the far western corner within the Transcarpathia region near the Hungary border. In 2025, 2024 and 2023, products manufactured at our Ukraine facility represented approximately 5%, 6% and 6% of the Company's total revenue, including automotive cables, seat heaters and steering wheel heaters. At this time, our Ukraine facility is operating at normal levels. Our response to the ongoing conflict is based on a severity level contingency response plan that has been developed with certain customers. Execution of the contingency response plans may require us to relocate specific equipment and production to other Gentherm manufacturing sites. We have experienced and may continue to experience interruptions in power supply at our Ukraine facility. We have contingency measures in place to address intermittent power supply interruptions, however, extended interruptions could significantly impact our ability to operate the facility. Further, most of our products manufactured in Ukraine are shipped across the border from Ukraine to Hungary for further delivery to our customers. If that border crossing were to be closed or restricted for any reason, we may experience a significant disruption to our operations. As the situation in Ukraine is fluid, we continue to monitor its effects on our business and we continue to work closely with our customers to adjust our contingency response as necessary.

The global automotive supply chain has been adversely impacted by raw material and component shortages, manufacturing disruptions and delays, logistics challenges and tariffs, inflationary and other cost pressures, and we expect such conditions to continue to adversely affect our business, profitability and results of operations.

Our products contain a significant number of components that we source globally from suppliers who, in turn, source components from their global suppliers. The availability of raw materials and product components fluctuates due to factors outside of our control, including supply and demand imbalances, geopolitical and macroeconomic factors, labor disruptions or shortages, trade laws and tariffs, natural disasters, and global pandemics, which has and we expect will continue to impact the ability of our supply chain to meet our production requirements and therefore our ability to meet the production demands of our customers. In some instances, we purchase components, raw materials and parts that are ultimately derived from a single source and may be at an increased risk for supply disruptions and cost pressures. If our supply chain fails to deliver products to us in sufficient quality and quantity on a timely basis, we will be challenged to meet our production schedules and fulfill our orders due to the "just-in-time" manufacturing process that is broadly utilized in our industry, which would decrease sales and profits and could damage our commercial reputation and customer relationships. Furthermore, sudden changes in the production schedules of OEMs and Tier 1s caused by raw material and component shortages also have resulted and may continue to result in operating inefficiencies, which could adversely affect our profitability and results of operations. Additionally, if we are the primary cause for a customer being forced to halt production, the customer may seek to recoup all of its losses and expenses from the Company. Similarly, OEMs and Tier 1s to whom we supply our products are dependent on an ever-greater number of global suppliers to manufacture and sell their products to consumers, which drives sales of our products.

Our inability to achieve product cost reductions which offset customer-imposed price reductions could adversely affect our financial performance.

Downward pricing pressure is customarily applied by automotive manufacturers to the automotive supply chain. Our customer contracts generally provide for annual price reductions over the production life of the vehicle, while requiring us to assume significant responsibility for the design, development and engineering of our products, as well as the costs incurred through our supply chain. Prices may also be adjusted on an ongoing basis to reflect changes in product content/costs and other commercial factors. Our inability to achieve product cost reductions that offset customer-imposed price reductions has and could continue to adversely affect our financial condition, results of operations and cash flows.

Security breaches and other disruptions to our information technology networks and systems, including a disruption related to cybersecurity, could interfere with our operations and could compromise the confidentiality of our proprietary information or personal information.

We rely on our information technology, communication networks, enterprise applications, accounting and financial reporting platforms and related systems in connection with many of our business activities. Some of these networks and systems are managed by third-party service providers and are not under our direct control. Our operations routinely involve receiving, storing, processing and transmitting sensitive information pertaining to our business, customers, suppliers, employees and other sensitive matters. We rely upon the capacity, reliability and security of our IT and data security infrastructure, as well as our ability to expand and continually update this infrastructure in response to the changing needs of our business. If we experience a problem with the functioning of an important IT system or a security breach of our IT systems, due to failure to timely upgrade systems or during system upgrades and/or new system implementations, or resulting from failures of our third-party service providers, the resulting disruptions could have an adverse effect on our business.

As with most companies, we have experienced cybersecurity incidents, attempts to breach our systems and other similar incidents, none of which were material in 2025.

Any future cybersecurity incidents could, however: materially disrupt operational systems; result in loss of trade secrets or other proprietary or competitively sensitive information; compromise personally identifiable information regarding customers or employees; delay our ability to deliver products to customers; and jeopardize the security of our facilities. A cybersecurity incident could be caused by malicious outsiders (including state-sponsored espionage or cyberwarfare, which has become commonplace) or insiders using sophisticated methods to circumvent firewalls, encryption and other security defenses. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Information technology security threats, including security breaches, computer malware, "ransomware" and other cybersecurity incidents, are increasing in frequency, uniqueness and sophistication to evade detection and remove forensic evidence of the incident, including due to emerging technologies such as artificial intelligence and machine learning, which may cause cybersecurity incidents to be more difficult to detect for periods of time or at all. Many victims of ransomware are forced to pay significant ransoms to regain access to their critical business data, and we may not be permitted under various regulations and laws to make such payments.

We have implemented and maintain various information security processes designed to identify, assess and manage material risks from cybersecurity threats to our critical systems and our proprietary, strategic or competitive data, which we review for quality and effectiveness on a regular basis. Our IT systems, like those of other companies, are vulnerable to intrusion or damages from computer viruses or worms, natural disasters (which may become more frequent due to climate change), unauthorized access, cybersecurity incidents, breaches due to errors, negligence or malfeasance by employees, contractors or others who have access to these systems and other similar disruptions. Any system failure, accident or security breach could result in disruptions to our operations and include the theft of our intellectual property, trade secrets, customer information, human resources information or other confidential information. The foregoing matters could cause significant damage to our reputation, affect our relationships with our customers, lead to claims against us, fines and other penalties assessed upon us by governmental authorities, and ultimately harm our business and financial performance. In addition, we may be required to incur significant costs to remediate and protect against damage caused by these disruptions or security breaches in the future.

Our global operations subject us to risks that may harm our operations and financial results.

In 2025, 66% of our product revenue was generated from sales to customers outside the United States (based on shipment destination), including Europe and Asia. Further, we have significant personnel, property, equipment and operations located outside of the United States. We also conduct certain investing and financing activities in local currencies.

In addition to the general risks relating to our operations, our international operations are subject to significant unique risks inherent in doing business abroad, many of which have had a significant impact on our business and financial performance in recent years, including:

- exposure to local economic, political, social and labor practices and conditions;
- different, complex and continuously changing local laws and regulations and enforcement thereof;
- changes in government leadership;
- increases in costs of and disruptions in international shipping related to global conflicts and environmental conditions;
- increases in duties, tariffs and taxation on the import or export of our products related to U.S. trade disputes, trade restrictions, potential trade wars and other global conflicts;
- exposure to infectious disease and epidemics, including the effects on our business operations, and those of our customers and suppliers, in geographic locations impacted by an outbreak;
- violence and civil unrest (including acts of terrorism, drug-cartel related and other forms of violence and outbreaks of war);
- expropriation, nationalization or other protectionist activities;
- currency exchange rate fluctuations and currency controls;
- withholding and other taxes on repatriated funds and other payments by subsidiaries;
- difficulties in managing or overseeing foreign operations and agents; and
- different credit risks.

We work with select domestic manufacturers in China, with over 15% of our 2025 product revenue generated from sales to customers in China. Chinese-based OEMs and automotive suppliers are growing market share in global markets. However, continued U.S.-China trade tensions and weakening economic conditions, among other factors, may result in reduced sales, profitability and margins, increased operating costs and challenges to gaining or holding market share with such OEMs. Furthermore, certain risks and uncertainties of doing business in China are solely within the control of the Chinese government and such regulations may favor domestic Chinese automotive suppliers, including Chinese regulation of the scope of our business and investments in China, as well as our ability to provide cash to and repatriate cash from our business entities in China. In order to maintain access to the Chinese market, we may be required to comply with significant technical and other regulatory requirements that are unique to the Chinese market, at times with challenging lead times. These actions may increase the cost of doing business in China, hinder our ability to compete with Chinese-based automotive suppliers and limit how and under what conditions we may do business in China, which could materially and adversely affect our profitability and financial condition.

Our ongoing efforts to optimize our cost structure and our global manufacturing footprint could cause supply disruptions and be more costly, time-consuming and resource-intensive than expected.

Our ongoing efforts to optimize the efficiency of our global operations could cause supply disruptions and could be more expensive, time-consuming and resource-intensive than expected. In recent years, we have initiated restructuring actions to streamline our manufacturing operations and optimize the Company's cost structure. We have and may continue to experience significant cash and non-cash expense, including employee severance, retention and termination costs, capital expenditures, accelerated depreciation and impairment of fixed assets, and other transition costs including recruiting, relocation, and machinery and equipment move and set up costs. The actual timing, costs and savings from these projects may differ materially from the Company's expectations and estimates. Additionally, restructuring actions may adversely affect our ability to recruit, retain and motivate skilled personnel. Such restructuring actions may also be distracting to employees and management and may negatively impact our business operations, reputation, or ability to serve our customers.

We manage our business based on projected future sales volume, which is highly dependent on information received from customers and general market data, and any inaccuracies or changes in such information could adversely affect our business, results of operations and financial condition.

We manage our business based upon projected future sales volumes, which are based upon many factors, including awarded business and assumptions of conversion rates thereof, customers' forecasts and general macroeconomic and industry market data. Our industry broadly utilizes a "just-in-time" manufacturing process, and our production volumes established in a new business award frequently change in amount and timing based on updated production schedules from the OEMs and Tier 1s. Our product revenues generally are based upon purchase orders issued by our customers, which occur close to production and delivery of our products, and our customers generally do not guarantee sales volumes. As such, we typically do not have a backlog of firm orders at any point in time. In addition, awarded business may include arrangements under which our customers have the right to terminate without penalty at any time. Further, our customers' forecasts are subject to numerous assumptions, and such forecasts often are changed rapidly with limited notice. Therefore, our actual sales volumes and the resulting amount of revenue are not committed. We also must incur costs and make commitments well in advance of the receipt of orders and resulting revenues from customers. If actual production orders from our customers are not consistent with our projected future sales volumes, especially for our higher-margin products, we could realize substantially less revenue and incur greater expenses over the life of vehicle programs. In recent years, we have been awarded record new business awards, which has enhanced the foregoing risks.

The receipt of orders and resulting revenues from customers is significantly affected by global automotive production levels. Recent macroeconomic, geopolitical and industry factors noted above have made it particularly challenging for us to project future sales volumes and manage our business.

We use important intellectual property in our business. If we are unable to protect our intellectual property or if a third party makes assertions against us or our customers relating to intellectual property rights, our business could be adversely affected.

We own important intellectual property, including patents, trademarks, copyrights and trade secrets. Our intellectual property plays an important role in maintaining our competitive position in many of the markets that we serve.

We cannot guarantee, however, that we will be able to secure all desired protection, nor that the steps we have taken to protect our intellectual property will be adequate, to prevent infringement of our rights or misappropriation or theft of our technology, trade secrets or know-how. For example, effective patent, trademark, copyright and trade secret protection may be unavailable or limited in some of the countries in which we operate. Foreign governments may adopt regulations, and foreign governments or courts may render decisions, requiring compulsory licensing of intellectual property rights, or foreign governments may require products to meet standards that serve to favor local companies or provide reduced protection relative to other countries.

In addition, while we generally enter into confidentiality agreements with our employees and third parties to protect our trade secrets, know-how, business strategy and other proprietary information, such confidentiality agreements could be breached or otherwise may not provide meaningful protection. Further, adequate litigation and other remedies may be costly or otherwise not be available in the event of an unauthorized theft, use or disclosure. Finally, for those products in our portfolio that rely on patent protection, once a patent has expired, the product is generally open to competition. If we fail to successfully enforce our intellectual property rights, our competitive position and the value of our intangible assets could suffer, which could harm our business, financial condition, results of operations and cash flows.

Further, our competitors may develop technologies that are similar or superior to our proprietary technologies or design around the patents we own or license.

If we fail to manage our growth effectively or to integrate successfully any business ventures, acquisitions, investments or strategic alliance into our business, or realize the benefits from divestitures or business exits, our business and financial performance could be materially adversely harmed.

We regularly consider opportunities to pursue business ventures, acquisitions, investments and strategic alliances that could leverage our products, technologies and capabilities, as well as, enhance our customer base, geographic penetration and scale, to complement our current businesses, some of which could be material. See "—Risks Related to the Modine Transaction" below.

Finding and assessing a potential growth opportunity and completing a transaction involves extensive due diligence, management time and expense. Further, we can give no assurance that any such transaction will positively affect our financial performance or will perform as planned, including regarding anticipated synergies or other financial or operational benefits. For significant transactions, we would expect to incur additional debt, issue equity and/or increase capital expenditures, which may increase leverage risks, result in dilution or reduce capital available for other investments in ongoing operations. If we fail to identify and complete suitable acquisition and investment opportunities in a timely and successful manner, our business, growth strategy reputation and results of operations could be materially and adversely impacted.

Furthermore, the success of our acquisitions is dependent, in part, on our ability to realize the expected benefits from the integration of the acquired businesses or assets. We may incur an unexpected amount of liabilities or make incorrect estimates regarding the planned accounting for acquisitions, such as the need to record non-recurring charges or write-off of significant amounts of goodwill or other assets that could adversely affect our results of operations, and we may not have sufficient contractual protections. Further, the integration of acquired businesses is a complex, costly and time-consuming process that requires significant management attention and resources. It is possible that the integration process could result in the loss of key employees, the disruption of our operations, the inability to maintain or increase our competitive presence, inconsistencies in and incompatibility of information technology and accounting systems, as well as other compliance standards, controls, procedures and policies, difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from the acquisition, additional litigation, compliance or regulatory risk, the diversion of management's attention to integration matters and difficulties in the assimilation of employees and corporate cultures, especially if the acquisition involves a business, supply chain or operations in one or more countries in which we have a limited history and lack of experience. Any of these factors, many of which are out of our control, and our increased debt leverage following the closing of any significant transaction could have an adverse effect on our business and financial performance, including reduced profitability and future impairment of any associated goodwill and intangible asset balances.

Periodically, we also evaluate opportunities to divest or shut-down non-core businesses and assets, and the Company may consider strategic dispositions and shut-downs in the future. However, we may not achieve some or all of the targeted benefits we originally anticipated at the time of disposition or shut-down, we may continue to retain material liabilities by contract or applicable law, and we may incur impairment charges. Further, for dispositions, we may need to provide material transition services following the transaction, any of which could have an adverse impact on our returns and our overall profitability.

Gentherm's adoption of new technology such as artificial intelligence could adversely impact its business, operations and reputation.

Gentherm is in the early stages of incorporating artificial intelligence capabilities into the development of technologies and business operations, and into products and services. Artificial intelligence technology is complex and rapidly evolving, and may subject Gentherm to significant competitive, legal, regulatory, operational and other risks. The implementation of artificial intelligence can be costly and there is no guarantee that Gentherm's use of artificial intelligence will enhance its technologies, benefit its business operations, or produce products and services that are preferred by its customers. Gentherm's competitors may be more successful in their artificial intelligence strategy and develop superior products and services with the aid of artificial intelligence technology. Additionally, artificial intelligence algorithms or training methodologies may be flawed, and datasets may contain irrelevant, insufficient or biased information, which can cause errors in outputs. This may give rise to legal liability, reputational damage, and materially harm Gentherm's business. The use of artificial intelligence in the development of Gentherm's products and services could also cause loss of intellectual property, as well as subject it to risks related to intellectual property infringement or misappropriation, data privacy and cybersecurity. Furthermore, the U.S. and other countries may adopt laws and regulations related to artificial intelligence. Such laws and regulations could cause Gentherm to incur greater compliance costs and limit the use of artificial intelligence in the development of its products and services. Any failure or perceived failure by Gentherm to comply with such regulatory requirements could subject Gentherm to legal liabilities, reputational damage, or otherwise have a material and adverse impact on Gentherm's business.

Legal, Regulatory and Compliance Risks

Economic and trade policy, including tariffs and customs regulations, 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, 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 to certain imported 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. The U.S. administration recently has periodically enacted additional or enhanced tariffs in various jurisdictions relevant to our business. Implementation of tariffs or other restrictive trade measures by the United States and potentially reciprocally by other countries subject to such to tariffs remains highly uncertain. Due to the global nature of our business, specifically in the jurisdictions impacted by the recent tariffs announcements, if the actual and potential tariffs and reciprocal tariffs are implemented as currently proposed, our results of operations could be materially negatively impacted, both directly and indirectly through negative effects to our supply chain, as a result of increased costs, decreased demand and other adverse economic impacts, and we may not be able to successfully mitigate or offset such impacts. 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 increased cost of our products, reduction of sales, disruption of our supply chain and may impair our ability to effectively operate and compete in the countries where we do business.

In addition, various countries regulate cross-border transactions of certain products through import permitting and licensing requirements. The exportation, re-exportation, transfers within foreign countries and importation of our products, including by our suppliers and vendors, must comply with these laws and regulations, and any violations may result in reputational harm, government investigations and penalties, and a denial or curtailment of importing or exporting activities. Complying with U.S. export, sanctions and import laws, including ongoing and rapidly changing sanctions against certain countries, regions, governments and related persons and entities, may be time consuming, may increase our costs, and may result in the delay or loss of sales opportunities. If we are found to be in violation of U.S. export, sanctions or import laws, or similar laws in other jurisdictions, we and the individuals working for us could incur substantial fines and penalties. Changes in export, sanctions or import laws or regulations may delay the introduction and sale of our products in the U.S. and international markets, require us to spend resources to seek necessary government authorizations or to develop different versions of our products, or, in some cases, prevent the export or import of our products to certain countries, regions, governments, persons or entities, which could adversely affect our business, financial condition and operating results.

We may face particular privacy, data security and data protection risks.

We are subject to several data privacy and data security laws and regulations in the various jurisdictions that we operate. An increasing number of U.S. states have enacted data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of personal information, such as social security numbers, financial information and other information. For example, several U.S. territories and all 50 states have adopted data breach rules that require timely notification if a company has experienced the unauthorized access or acquisition of personal information. States have enacted privacy laws in recent years and other states are considering doing so. These privacy laws may impose substantial penalties for violations, impose significant costs for investigations and compliance, allow private class-action litigation and carry significant potential liability for our business and reputation.

Legislators and/or regulators in foreign countries in which we operate are increasingly adopting or revising privacy, information security and data protection laws as well. In particular, the European Union's General Data Protection Regulation ("GDPR") imposes additional obligations and risk upon our business and which increases substantially the penalties to which we could be subject in the event of any non-compliance. Many countries have enacted similar types of legislative and regulatory requirements concerning data protection, and additional countries are considering similar legal frameworks.

The CCPA, GDPR and other similar laws and regulations including those recently or soon to be enacted, as well as any associated inquiries or investigations or any other government actions, may be costly and burdensome to comply with, lead to a decline in consumer engagement, result in negative publicity, increase our operating costs, require significant management time and attention to monitor and be in compliance with, and subject us to remedies that may harm our business, including fines or demands or orders that we modify or cease existing business practices. Moreover, regulatory actions seeking to impose significant financial penalties for noncompliance and/or legal actions (including pursuant to laws providing for private rights of action by consumers) could be brought against us in the event of a data compromise, misuse of consumer information, or perceived or actual non-compliance with data protection or privacy requirements, privacy, or artificial intelligence requirements. The rapid evolution and increased adoption of artificial intelligence technologies may intensify these risks.

Defects or quality issues associated with our automotive and medical products, as well as a significant product liability lawsuit, warranty claim or product recall involving us or one of our major customers, or an investigation regarding vehicle safety generally, could adversely affect the results of our operations.

Our design, manufacture and marketing of automotive products subject us to warranty and product liability claims in the event that customers, consumers or regulators believe that our products (or the products of our customers that incorporate our products) failed to perform as expected and, in the case of product liability, such failure of our products (or the products of our customers that incorporate our products) results or is alleged to result in bodily injury or property damage. If any of our products are or are alleged to be defective, we also may be required by our customers or regulators to participate in a recall or other corrective action involving such products, which we have been subject to periodically. Automotive manufacturers are increasingly looking to their suppliers for contribution when faced with recalls and product liability claims, as well as requiring their suppliers to guarantee or warrant their products and bear the costs of repair and replacement of such products under new vehicle warranties. In addition, governmental regulatory agencies throughout the world, such as NHTSA in the U.S., have safety standards that require manufacturers to remedy defects related to vehicle safety through safety recall campaigns, and a manufacturer is obligated to recall vehicles if it determines that the vehicles do not comply with a safety standard. See Note 10 “Commitments and Contingencies” to the consolidated financial statements included in this Annual Report for information regarding recent or ongoing product liability and warranty matters.

Any large liability claims, if made, could exceed our insurance coverage limits and insurance may not continue to be available on commercially acceptable terms, if at all, and we may incur significant costs to defend these claims. In certain instances, allegedly defective products may be the result of components supplied by our supply chain, and we may be limited in our ability to obtain recovery from our suppliers of materials or services included within our products that are associated with product liability and warranty claims, particularly if the affected items relate to global platforms or involve defects that are identified years after production. A recall, product liability or warranty claim brought against us that is not insured or is in excess of our available insurance, and if other third parties do not contribute or indemnify us, could have an adverse impact on our results of operations and reputation or market acceptance of our products.

The design, manufacture and marketing of medical products involve certain inherent risks. Manufacturing or design defects, component failures, unapproved or improper use of our products, or inadequate disclosure of risks or other information relating to the use of our products can lead to regulatory action, injury or other serious adverse events. These events could lead to recalls or safety alerts relating to our products (either voluntary or as required by the Food and Drug Administration (“FDA”) or similar governmental authorities in other countries), and could result, in certain cases, in the removal of a product from the market. A recall, inadequate disclosure or defect could result in significant costs and lost sales and customers, enforcement actions and/or investigations by state and federal governments or other enforcement bodies, as well as negative publicity and damage to our reputation that could reduce future demand for our products. Personal injuries relating to the use of our products can also result in significant product liability claims being brought against us. In some circumstances, such adverse events could also cause delays in regulatory approval of new products or the imposition of post-market approval requirements, such as further clinical testing. Such clinical testing is costly and time-consuming and could delay market approval or the meeting of additional post-market requirements.

Tax matters, including changes in the corporate tax rates, disagreement with taxing authorities and imposition of new taxes could impact our results of operations and financial condition.

We are subject to income and other taxes in the U.S. and internationally. We are also subject to regular reviews, examinations, and audits by the Internal Revenue Service and other taxing authorities with respect to our taxes. Although we believe our tax estimates are reasonable, if a taxing authority disagrees with the positions we have taken, we could face additional tax liability, including interest and penalties. There can be no assurance that payment of such additional amounts upon final adjudication of any disputes will not have a material impact on our results of operations and financial position.

We also need to comply with new, evolving or revised tax laws and regulations. The enactment of other changes in the application or interpretation of tax legislation and other initiatives may have an adverse effect on our business or on our results of operations.

The value of our deferred tax assets may not be realized, which could materially and adversely affect our operating results.

As of December 31, 2025, we had approximately $73.7 million in net deferred tax assets, inclusive of a $11.4 million valuation allowance. These deferred tax assets include net operating loss carryovers and tax credits that can be used to offset taxable income in future periods and reduce income taxes payable in those future periods. Each quarter, we determine the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, historical operating results and expectations of future earnings and tax planning strategies. If we determine in the future that there is not sufficient positive evidence to support the valuation of these assets, due to the risk factors described herein or other factors, we may be required to further adjust the valuation allowance to reduce our deferred tax assets. Such a reduction could result in material non-cash expenses in the period in which the valuation allowance is adjusted and could have a material adverse effect on our financial statements.

Our patient temperature management business is subject to extensive industry regulation and failure to comply with all applicable rules and regulation may adversely impact us.

Our patient temperature management business is subject to extensive, complex, costly and evolving government regulation. In the U.S., this is principally administered by the FDA. Various regulatory agencies in foreign countries where our medical products are sold also regulate that business. Under both U.S. and foreign country regulations, we are subject to periodic inspection of our facilities (including third-party facilities that are performing services for us), procedures and operations and testing of our products. Following such FDA inspections, should any noncompliance with regulations or other quality issues be noted, we may receive observations, notices, citations and/or warning letters that could require us to get FDA approval of a corrective action plan and modify certain activities identified during the inspection, possibly at a significant cost. We are also required to report adverse events associated with our medical products to the FDA and other foreign regulatory authorities where our products have been approved or received market clearance. Unexpected or serious health or safety concerns could result in liability claims, recalls, market withdrawals or other regulatory actions. Changes in laws or regulations could require us to change the way we operate or to utilize resources to maintain compliance, which could increase costs or otherwise disrupt operations. In addition, failure to comply with any applicable laws or regulations could result in fines or revocation of our operating permits and licenses or, in rare circumstances, market withdrawal of the product.

The process for obtaining governmental approval to manufacture and market new medical devices is time-consuming and costly. We are dependent on receiving FDA and other governmental or third-party approvals prior to manufacturing, marketing and shipping any new medical products. We cannot be certain that any new medical products we develop will receive FDA or other necessary approvals. Also receipt of approval in one country does not guarantee approval by the FDA or any other foreign regulatory agency.

Any failure to comply with anti-corruption laws and regulations could have a material and adverse effect on our reputation, business and financial results.

Our operations outside of the United States require us to comply with various anti-bribery and anti-corruption regulations, including but not limited to the U.S. Foreign Corrupt Practices Act, the United Kingdom Bribery Act and the China Anti-Unfair Competition Law. Compliance with these laws and regulations have become increasingly complex due to the increasing global operations of OEMs and automotive component suppliers, including us. Violations of these laws, which are complex and often difficult to interpret and apply, could result in significant criminal penalties or sanctions that could adversely affect our business, financial condition, results of operations and cash flows. Additionally, we have periodically, and intend in the future, to complete acquisitions of and investments in companies, which may have different historical policies, practices and standards that increase the risk of our compliance with various regulations while we integrate such companies.

Our business may be negatively impacted by the effects of climate change and by regulatory and stakeholder-imposed requirements to address climate change and other sustainability issues.

As evidenced by shifting industry and consumer behaviors, including the development and use of EVs, the automotive industry and stakeholders have a heightened focus on climate change and the environmental impact of product manufacturing and end use. This increased focus on sustainability and the environmental impact of the automotive industry and manufacturing processes has caused our customers and other stakeholders to impose additional requirements on us and our suppliers, which often exceed regulatory standards. These customer requirements include increased tracking and reporting of greenhouse gas emissions and other environmental metrics, reduced waste and wastewater from operations, increased use of sustainable materials in our products, and the use of renewable energy sources in our factory operations. We have begun, and expect to continue, to incur increased operating costs and capital expenditures to procure renewable energy and additional equipment or make operational and process changes to comply with customer requirements in addition to state and federal regulations. To the extent we are unable to meet or exceed customer sustainability requirements, demand for our products and our revenues could be adversely impacted. A failure to adequately meet other stakeholder expectations may result in the loss of business, diluted market valuation, an inability to attract customers or an inability to attract and retain top talent.

We are involved from time to time in various legal and regulatory proceedings and claims, which could adversely affect our financial performance.

We are involved in various legal and regulatory proceedings and claims that, from time to time, are significant. These are typically claims that arise in the normal course of business including, without limitation, commercial or contractual disputes, including disputes with our customers, suppliers or competitors, intellectual property matters, personal injury claims, environmental matters, tax matters and employment matters. Such legal and regulatory proceedings could result in an adverse outcome for the Company that would adversely affect our financial condition, results of operations and cash flows.

Financial Risks

We are subject to significant foreign currency risk and foreign exchange exposure related to our global operations.

A significant portion of our global transactions is conducted in currencies other than the U.S. dollar, including the Euro, Mexican Peso, Hungarian Forint, North Macedonian Denar, Ukrainian Hryvnia, Japanese Yen, Chinese Renminbi, Korean Won, Czech Koruna, Vietnamese Dong and Moroccan Dirham. While we sometimes employ financial instruments to hedge some of our transactional foreign exchange exposure, developing an effective and economical foreign currency risk strategy is complex and expensive and no strategy can completely insulate us from those exposures. Exchange rates can be volatile and could adversely affect our financial results and comparability of results from period to period. Such exchange rate volatility could also increase the costs of raw materials or components from foreign suppliers, and as a result, our profitability could be adversely affected.

Our existing indebtedness and the inability to access capital markets could restrict our business activities or our ability to execute our strategic objectives or adversely affect our financial performance.

As of December 31, 2025, our total consolidated indebtedness was $189.1 million, with $307.9 million available for additional borrowings under the Second Amended and Restated Credit Agreement subject to specified conditions that Gentherm currently satisfies. We may incur additional indebtedness in the future, including in connection with acquisitions or significant capital expenditures. If our outstanding borrowings increase, including under existing availability of revolving credit or if we incur additional indebtedness, the amount of our outstanding debt could have important, adverse consequences to us and our investors, including:

- requiring a substantial portion of our cash flow from operations to make interest payments;
- making it more difficult to satisfy other obligations;
- increasing our vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow our businesses;
- limiting our flexibility in planning for, or reacting to, changes in our businesses and industries; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise.

Our debt agreements contain certain restrictive covenants and customary events of default. These restrictive covenants limit our ability to take certain actions, such as, among other things: incur additional debt, create liens, make certain payments or distributions (including for the repurchase or redemption of our shares), engage in mergers or consolidations, make certain dispositions and transfers of assets, enter into transactions with affiliates and guarantee indebtedness. While not unusual for financings of the type that we have, the restrictions in our credit facilities may prevent us from taking actions that we believe would be in the best interest of our business and may make it difficult for us to execute our business plans, take advantage of business opportunities, or react to changing industry conditions.

To the extent that we incur additional indebtedness, the risks described above could increase. In addition, our actual cash requirements in the future may be greater than expected. Our ability to make payments of principal and interest on our indebtedness depends upon our future performance. If our cash flow from operations is not sufficient to service our outstanding debt or to repay the outstanding debt as it becomes due, we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to service or refinance our debt and we may have to reduce or delay planned capital or operating expenditures. The occurrence of any of such events could have a material adverse effect upon our business, cash flows, financial condition and results of operations. If an event of default would occur under our existing debt agreements or any additional indebtedness, our lenders could declare all amounts outstanding to be immediately due and payable, which may cause cross-defaults under our other debt obligations. If our lenders accelerate the maturity of our indebtedness, we may not have sufficient capital available at that time to pay the amounts due to all lenders on a timely basis, and there is no guarantee that we would be able to repay, refinance, or restructure the payments on such debt. Further, under our existing credit facilities, the lenders would have the right to foreclose on certain of our assets, which could have a material adverse effect on our business, results of operations and financial condition.

We utilize various strategies to move funds between countries to manage global liquidity needs without material adverse tax consequences. Any repatriation of cash to the U.S. may result in various tax consequences and the movement of capital remains subject to evolving government regulation, which could have an adverse impact on our liquidity and cash flows.

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 and currently there are no significant restrictions on the ability of our subsidiaries to pay dividends or make other distributions to Gentherm Incorporated. As of December 31, 2025, the Company’s cash and cash equivalents held by our non-U.S. subsidiaries totaled $103.1 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. In addition, the movement of capital between our subsidiaries and us in different countries remains subject to evolving government regulation and geopolitical stability, and our liquidity and cash flows could be impacted adversely upon regulatory and geopolitical changes in the future.

Common Stock Investment Risks

The price of our Common Stock may fluctuate significantly.

The price of our Common Stock on the Nasdaq Global Select Market has experienced substantial price volatility and may continue to do so in the future. Additionally, the Company, the automotive industry and the stock market as a whole have experienced significant stock price and volume pressures and fluctuations that have affected stock prices in ways that may have been unrelated to these companies’ operating performance. In particular, while stock price multiples had previously increased in recent years for OEMs and automotive component suppliers to reflect the growth opportunity of the rapid shift to EV production, stock price multiples have declined more recently during this period of uncertainty regarding the pace of EV adoption and general macroeconomic challenges.

The Company has and may continue to repurchase its Common Stock, 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 Company stock repurchases may result in stock price and volume fluctuations. Price volatility over a given period may cause the average price at which the Company repurchases its Common Stock to exceed the price at a given point in time.

If the Company or the automotive industry generally fails to meet expectations related to future growth, profitability, share repurchases or other market expectations, the Company’s Common Stock price may decline significantly, which could have a material adverse impact on investor confidence, the perceived value of our Common Stock and our ability to continue to use stock based compensation to attract, retain and motivate employees. Any significant sale of Common Stock by any of our largest shareholders also may have a material adverse effect on our stock price and investor confidence.

Risks Related to the Modine Transaction

The Modine Transaction may not be completed on the terms or timeline currently contemplated, or at all, and the failure to complete the Modine Transaction could adversely impact the market price of our Common Stock.

The consummation of the Modine Transaction is subject to certain conditions, as described in this report, including, among other things: (i) shareholder approval of our issuance of Common Stock to SpinCo shareholders in connection with the Merger, and the amendment to our Articles of Incorporation to increase the number of our authorized Common Stock; (ii) obtaining antitrust or competition law regulatory approvals in certain jurisdictions; (iii) the consummation of the financing contemplated by the debt commitments (or alternative permanent financing); and (iv) receipt by Modine of an IRS ruling that the Distribution will be tax-free to Modine shareholders under the tax code. There is no assurance that these conditions will be met or that the Modine Transaction will be completed on the terms or timeline currently contemplated, or at all.

If the Modine Transaction is not completed for any reason, the price of Common Stock may decline.

If the Modine Transaction is completed, we may not realize the anticipated financial and other benefits, including growth opportunities, expected from the Modine Transaction.

We expect that we will realize synergies, growth opportunities and other financial and operating benefits as a result of the Modine Transaction. Our success in realizing these benefits, and the timing of their realization, depends, among other things, on the successful integration of the business operations of Performance Technologies. Even if we are able to integrate Performance Technologies successfully, we cannot predict with certainty if or when these synergies, growth opportunities and other benefits will be realized, or the extent to which they will actually be achieved. For example, the benefits from the Modine Transaction may be partially or fully offset by costs incurred in integrating Performance Technologies or in otherwise consummating the Modine Transaction. Realization of any synergies, growth opportunities or other benefits could be affected by the factors described in other risk factors and a number of factors beyond our control, including, without limitation, general economic conditions, increased operating costs and regulatory developments.

The integration of Performance Technologies following the Modine Transaction may present significant challenges, and the failure to successfully integrate Performance Technologies could have a material adverse effect on the combined company's business, financial condition or results of operations.

Although we intend to run Performance Technologies as a separate division of the Company, there will still be significant integration activities upon closing of the transaction. There is a significant degree of difficulty inherent in the process of integrating Performance Technologies, including ensuring the effectiveness of internal control over financial reporting across a larger company and integrating certain information technology and regulatory compliance systems.

The process of integrating operations could result in significant costs and cause an interruption of, or loss of momentum in, the activities of Performance Technologies or our current business. If our senior management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our existing business or Performance Technologies could be materially adversely affected.

The pendency of the Modine Transaction could have an adverse effect on our stock price, business, financial condition, results of operations or business prospects.

The announcement and pendency of the Modine Transaction could disrupt our business in negative ways. For example, customers and other third-party business partners of our business or Performance Technologies could seek to terminate or renegotiate their relationships with us or Performance Technologies as a result of the Modine Transaction, whether pursuant to the terms of their existing agreements or otherwise. In addition, our current and prospective employees and those of Performance Technologies may experience uncertainty regarding their future roles with the combined company, which might adversely affect our ability to retain, recruit and motivate key personnel. Should they occur, any of these events could adversely affect the stock price of, or adversely affect our financial condition, results of operations or business prospects.

We will incur significant costs related to the Modine Transaction that could have a material adverse effect on our liquidity, cash flows and operating results.

We expect to incur significant one-time costs in connection with the Modine Transaction. These costs have been, and will continue to be, substantial and, in many cases, a substantial portion of which will be borne by us whether or not the Merger is completed. A substantial majority of these one-time costs will be transaction-related fees and expenses and include, among others, fees paid to financial, legal and accounting and other professional advisors and transition and pre-Merger integration planning-related expenses. If the Modine Transaction is not consummated because the Merger Agreement is terminated for specified reasons, we may be required to pay Modine a termination fee of $45 million or may be required to reimburse Modine for expenses. While we expect to be able to fund these one-time costs using cash from operations and/or borrowings under existing and anticipated credit sources, these costs could negatively impact our liquidity, cash flows and results of operations.

We are required to abide by restrictions which could limit our ability to undertake certain corporate actions that otherwise could be advantageous.

The Merger Agreement will restrict us from taking specified actions without Modine's consent until the Modine Transaction is completed or the Merger Agreement is terminated, including making certain significant acquisitions or investments, entering into certain new lines of business, incurring certain indebtedness in excess of certain thresholds, making non-ordinary course capital expenditures, amending or modifying certain contracts, divesting certain assets (including certain intellectual property rights) and making certain non-ordinary course changes to personnel and employee compensation.

We will enter into the Tax Matters Agreement as of the closing of the Modine Transaction, the form of which we agreed to in the Merger Agreement. As discussed in this report, the Tax Matters Agreement will generally prohibit Modine, SpinCo and Gentherm and their respective subsidiaries from taking certain actions that could cause the Distribution, the Merger or certain related transactions to fail to qualify as tax-free transactions for the benefit of Modine's shareholders for U.S. federal income tax purposes. We will also be restricted from taking specified actions, which may have been materially beneficial for our business and financial performance, for two years following the date of the Distribution to preserve the intended tax treatment.

If we intend to take any action that is otherwise prohibited by the Tax Matters Agreement, prior to taking such action, we will be required to (1) obtain a favorable IRS ruling or an unqualified tax opinion, in each case, reasonably satisfactory to Modine to the effect that such action will not affect the tax-free status of the Distribution, the Merger or related transactions, or (2) receive from Modine a written waiver of the requirement to obtain such private letter ruling or unqualified tax opinion. These restrictions may limit our ability to pursue certain strategic transactions or engage in other transactions, including using Common Stock to make acquisitions and in connection with equity capital market transactions or disposing of certain assets that might increase our value.

Current shareholders' percentage ownership interest in us will be substantially diluted in the Merger.

As currently contemplated by the Merger Agreement, which is subject to adjustment under limited circumstances, immediately following the Merger, our pre-Merger shareholders will own approximately 60% of the issued and outstanding shares of Common Stock in the aggregate on a fully diluted basis. Consequently, our pre-Merger shareholders, as a group, will be substantially diluted in the Merger and have less ability to exercise influence over our management and policies following the Merger than immediately prior to the Merger.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Our corporate information technology, communication networks, enterprise applications, accounting and financial reporting platforms, and related systems are necessary for the operation of our business. We use these systems, among others, to manage our product development and manufacturing, to communicate internally and externally, to operate our accounting and record-keeping functions, and for many other key aspects of our business. Our business operations rely on the secure collection, storage, transmission, and other processing of proprietary, confidential, and sensitive data.

Risk Management and Strategy

We recognize the importance of assessing, identifying, and managing material risks associated with cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. These risks include, among other things: operational risks, intellectual property theft, fraud, extortion, harm to employees or customers, violation of data privacy or security laws, litigation, and legal, financial and reputational risk.

We have implemented and maintain various information security processes designed to identify, assess and manage material risks from cybersecurity threats to our critical systems and our proprietary, strategic or competitive data. Depending on the environment, we implement and maintain various technical, physical, and organizational measures, processes, standards, and/or policies designed to manage and mitigate material risks from cybersecurity threats to our information systems and data, including risk assessments, incident detection and response, vulnerability management, disaster recovery and business continuity plans, internal controls within our accounting and financial reporting functions, encryption of data, network security controls, access controls, physical security, asset management, systems monitoring, vendor risk management program and employee training. We conduct regular reviews and tests of our information security program and also leverage audits by our internal audit team, tabletop exercises, penetration and vulnerability testing, and other exercises to evaluate the effectiveness of our information security program and improve our security measures and planning. We have an incident response process that relies on a multidisciplinary team for assessing and managing cybersecurity incidents, including an escalation framework based on the materiality of incidents. The multidisciplinary team includes members of our IT security function, executive management of our legal, finance, human resources, corporate communications and internal audit/risk functions and third party service providers of technical, legal and insurance services, as well as coordination with law enforcement as appropriate. Our IT security function also addresses cybersecurity threats through regular vulnerability reviews, risk registry reviews and global team meetings.

Our information security processes are integrated into our overall enterprise risk management ("ERM") process and system. Our ERM process relies on designated risk managers to identify and assess material risks from cybersecurity threats. The risk managers form a multidisciplinary group including members of our IT security, finance, human resources and legal functions, operations and executive management, and are responsible for timely reporting of risks on an ongoing basis. Our ERM process includes an annual evaluation and ranking of the top risks captured in our ERM system against leading third party benchmark reports on global risks.

We work with third parties from time to time that assist us to identify, assess, and manage cybersecurity risks, including professional services firms, consulting firms, threat intelligence service providers, and penetration testing firms.

To operate our business, we utilize certain third-party service providers to support a variety of functions. We seek to engage reliable, reputable service providers that maintain cybersecurity programs. Depending on the nature of the services provided, the sensitivity and quantity of information processed, and the identity of the service provider, our vendor management process may include reviewing the cybersecurity practices of such provider, contractually imposing obligations on the provider, conducting security assessments, and conducting periodic reassessments during their engagement.

Our systems periodically experience directed attacks that may be intended to lead to financial loss, interruptions and delays in our operations as well as loss, misuse or theft of personal information (of third parties, employees, and other stakeholders) and other data, confidential information or intellectual property. These attacks are increasing in frequency, uniqueness and sophistication to evade detection and remove forensic evidence of the incident, including due to emerging technologies such as artificial intelligence and machine learning, which may cause cybersecurity incidents to be more difficult to detect for periods of time or at all. However, we are not aware of any risks from cybersecurity threats, including as a result of any cybersecurity incidents, which have materially affected or are reasonably likely to materially affect our Company, including our business strategy, results of operations, or financial condition. Refer to "Item 1A. Risk Factors" in this annual report on Form 10-K for additional discussion about cybersecurity-related risks.

Governance

Our Board of Directors holds oversight responsibility for the Company's strategy and risk management, including material risks related to cybersecurity threats. This oversight is executed directly by the Board of Directors and through its committees. Our Board members also engage in ad hoc conversations with management on cybersecurity-related news events and discuss any updates to our cybersecurity risk management and strategy programs.

The Audit Committee of the Board of Directors (the "Audit Committee") oversees the quality and effectiveness of the control and enterprise risk management processes of systemic risks, including cybersecurity, in accordance with its charter. The Audit Committee receives reports and engages in regular discussions with management regarding the Company's significant financial risk exposures and the measures implemented to monitor and reasonably manage these risks, including those that may result from material cybersecurity threats. The Audit Committee also receives reports on material cybersecurity and data privacy incidents (if any), which would include plans to mitigate and respond to such incidents, and status on key information security initiatives. These discussions include the Company's enterprise risk assessment and risk management policies.

The Technology Committee of the Board of Directors oversees the management of risks associated with the Company's products and technologies, including cybersecurity risks related to new product technologies or significant innovations to existing product technologies, in accordance with its charter.

Our Vice President and Chief Information Officer (the "CIO") leads our global information security organization and reports to the Board of Directors on matters related to cybersecurity on behalf of the Company's management. Our CIO has over 20 years of industry experience, including serving in similar roles leading and overseeing cybersecurity programs at other public companies. Team members who support our information security program have relevant educational and industry experience, including holding similar positions at large industrial and technology companies.

Our CIO leads an internal IT Security Committee that meets regularly to oversee company-wide efforts to address cybersecurity threats, to assess the effectiveness of our information security program and to prioritize efforts to improve our security measures and planning. Our IT Security Committee includes members of our IT security function and executive management of our legal, finance and internal audit/risk, human resources and corporate communications and technology functions.

ITEM 2. PROPERTIES

As of December 31, 2025, we operate in more than 30 locations across 13 countries, which are primarily for manufacturing, assembly, distribution, warehousing, engineering and testing. The majority of our Automotive facilities located outside of the U.S. are principally used in manufacturing and distribution and are located in China, Hungary, Mexico, Morocco, North Macedonia, South Korea, Ukraine, Czech Republic, Germany, and Vietnam. Our global headquarters is located in Novi, Michigan, our European headquarters is located in Odelzhausen, Germany and our Asia-Pacific headquarters is located in Shanghai, China. Our Medical business is principally comprised of our headquarters and manufacturing site located in Cincinnati, Ohio and our manufacturing sites in Germany and China. We also have sales offices, warehouses and engineering centers, strategically located throughout the world. Our global manufacturing and distribution facilities are located close to our key customers and strategically in low cost regions. Nearly all of our sites in North America and Asia are leased, while most of our European sites are owned.

ITEM 3. LEGAL PROCEEDINGS

We are subject to litigation from time to time in the ordinary course of our business, however, there is no current material pending litigation to which we are a party and no material legal proceedings were terminated, settled or otherwise resolved during the fourth quarter of the fiscal year ended December 31, 2025.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our Common Stock trades on the Nasdaq Global Select Market under the symbol "THRM."

Holders

As of February 13, 2026, our Common Stock was held by 36 shareholders of record. A substantially greater number of holders are beneficial owners whose shares of record are held by banks, brokers and other nominees.

Dividends

We have not paid any Common Stock cash dividends since formation, and we do not expect to pay any in the foreseeable future. The payment of future dividends is within the discretion of our Board of Directors and will depend upon business conditions, our earnings and financial condition and other factors. Currently, payment of dividends on our Common Stock would require meeting certain restrictive covenants on our bank credit facilities.

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. The Company repurchased $10.0 million of Common Stock in the open market under the 2024 Stock Repurchase Program in 2025.

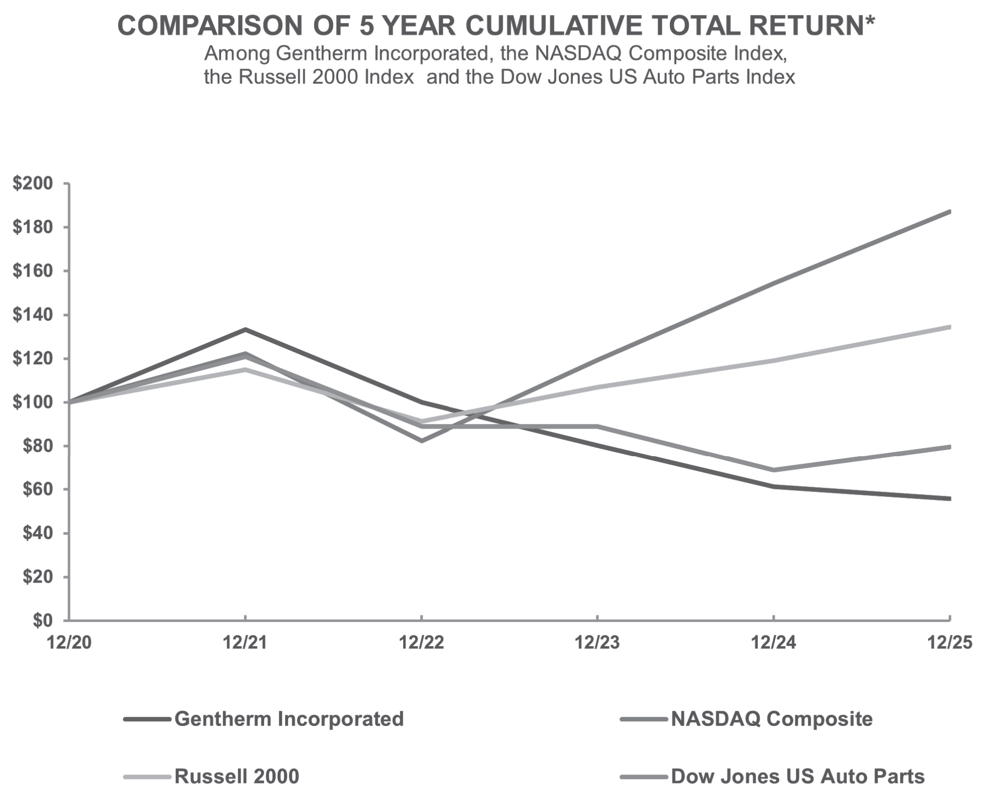
Repurchases under the 2024 Stock Repurchase Program may be made, from time to time, in amounts and at prices the Company deems appropriate, subject to market conditions, applicable legal requirements, debt covenants and other considerations. Any such repurchases may be executed using open market purchases, accelerated share repurchase programs, privately negotiated agreements or other transactions (including Rule 10b5-1 trading plans), and may be funded from cash on hand, available borrowings or proceeds from potential debt or other capital markets sources. The 2024 Stock Repurchase Program may be modified, extended or terminated at any time without prior notice.

Issuer Purchases of Equity Securities During Fourth Quarter 2025

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the 2024 Stock Repurchase Program
October 1, 2025 to October 31, 2025	—	$ —	—	$ 110,102,528
November 1, 2025 to November 30, 2025	—	—	—	110,102,528
December 1, 2025 to December 31, 2025	—	—	—	110,102,528

Performance graph

The following graph reflects the comparative changes in the value from December 31, 2020 through December 31, 2025, assuming an initial investment of $100 and the reinvestment of dividends, if any, in (1) our Common Stock, (2) the NASDAQ Composite index, (3) the Russell 2000 Index and (4) the Dow Jones U.S. Auto Parts Index. Historical performance may not be indicative of future shareholder returns.



		As of December 31,				
		2021	2022	2023	2024	2025
Gentherm Incorporated	$ 100.00	$ 133.24	$ 100.11	$ 80.28	$ 61.22	$ 55.77
NASDAQ Composite	$ 100.00	$ 122.18	$ 82.43	$ 119.22	$ 154.48	$ 187.14
Russell 2000	$ 100.00	$ 114.82	$ 91.35	$ 106.82	$ 119.14	$ 134.40
Dow Jones US Auto Parts	$ 100.00	$ 120.99	$ 89.00	$ 88.96	$ 68.86	$ 79.56

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by, our consolidated financial statements (and notes related thereto) and other more detailed financial information appearing elsewhere in this Annual Report. Further, you should read the following discussion and analysis of our financial condition and results of operations together with the "Risk Factors" included elsewhere in this Annual Report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. See also "Forward-Looking Statements" in Part I of this Annual Report.

Overview

Gentherm Incorporated is a global market leader of innovative thermal management and pneumatic comfort technologies. Our automotive products include Climate Control Seats (CCS®), Climate Control Interiors (CCI™), Lumbar and Massage Comfort Solutions, Valve Systems, and Climate and Comfort Electronics. 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.

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 incentives. Vehicle content has also been driven by trends in consumer preferences. We believe our diversified OEM customer base and 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. Our industry is increasingly progressing towards a focus on human comfort, health and wellness, which is evidenced by increasing adoption rates for comfort products. Gentherm is an independent partner that can cooperate with any combination of the vehicle OEMs and seat manufacturers globally, to create innovative and unique configurations that adapt to industry trends.

Modine Transaction

On January 29, 2026, the Company entered into definitive agreements with Modine, SpinCo and Merger Sub with respect to a Reverse Morris Trust transaction, and pursuant to and subject to the terms and conditions of such definitive agreements, (i) Modine will transfer (or cause to be transferred) and SpinCo will accept and assume (or cause to be accepted and assumed) all of the rights, titles and interests to and under certain assets and liabilities relating to Performance Technologies, (ii) Modine will execute the Spin-Off and make the Distribution of SpinCo Common Stock to its shareholders and (iii) following the Distribution, Merger Sub will be merged with and into SpinCo. The Modine Transaction was unanimously approved by the Boards of Directors of both Modine and the Company.

Upon completion of the Merger, SpinCo will become a wholly owned subsidiary of the Company. In addition, shareholders of the Company immediately prior to the Merger will own approximately 60.0% and former SpinCo shareholders as of the Distribution will own approximately 40.0% of the outstanding shares of the Common Stock on a fully diluted basis.

The definitive agreements entered into in connection with the Modine Transaction include (i) Merger Agreement, including the forms of specified ancillary agreements to be entered into as of closing, and (ii) the Separation Agreement.

Prior to and as a condition of, the Distribution, SpinCo will make a cash payment to Modine of $210 million (the "SpinCo Cash Distribution"), subject to adjustment for cash, working capital and indebtedness of SpinCo and subject to decrease if additional shares of Common Stock will be issued to Modine shareholders to support the intended tax-free treatment of the Distribution to Modine's shareholders for U.S. federal income tax purposes.

On January 29, 2026, SpinCo and the Company executed a 364-day bridge loan facility commitment letter with a financial institution, pursuant to which such financial institution committed to provide up to $790 million in aggregate (collectively, the "Bridge Facilities") to SpinCo and the Company. The commitment letter provides funding for the SpinCo Cash Distribution. The commitment letter also provides funding to the Company to backstop capacity under the Revolving Credit Facility (as defined below) while the Company seeks lender consent for the Modine Transaction, to pay a special dividend to the Company’s shareholders, if necessary to support the intended tax-free treatment of the Distribution to Modine shareholders, and to pay fees and expenses of the Modine Transaction. The Bridge Facility is expected to be replaced with permanent financing. If the Modine Transaction is consummated, any indebtedness incurred by SpinCo under the Bridge Facility or the permanent financing will become indebtedness of a wholly owned subsidiary of the Company.

The Modine Transaction is expected to close in the fourth quarter of 2026, subject to various closing conditions, including specified approvals by the Company’s shareholders, completion of financing for SpinCo, a customary IRS tax ruling, receipt of required regulatory approvals and the satisfaction of other customary closing conditions.

Recent Trends

Tariffs and Global Trade Environment

Since March 2025, the U.S. government has periodically announced additional significant tariffs on various goods imported to the U.S. and other countries have periodically announced reciprocal tariffs on goods imported to such countries, including goods used by or manufactured by us. There has been significant uncertainty resulting from the implementation, termination and/or conditional pause of these additional tariffs, as well as related litigation challenging the legality of some tariffs. Further, it is reasonably possible that new or additional tariffs will be periodically announced in the future 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 regionally-focused manufacturing and delivery limits the global impact of certain trade restrictions and tariffs. Further, the majority of our supply components are not currently 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.

For the year ended December 31, 2025, the additional tariffs did not have a 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 or other additional tariffs, the adverse global trade environment and the resulting economic uncertainty.

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. 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, it is reasonably possible that certain political pressures, such as changes to international trade agreements, increases in tariffs, import quotas or other trade restrictions or actions, including export controls and other retaliatory responses to such actions, could continue to 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.

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, and 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 (February 2026 release), global light vehicle production in 2025 in the Company’s key markets of North America, Europe, China, Japan and South Korea, as compared to 2024, are shown below (in millions of units):

	2025	2024	% Change
North America	15.3	15.4	(1.2)%
Europe	17.0	17.2	(0.8)%
Greater China	33.1	30.1	10.0 %
Japan / South Korea	12.1	12.0	0.8 %
Total light vehicle production volume in key markets	77.5	74.7	3.7 %

The S&P Global Mobility report (February 2026 release) forecasted light vehicle production volume in the Company’s key markets for full year 2026 to decrease to 76.7 million units, a 1.0% decrease from full year 2025 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 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.

New Business Awards

We believe that innovation is an important element to gaining market acceptance of our products and strengthening our market position. During 2025, we secured an estimated $2,200 million of automotive new business awards. 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 new business awards are an indicator of future revenue. New business awards are not projections of revenue or future business as of December 31, 2025, the date of this Annual Report or any other date. Customer projections regularly change over time, and we do not update our calculation of any new business award after the date initially communicated. Automotive new business awards in 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 as described in Item 1 under “Forward-Looking Statements” of this Annual Report.

Stock Repurchase Program

In June 2024, the Board of Directors authorized 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 year ended December 31, 2025, the Company repurchased $10.0 million of Common Stock with an average price paid per share of $26.24. The 2024 Stock Repurchase Program had $110.1 million of repurchase authorization remaining as of December 31, 2025.

Reportable Segments

The Company has two reportable segments for financial reporting purposes: Automotive and Medical. See Note 19, "Segment Reporting," to the consolidated financial statements included in this Annual Report for a description of our reportable segments as well as their proportional contribution to the Company's reported product revenues, operating income and depreciation and amortization.

Results of Operations Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

This section discusses our consolidated results of operations for the year ended December 31, 2025 compared to the year ended December 31, 2024. For a detailed discussion of our consolidated results of operations for the years ended December 31, 2024 compared to the year ended December 31, 2023, see Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operation" under "Results of Operations Year Ended December 31, 2024 Compared to December 31, 2023" in our annual report on Form 10-K for the year ended December 31, 2024, which was filed with the SEC on February 19, 2025.

The results of operations for the years ended December 31, 2025 and 2024, in thousands, were as follows:

	Year Ended December 31,		
	2025	**2024**	**Favorable / (Unfavorable)**
Product revenues	$ 1,498,602	$ 1,456,124	$ 42,478
Cost of sales	1,136,426	1,089,693	(46,733)
Gross margin	362,176	366,431	(4,255)
Operating expenses:			
Net research and development expenses	94,759	88,697	(6,062)
Selling, general and administrative expenses	170,045	155,108	(14,937)
Restructuring expenses, net	12,476	13,110	634
Loss on sale of land and building, net	2,196	—	(2,196)
Impairment of intangible assets and property and equipment	—	2,501	2,501
Total operating expenses	279,476	259,416	(20,060)
Operating income	82,700	107,015	(24,315)
Interest expense, net	(13,811)	(15,300)	1,489
Foreign currency (loss) gain	(28,415)	9,599	(38,014)
Other (loss) income	(4,639)	951	(5,590)
Earnings before income tax	35,835	102,265	(66,430)
Income tax expense	17,550	37,318	19,768
Net income	$ 18,285	$ 64,947	$ (46,662)

Product revenues by product category, in thousands, for the years ended December 31, 2025 and 2024 were as follows:

	Year Ended December 31,		
	2025	2024 [a]	% Change
Climate Control Seats	$ 793,314	$ 771,310	2.9%
Lumbar and Massage Comfort Solutions	212,182	178,584	18.8%
Climate Control Interiors	197,901	186,972	5.8%
Climate and Comfort Electronics	29,664	17,363	70.8%
Automotive Climate and Comfort Solutions	1,233,061	1,154,229	6.8%
Valve Systems	96,877	105,056	(7.8)%
Other Automotive	118,888	146,993	(19.1)%
Subtotal Automotive segment	1,448,826	1,406,278	3.0%
Medical segment	49,776	49,846	(0.1)%
Total Company	$ 1,498,602	$ 1,456,124	2.9%

(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 (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 years ended December 31, 2025 and 2024:

	Year Ended December 31,			Variance Due To:			
	2025	2024	Favorable / (Unfavorable)	Automotive Volume	FX	Pricing/ Other	Total
Product revenues	$ 1,498,602	$ 1,456,124	$ 42,478	$ 37,131	$ 16,727	$ (11,380)	$ 42,478

Product revenues for the year ended December 31, 2025 increased 2.9% as compared to the year ended December 31, 2024. The increase in product revenues is due to favorable automotive volumes and favorable foreign currency impacts primarily attributable to the Euro, partially offset by unfavorable pricing and unfavorable currency impacts primarily attributable to the Chinese Renminbi and Korean Won.

Cost of Sales

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

	Year Ended December 31,			Variance Due To:				
	2025	2024	Favorable / (Unfavorable)	Automotive Volume	FX	Operational Performance	Other	Total
Cost of sales	$1,136,426	$1,089,693	$ (46,733)	$ (27,128)	$(8,276)	$ 3,289	$(14,618)	$(46,733)
Gross margin	362,176	366,431	(4,255)	10,003	8,451	3,289	(25,998)	(4,255)
Gross margin - Percentage of product revenues	24.2%	25.2%						

Cost of sales for the year ended December 31, 2025 increased by 4.3% as compared to the year ended December 31, 2024. The increase in cost of sales is primarily due to higher automotive volumes, unfavorable foreign currency impacts primarily attributable to the Euro, higher quality costs and higher labor costs, partially offset by material purchasing savings.

Net Research and Development Expenses

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

	Year Ended December 31,		
	2025	2024	Favorable / (Unfavorable)
Research and development expenses	$ 125,398	$ 117,826	$ (7,572)
Reimbursed research and development expenses	(30,639)	(29,129)	1,510
Net research and development expenses	$ 94,759	$ 88,697	$ (6,062)
Percentage of product revenues	6.3%	6.1%	

Net research and development expenses for the year ended December 31, 2025 increased 6.8% as compared to the year ended December 31, 2024. The increase in net research and development expenses is primarily related to higher employee compensation and tooling and development expenses.

Selling, General and Administrative Expenses

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

	Year Ended December 31,		
	2025	2024	Favorable / (Unfavorable)
Selling, general and administrative expenses	$ 170,045	$ 155,108	$ (14,937)
Percentage of product revenues	11.3%	10.7%	

Selling, general and administrative expenses for the year ended December 31, 2025 increased 9.6% as compared to the year ended December 31, 2024. Merger and acquisition expenses were $6.6 million for the year ended December 31, 2025. The remaining increase in selling, general and administrative expenses is primarily related to higher expenses for leases, leadership transition, information technology and employee compensation and unfavorable foreign currency impacts primarily attributable to the Euro and Mexican Peso.

Restructuring Expenses, net

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

	Year Ended December 31,		
	2025	2024	Favorable / (Unfavorable)
Restructuring expenses, net	$ 12,476	$ 13,110	$ 634

Restructuring expenses, net primarily relate to discrete restructuring activities focused on optimizing our manufacturing footprint and cost structure. See Note 4, "Restructuring" in the notes to the consolidated financial statements included in this Annual 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 years ended December 31, 2025 and 2024:

	Year Ended December 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 year ended December 31, 2025 is primarily due to the sale of our former headquarters building in Northville, Michigan in January 2025.

Impairment of Intangible Assets and Property and Equipment

Below is a summary of our impairment of intangible assets and property and equipment, in thousands, for the years ended December 31, 2025 and 2024:

	Year Ended December 31,		
	2025	2024	Favorable / (Unfavorable)
Impairment of intangible assets and property and equipment	$ —	$ 2,501	$ 2,501

Impairment of intangible assets and property and equipment for the year ended December 31, 2024 related to equipment determined to have no future use.

Interest Expense, net

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

	Year Ended December 31,		
	2025	2024	Favorable / (Unfavorable)
Interest expense, net	$ (13,811)	$ (15,300)	$ 1,489

The decrease in interest expense during the year ended December 31, 2025 compared to 2024 is primarily related to a lower average borrowing on the Revolving Credit Facility and the change in fair value of an interest rate swap derivative in the prior year period.

Foreign Currency (Loss) Gain

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

	Year Ended December 31,		
	2025	2024	Favorable / (Unfavorable)
Foreign currency (loss) gain	$ (28,415)	$ 9,599	$ (38,014)

Foreign currency loss for the year ended December 31, 2025 included net realized foreign currency gain of $1.8 million and unrealized net foreign currency loss of $30.3 million.

Foreign currency gain for the year ended December 31, 2024 included net realized foreign currency loss of $1.1 million and unrealized net foreign currency gain of $10.7 million.

Other (Loss) Income

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

	Year Ended December 31,		
	2025	2024	Favorable / (Unfavorable)
Other (loss) income	$ (4,639)	$ 951	$ (5,590)

The decrease is primarily driven by non-cash impairment charges related to our non-consolidated equity investments during the year ended December 31, 2025. See Note 2, "Summary of Significant Accounting Policies," in the notes to the consolidated financial statements included in this Annual Report for additional information.

Income Tax Expense

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

	Year Ended December 31,		
	2025	2024	Favorable / (Unfavorable)
Income tax expense	$ 17,550	$ 37,318	$ 19,768

Income tax expense was $17.6 million for the year ended December 31, 2025, on earnings before income tax of $35.8 million, representing an effective tax rate of 49.0.%. The effective tax rate differed from the U.S. Federal statutory rate of 21% primarily due to the unfavorable impact of global intangible low tax income ("GILTI"), withholding taxes, unfavorable tax effects of equity vesting and other non-deductible expenses, partially offset by the impact of income taxes on foreign earnings at tax rates varying from the U.S. Federal statutory tax rate, research and development credits, and incentive tax rates in various jurisdictions.

Income tax expense was $37.3 million for the year ended December 31, 2024, on earnings before income tax of $102.3 million, representing an effective tax rate of 36.5%. The effective tax rate differed from the U.S. Federal statutory rate of 21% primarily due to the unfavorable impact of GILTI, withholding taxes, other non-deductible expenses, and the settlement of a prior period tax audit, partially offset by the impact of income taxes on foreign earnings at tax rates varying from the U.S. Federal statutory tax rate, research and development credits and incentive tax rates in various jurisdictions.

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 December 31, 2025, the Company had $160.8 million of cash and cash equivalents and $307.9 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 December 31, 2025, the Company's cash and cash equivalents held by our non-U.S. subsidiaries totaled $103.1 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 and 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.

Cash and Cash Flows

The table below summarizes our cash activity for each of the last two fiscal years (in thousands):

	Year Ended December 31,	
	2025	2024
Cash and cash equivalents at beginning of period	$ 134,134	$ 149,673
Net cash provided by operating activities	116,791	109,646
Net cash used in investing activities	(52,398)	(53,531)
Net cash used in financing activities	(42,483)	(51,705)
Foreign currency effect on cash and cash equivalents	4,789	(19,949)
Cash and cash equivalents at end of period	$ 160,833	$ 134,134

Cash Flows From Operating Activities

Net cash provided by operating activities totaled $116.8 million and $109.6 million for the years ended December 31, 2025 and 2024, respectively. Cash flow provided by operating activities for the year ended December 31, 2025 consisted primarily of net income of $18.3 million, increased by $110.2 million for non-cash charges for depreciation and amortization, unrealized stock based compensation, provisions for inventory, loss on disposition of property and equipment and other, including unrealized foreign currency loss, $27.6 million related to increase in accounts payable and $13.9 million for changes in net other assets and liabilities, partially offset by $22.3 million for non-cash deferred income taxes, $21.6 million of change in inventory and $9.3 million change in accounts receivable. Cash flow provided by operating activities for the year ended December 31, 2024 consisted primarily of net income of $64.9 million, increased by $82.9 million for non-cash charges for depreciation, amortization, stock based compensation, deferred income taxes, impairment of intangible assets and property and equipment and provision for inventory, partially offset by $35.5 million related to changes in assets and liabilities, $1.6 million for a gain on disposition of property and equipment and $1.1 million of other.

Cash Flows From Investing Activities

Net cash used in investing activities totaled $52.4 million and $53.5 million for the years ended December 31, 2025 and 2024, respectively. Cash flows used in investing activities for the year ended December 31, 2025 primarily included capital expenditures of $55.7 million and technology investments of $1.2 million, partially offset by proceeds from the sale of property and equipment of $3.8 million and proceeds from deferred purchase price of factored receivables of $0.7 million. Cash flows used in investing activities for the year ended December 31, 2024 primarily included capital expenditures of $73.3 million and technology investments of $1.0 million, partially offset by proceeds from deferred purchase price of factored receivables of $12.9 million and proceeds from the sale of property and equipment of $7.9 million.

Cash Flows From Financing Activities

Net cash used in financing activities totaled $42.5 million and $51.7 million for the years ended December 31, 2025 and 2024, respectively. Cash flows used in financing activities for the year ended December 31, 2025 primarily included $31.1 million net repayments of debt, $10.0 million of cash paid for the repurchase of Common Stock and $1.3 million paid for employee taxes related to the net settlement of restricted stock units that vested during the year. Cash flows used in financing activities for the year ended December 31, 2024 primarily included $2.6 million net repayments of debt, $51.6 million of cash paid for the repurchase of Common Stock and $3.3 million paid for employee taxes related to the net settlement of restricted stock units that vested during the year, partially offset by $5.8 million of proceeds from the exercise of Common Stock options.

Debt

The following table summarizes the Company’s debt at December 31, 2025 and 2024 (dollars in thousands):

	December 31,			
	2025		2024	
	Interest Rate	Principal Balance	Interest Rate	Principal Balance
Revolving Credit Facility (U.S. Dollar denominations)	4.95%	$ 189,000	5.86%	$ 220,000
Finance leases	3.34%	73	3.46%	201
Total debt		189,073		220,201
Less: current maturities		(73)		(137)
Long-term debt, less current maturities		$ 189,000		$ 220,064

Credit Agreement

Gentherm, together with certain of its subsidiaries, maintains a revolving credit note (“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 "Agent"). The Second Amended and Restated Credit Agreement was entered into on June 10, 2022 and amends and restates 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.

Finance Leases

As of December 31, 2025 and 2024, there was $0.1 million and $0.2 million of outstanding finance leases, respectively.

Modine Transaction

On January 29, 2026, the Company and SpinCo executed a 364-day bridge loan facility commitment letter with Barclays Bank PLC (“Barclays Bank”), pursuant to which Barclays Bank has committed financing to the Company and SpinCo of $790 million in the aggregate, including (i) $290 million to fund the SpinCo Distribution, to pay a special dividend to the Company’s shareholders, if necessary to support the intended tax-free treatment of the Distribution to Modine shareholders, and to pay fees and expenses of the Modine Transaction, and (ii) $500 million to backstop capacity under the Revolving Credit Facility while the Company seeks lender consent for the Modine Transaction. The Bridge Facility is expected to be replaced with permanent financing. If the Modine Transaction is consummated, any indebtedness incurred by SpinCo under the Bridge Facility or the permanent financing will become indebtedness of a wholly owned subsidiary of the Company.

Material Cash Requirements

The following table summarizes current and long-term material cash requirements as of December 31, 2025, which we expect to fund primarily with operating cash flows. We have not included amounts for material and component purchase obligations related to standard recurring purchases of materials for use in our manufacturing operations as these amounts are generally consistent from year to year, closely reflect our levels of production, and are not long-term in nature.

	Payments Due by Period				
Material Cash Requirements (in thousands)	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Long-term debt obligations (1)	$ 189,073	$ 73	$ 189,000	$ —	$ —
Operating lease obligations (2)	78,056	12,113	16,158	12,744	37,041
Capital commitments (3)	7,272	7,272	—	—	—
Total	$ 274,401	$ 19,458	$ 205,158	$ 12,744	$ 37,041

(1) Long-term debt obligations do not include an amount payable for interest. See Note 8, “Debt,” to the consolidated financial statements included in this Annual Report for additional information.

(2) See Note 7, “Leases,” to the consolidated financial statements included in this Annual Report for additional information.

(3) Capital commitments is comprised of commitments for capital expenditures. Such commitments are typically less than one year.

Restructuring

In July 2025, we committed to a restructuring plan to further optimize our manufacturing footprint by realigning our global manufacturing capacity. We expect to incur cash restructuring costs of between $3 million and $4 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 $1 million and $2 million.

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 4, “Restructuring,” to the consolidated financial statements included in this Annual Report for additional information regarding these plans.

Capital Expenditures

We anticipate capital expenditures in fiscal year 2026 of approximately $45 million to $55 million. We will continue to support organic growth through capacity expansion in our facilities and make capital improvements as necessary. We believe cash on hand, cash generated from operations, and the borrowing capacity available under our Second Amended and Restated Credit Agreement will be sufficient to support our capital expenditures.

Other Commitments

In December 2021, the Company committed to make a $5 million investment in Autotech Fund III, L.P., pursuant to a limited partnership agreement. As a limited partner, the Company will periodically make capital contributions toward this total commitment amount over the expected ten year life of the fund. The Company has made contributions of approximately $2.9 million to the Autotech Fund III, LP as of December 31, 2025. Timing of the remaining $2.1 million of capital contributions is unknown and therefore amounts have been excluded from the Material Cash Requirements table above.

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. 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

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In preparing these consolidated 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 outside sources, as appropriate. These estimates and assumptions are subject to an inherent degree of uncertainty. Because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material to our financial statements.

We have identified the following estimates as our most critical accounting estimates, which are those that are most important to aid in fully understanding and evaluating the Company's financial condition and results of operations, and that require management's most subjective and complex judgments. Information regarding our other significant accounting estimates and policies are disclosed in Note 2, "Summary of Significant Accounting Policies", of the notes to the consolidated financial statements.

Goodwill

Critical estimates: Goodwill is tested for impairment at least annually as of December 31 and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In conducting our annual impairment assessment testing, we first perform a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount. If not, no further goodwill impairment testing is performed. If it is more likely than not that a reporting unit's fair value is less than its carrying amount, or if we elect not to perform a qualitative assessment of a reporting unit, we then compare the fair value of the reporting unit to the related net book value. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized.

The Company utilizes an income approach to estimate the fair value of a reporting unit and a market valuation approach to further support this analysis. The income approach is based on projected debt-free cash flow that is discounted to the present value using discount factors that consider the timing and risk of cash flows. We believe that this approach is appropriate because it provides a fair value estimate based on the reporting unit's expected long-term operating cash flow performance. This approach also mitigates the impact of cyclical trends that occur in our industry. Fair value is estimated using internally developed forecasts, as well as commercial and discount rate assumptions. The discount rate used is the value-weighted average of our estimated cost of equity and of debt ("cost of capital") derived using both known and estimated customary market metrics. Our weighted average cost of capital is adjusted to reflect risk, if necessary. Other significant assumptions include terminal value growth rates and terminal value margin rates. To further support the fair value estimate determined by the income approach, the Company utilizes a market valuation approach to estimate the fair value of a reporting unit. The market approach considers historical and/or anticipated financial metrics of a reporting unit and applies valuation multiples based on recent observed transactions involving companies similar enough to the reporting units from which to draw meaningful conclusions.

Judgments and uncertainties: These fair value calculations contain uncertainties as they require management to make assumptions about future cash flows and appropriate discount rates to reflect the risk inherent in the future cash flows and to derive a reasonable enterprise value and related premium. Our ability to realize the future cash flows used in our fair value calculations is affected by factors such as the success of strategic initiatives, changes in economic conditions, changes in our operating performance and changes in our business strategies. The estimated future cash flows reflect management's latest assumptions of the financial projections based on current and anticipated competitive landscape, including estimates of revenue based on production volumes over the foreseeable future and long-term growth rates, and operating margins based on historical trends and future cost containment activities.

Also, the market valuation approach is highly subjective as it requires the selection of comparable companies and valuation multiples.

Impact if actual results differ from assumptions: As of December 31, 2025, our goodwill balance included $81.0 million related to our Automotive segment and $27.9 million related to our Medical segment. These balances could be fully or partially impaired if management does not achieve the expected cash flows assumed in the fair value estimates or if assumptions and cash flow estimates change in future periods.

The Company’s Medical segment is comprised of one reporting unit (the “Medical reporting unit”). The estimated fair value of the Medical reporting unit exceeded its carrying value by approximately 25% as of December 31, 2025. The Medical reporting unit is at risk of failing future impairment tests, as the estimate of fair value does not substantially exceed its carrying value. The Company’s estimated future cash flow projections for the Medical reporting unit for the period of 2026 through 2030 assume a compound annual growth rate for revenue of approximately 14.0%, which we deem to be a critical assumption in the fair value determination as of December 31, 2025. This forecasted revenue growth, which is significantly higher than historical periods, is primarily driven by our anticipated product launches. Realization of this assumed revenue growth is dependent on the successful launch of these new products and the acceptance of customers. If this revenue growth is not achieved or if the estimated growth rates are reduced because of new information or experience, the fair value of the Medical reporting unit could decrease, which could result in a material impairment of goodwill. Additionally, forecasted cash flows assume margin expansion as a direct result of the forecasted revenue growth. If we experience higher costs than assumed in our forecast or if we experience other deviations from forecasted results and/or external factors (e.g., increase of interest rates), it could result in a material impairment.

The Company's reporting units in its Automotive segment each have a fair value that is substantially in excess of its respective carrying value as of December 31, 2025.

Income Taxes

Critical estimates: The Company is subject to income taxes in the United States and numerous international jurisdictions. In calculating our effective income tax rate, we make judgments regarding certain tax positions, including the timing and amount of deductions and allocations of income among various tax jurisdictions. When determining whether we will be able to realize deferred tax assets, judgment is used to evaluate the positive and negative evidence, including forecasting taxable income using historical and future operating results. The provision for income taxes includes current income taxes as well as deferred income taxes. Deferred tax assets and liabilities are measured based on the difference between the financial statement and tax base of assets and liabilities at the applicable enacted tax rates.

Judgments and uncertainties: We have various tax filing positions with regard to the timing and amount of deductions and credits and the allocation of income among various tax jurisdictions, based on our interpretation of local tax laws, supported by external advisor review for material positions.

Valuation allowances are established when necessary on a jurisdictional basis to reduce deferred tax assets to the amounts expected to be realized when management considers it more likely than not that some portion or all of a deferred tax asset will not be realized. The determination as to whether a deferred tax asset will be realized is based on the evaluation of positive and negative evidence, which includes historical profitability, future market growth, future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. The Company assesses deferred taxes and the adequacy or need for a valuation allowance on a quarterly basis.

The Company is subject to ongoing tax examinations and assessments in various jurisdictions. At any time, multiple tax years are subject to audit by the various tax authorities and a number of years may elapse before a particular matter, for which a liability has been established, is audited and fully resolved or clarified. In evaluating the exposures associated with various tax filing positions, the Company may record liabilities for such exposures. The Company generally adjusts its liabilities for unrecognized tax benefits and related indemnification obligations through earnings in the period in which an uncertain tax position is effectively settled, the statute of limitations expires for the relevant taxing authority to examine the tax position, or when more information becomes available.

Although management believes that the judgments and estimates discussed herein are reasonable, actual results could differ, and may materially increase or decrease the effective tax rate, as well as impact the Company's operating results.

Impact if actual results differ from assumptions: Some or all of management's judgments are subject to review by the taxing authorities. If one or more of the taxing authorities were to successfully challenge our right to realize some or all of the tax benefit we have recorded, and we were unable to realize this benefit, it could have a material adverse effect on our financial results and cash flows. Further, if the Company is unable to generate sufficient future taxable income, there is a material change in the actual effective tax rates, a change to the time period within which the underlying temporary differences become taxable or deductible, or if the tax laws change unfavorably, then the Company could be required to increase the valuation allowance against deferred tax assets, resulting in an increase in income tax expense and the effective tax rate.

For the year ended December 31, 2025, each change of the effective tax rate by one percentage point would impact income tax expense by $0.4 million.

Recent Accounting Pronouncements

For a complete description of recent accounting standards which we have not yet been required to implement which may be applicable to our operations, as well as accounting standards that have been adopted during the year ended December 31, 2025, see Note 3, "New Accounting Pronouncements," to the consolidated financial statements included in this Annual Report.

ITEM 7A. 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. 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, Hungarian Forint, North Macedonian Denar, Ukrainian Hryvnia, Japanese Yen, Chinese Renminbi, Korean Won, Czech Koruna, Vietnamese Dong 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.

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 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 statements of income on the same line as the hedged item. Also, the Company records the ineffective portion, if any, on the same line as the hedged item. Cash flows associated with derivatives are reported in net cash provided by operating activities in the Company’s consolidated statements of cash flows.

Information related to the fair values of all derivative instruments in our consolidated balance sheet as of December 31, 2025 is set forth in Note 13, “Financial Instruments” in the consolidated financial statements included in this Annual Report.

Interest Rate Sensitivity

The table 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					
	2026	**2027**	**2028**	**2029**	**Total**	**Fair Value**
Liabilities						
Long-Term Debt:						
Variable rate	$ —	$ 189,000	$ —	$ —	$ 189,000	$ 189,000
Variable interest rate as of December 31, 2025		4.95%			4.95%	

Based on the amounts outstanding as of December 31, 2025, a hypothetical 100 basis point change (increase or decrease) in interest rates would impact annual interest expense by $1.9 million. To hedge the Company's exposure to interest payment fluctuations on a portion of the borrowings, we entered into a floating-to-fixed interest rate swap agreement with a notional amount of $100.0 million.

Exchange Rate Sensitivity

The table below provides information about the Company's foreign currency forward 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 (contractual) maturity dates for each type of foreign currency forward exchange agreement. These notional amounts generally are used to calculate the contractual payments to be exchanged under the contract.

	Expected Maturity or Transaction Date			
Anticipated Transactions and Related Derivatives	**2026**	**2027**	**Total**	**Fair Value**
USD Functional Currency				
Exchange Agreements:				
(Receive MXN / Pay USD)				
Total contract amount	$ 35,122	$ —	$ 35,122	$ 4,521
Average contract rate	20.50	—	20.50	

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.

	2025		2024	
Exchange Rate Sensitivity	**Potential loss in fair value**	**Potential gain in fair value**	**Potential loss in fair value**	**Potential gain in fair value**
Exchange Agreements:(Receive MXN / Pay USD)	$ 3,328	$ 4,327	$ 6,243	$ 7,359

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The audited consolidated financial statements and related financial information required to be filed hereunder are indexed on page F-1 of this Annual Report and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

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 December 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 December 31, 2025.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f), for the Company. Internal control over financial reporting is a process designed 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. Under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2025 based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control-Integrated Framework (2013)." Based on that evaluation, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2025.

The attestation report of the Company's independent registered public accounting firm, regarding the effectiveness of the Company's internal control over financial reporting, is set forth in Item 15, "Exhibits and Financial Statement Schedules," included under the caption "Report of Independent Registered Public Accounting Firm".

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

ITEM 9B. OTHER INFORMATION

During the three months ended December 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.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is set forth under the following captions in our proxy statement to be filed with respect to the 2026 annual meeting of shareholders (the “Proxy Statement”), all of which is incorporated herein by reference: “Proposal No. 1 – Election of Directors”, “Corporate Governance – Key Policies and Practices”, “Corporate Governance – Standing Committees of the Board”, “Executive Officers” and “Additional Information – Requirements for Submission of Shareholder Proposals and Nominations for 2027 Annual Meeting.”

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item set forth under the following captions in our Proxy Statement, all of which is incorporated herein by reference: “Director Compensation”, “Compensation Discussion & Analysis”, “Compensation and Talent Committee Report”, and “Named Executive Officer Compensation Tables.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this item is set forth under the following caption in our Proxy Statement, which is incorporated herein by reference: “Security Ownership of Certain Beneficial Owners and Management.”

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this item is set forth under the following captions in our Proxy Statement, all of which is incorporated herein by reference: “Proposal No. 1 – Election of Directors – Director Independence” and “Related Person Transactions.”

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this item is set forth under the following caption in our Proxy Statement, which is incorporated herein by reference: “Proposal No. 3 – Ratification of Appointment of Independent Registered Public Accounting Firm For 2026" and "Audit Committee Matters.”

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Annual Report:

1. Financial Statements.

The following financial statements of the Company and reports of independent accountants are included in Item 15 of this Annual Report:

2. Financial Statement Schedule.

The following Schedule to Financial Statements is included herein:

Schedule II — Valuation and Qualifying Accounts.

3. Exhibits.

The exhibits to this Annual Report are as follows:

Exhibit Number	Exhibit Description	Filed/Furnished Herewith	Incorporated by Reference: Form	Period Ending	Exhibit / Appendix Number	Filing Date
2*	Share Purchase and Transfer Agreement, dated May 4, 2022, by and among Gebhardt Holding GmbH, ELBER GmbH, Gentherm GmbH, and Andreas Gebhardt, Markus Gebhardt and Dr. Johann Vialberth		10-Q	3/31/22	2.1	5/4/22
3.1	Second Amended and Restated Articles of Incorporation of Gentherm Incorporated		8-K		3.2	3/5/18
3.2	Amended and Restated Bylaws of Gentherm Incorporated		8-K		3.1	5/26/16
4	Description of Securities		10-K	12/31/19	4	2/20/20
10.1**	Summary of Non-Employee Director Compensation (effective starting with the 2024 annual meeting of shareholders)	X				
10.2**	Second Amended and Restated Gentherm Incorporated Senior Level Performance Bonus Plan		8-K		10.1	3/15/21
10.3.1**	2013 Equity Incentive Plan		Schedule 14A		A	4/22/13
10.3.2**	Amendment to the Gentherm Incorporated 2013 Equity Incentive Plan		8-K		10.2	5/19/17
10.3.3**	Second Amendment to the Gentherm Incorporated 2013 Equity Incentive Plan, effective as of May 21, 2020		8-K		10.1	5/26/20
10.3.4**	Form of Stock Option Award Agreement under the 2013 Equity Incentive Plan		8-K		10.1	6/27/13
10.3.5**	Form of Stock Appreciation Right Award Agreement under the 2013 Equity Incentive Plan		8-K		10.2	6/27/13
10.3.6**	Form of Restricted Stock Award Agreement under the 2013 Equity Incentive Plan		8-K		10.3	6/27/13
10.3.7**	Form of Restricted Stock Award Agreement (Retention Award) under the 2013 Equity Incentive Plan		8-K		10.1	10/4/17
10.3.8**	Form of Restricted Stock Unit Award Agreement (Performance-Based) under the 2013 Equity Incentive Plan		8-K		10.1	6/13/18
10.3.9**	Form of Restricted Stock Unit Award Agreement (Time-Based) under the 2013 Equity Incentive Plan		8-K		10.2	6/13/18
10.3.10**	Form of Restricted Stock Unit Award Agreement (Performance-Based) under the 2013 Equity Incentive Plan (effective as of 2020 grants)		10-Q	3/31/20	10.1	5/7/20
10.3.11**	Form of Restricted Stock Unit Award Agreement (Time-Based) under the 2013 Equity Incentive Plan (effective as of 2020 grants)		10-Q	3/31/20	10.2	5/7/20
10.3.12**	Form of Restricted Stock Award Agreement (Director) under the Gentherm Incorporated 2013 Equity Incentive Plan		10-Q	6/30/20	10.7	8/4/20
10.3.13**	Form of Restricted Stock Unit Award Agreement under the 2013 Equity Incentive Plan (effective as of 2021 grants)		8-K		10.2	3/15/21
10.3.14**	Form of Performance Stock Unit Award Agreement under the 2013 Equity Incentive Plan (effective as of 2021 grants)		8-K		10.3	3/15/21
10.4.1**	Gentherm Incorporated 2023 Equity Incentive Plan		8-K		10.1	5/18/23

Exhibit Number	Exhibit Description	Filed/Furnished Herewith	Incorporated by Reference			
			Form	Period Ending	Exhibit / Appendix Number	Filing Date
10.4.2**	Form of Performance Stock Unit Award Agreement under the Gentherm Incorporated 2023 Equity Incentive Plan		8-K		10.2	5/18/23
10.4.3**	Form of Restricted Stock Unit Award Agreement under the Gentherm Incorporated 2023 Equity Incentive Plan		8-K		10.3	5/18/23
10.4.4**	Form of Restricted Stock Award Agreement (Director) under the Gentherm Incorporated 2023 Equity Incentive Plan		8-K		10.4	5/18/23
10.5.1	Second Amended and Restated Credit Agreement, dated as of June 10, 2022, by and among Gentherm Incorporated, Gentherm (Texas), Inc., Gentherm Licensing, Limited Partnership, Gentherm Medical, LLC, Gentherm GmbH, Gentherm Enterprises GmbH and Gentherm Licensing GmbH, the lenders party thereto, and Bank of America, N.A., as administrative agent, swing line lender and L/C issuer.		8-K		10.1	6/13/22
10.5.2	Second Amended and Restated Pledge and Security Agreement, dated as of June 10, 2022, by and among Gentherm Incorporated, Gentherm (Texas), Inc., Gentherm Medical, LLC, Gentherm Properties I, LLC, Gentherm Properties II, LLC and Bank of America, N.A.		8-K		10.2	6/13/22
10.6.1**	Employment Contract between Gentherm GmbH and Thomas Stocker, effective September 1, 2019		10-Q	9/30/19	10.1	10/29/19
10.6.2**	First Amendment to the Employment Agreement between Gentherm Enterprises GmbH and Thomas Stocker, effective June 28, 2021		10-Q	6/30/21	10.1	7/30/21
10.7**	Severance Pay Plan for Eligible Employees of Gentherm Incorporated		8-K		10.4	3/15/21
10.8**	Form of First Amendment to Executive Offer Letter		8-K		10.7	3/15/21
10.9**	Amended and Restated Gentherm Incorporated Deferred Compensation Plan, dated May 20, 2019 (and effective January 1, 2019)		10-Q	6/30/19	10.4	7/26/19
10.10**	Offer Letter between Gentherm Incorporated and William T. Presley, dated as of November 6, 2024		8-K		10.1	11/8/24
10.11**	Offer Letter between Gentherm Incorporated and Jonathan Douyard, dated as of November 20, 2024		8-K		10	11/20/24
10.12.1**	Offer Letter between Gentherm Incorporated and Jaymi Wilson, dated as of July 7, 2018		10-K	12/31/24	10.17	2/19/25
10.12.2**	Confidential Information and Invention Assignment Agreement between Gentherm Incorporated and Jaymi Wilson, dated as of October 6, 2022		10-Q	3/31/25	10.2	4/24/25
10.13.1**	Offer Letter between Gentherm Incorporated and Vishnu Sundaram, dated as of August 31, 2023		10-Q	3/31/24	10.1	4/30/24
10.13.2**	Confidential Information and Invention Assignment Agreement between Gentherm Incorporated and Vishnu Sundaram, dated as of August 3, 2023	X				
10.13.3**	Amendment to Offer Letter between Gentherm Incorporated and Vishnu Sundaram, dated as of February 5, 2024		10-Q	3/31/24	10.2	4/30/24
10.14**	Form of Sign-On Inducement Restricted Stock Unit Award Agreement (February 2025)		8-K		10	2/24/25

			Incorporated by Reference			
Exhibit Number	Exhibit Description	Filed/Furnished Herewith	Form	Period Ending	Exhibit / Appendix Number	Filing Date
19	Securities Trading Policy	X				
21	List of Subsidiaries (Direct and Indirect) of the Company	X				
23.1	Consent of Ernst & Young LLP	X				
24	Power of Attorney	X				
31.1	Section 302 Certification - CEO	X				
31.2	Section 302 Certification – CFO	X				
32.1***	Section 906 Certification – CEO	X				
32.2***	Section 906 Certification - CFO	X				
97	Gentherm Incorporated Policy for the Recovery of Erroneously Awarded Compensation		10-K	12/31/23	97	2/21/24
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 Data File – the cover page XBRL tags are embedded within the Inline XBRL document	X				

* Schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish any omitted schedules or exhibits upon the request of the SEC.
** Indicates management contract or compensatory plan or arrangement.
*** Documents are furnished not filed.

ITEM 16. Form 10-K Summary

None.

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INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Gentherm Incorporated

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Gentherm Incorporated (the Company) as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and financial statement schedule listed in the Index at Item 15 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 19, 2026, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Valuation of Goodwill

Description of the Matter	As of December 31, 2025, the Company’s goodwill was $108.9 million, consisting of $81 million in the automotive segment and $27.9 million in the medical segment. As discussed in Note 2 to the consolidated financial statements, goodwill is tested for impairment at least annually as of December 31 and whenever events or changes in circumstances indicate that it is more likely than not that a reporting unit’s fair value is less than it’s carrying amount. Auditing management’s annual goodwill impairment assessment for the medical reporting unit was complex and highly judgmental due to the estimation required to determine the fair value of the reporting unit. In particular, the fair value estimates used in the valuation of the medical reporting unit were sensitive to assumptions, such as revenue growth rates, operating margins, and the discount rate, which are affected by expectations about future market or economic conditions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company’s annual goodwill assessment, and annual forecasting process whereby the Company develops assumptions that are used in its analyses. This included controls over management's review of the valuation model and the assumptions used in the fair value measurements discussed above. To test the estimated fair value of the Company’s medical reporting unit, we performed audit procedures that included, among others, assessing the methodologies used and directly testing the assumptions and the underlying data used by the Company in its analysis, including assessing the completeness and accuracy of such underlying data. We utilized internal valuation specialists to assist in the evaluation of the assumptions and other relevant information that are most significant to the fair value estimate of the reporting unit, such as assessing the fair value methodologies applied and evaluating the reasonableness of the discount rate selected by management. We compared the assumptions used by management to current industry and economic trends, historical performance, guideline public companies in the same industry and strategic plans. We performed sensitivity analyses of assumptions to evaluate the changes in the fair value of the reporting units that would result from changes in the assumptions. Furthermore, we assessed the appropriateness of the disclosures in the consolidated financial statements.

/s/ ERNST & YOUNG LLP

We have served as the Company’s auditor since 2020.

Detroit, Michigan

February 19, 2026

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Gentherm Incorporated

Opinion on Internal Control Over Financial Reporting

We have audited Gentherm Incorporated's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Gentherm Incorporated (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and financial statement schedule listed in the Index at Item 15 and our report dated February 19, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Detroit, Michigan

February 19, 2026

GENTHERM INCORPORATED

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	December 31, 2025	December 31, 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 160,833	$ 134,134
Accounts receivable, net	281,083	258,112
Inventory, net	252,702	227,356
Other current assets	82,332	64,413
Total current assets	776,950	684,015
Property and equipment, net	270,614	252,970
Goodwill	108,918	99,603
Other intangible assets, net	52,796	57,251
Operating lease right-of-use assets	56,524	43,954
Deferred income tax assets	93,552	75,041
Other non-current assets	37,075	34,722
Total assets	$ 1,396,429	$ 1,247,556
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 260,487	$ 226,815
Current lease liabilities	9,646	7,517
Current maturities of long-term debt	73	137
Other current liabilities	134,104	105,824
Total current liabilities	404,310	340,293
Long-term debt, less current maturities	189,000	220,064
Non-current lease liabilities	48,105	37,052
Pension benefit obligation	3,748	4,017
Other non-current liabilities	30,943	29,183
Total liabilities	$ 676,106	$ 630,609
Shareholders' equity:		
Common Stock:		
No par value; 55,000,000 shares authorized 30,526,231 and 30,788,639 issued and outstanding at December 31, 2025 and December 31, 2024, respectively	5,611	2,049
Paid-in capital	1,590	4,290
Accumulated other comprehensive loss	(964)	(85,193)
Accumulated earnings	714,086	695,801
Total shareholders' equity	720,323	616,947
Total liabilities and shareholders' equity	$ 1,396,429	$ 1,247,556

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

GENTHERM INCORPORATED

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

	Year Ended December 31,		
	2025	**2024**	**2023**
Product revenues	$ 1,498,602	$ 1,456,124	$ 1,469,076
Cost of sales	1,136,426	1,089,693	1,117,452
Gross margin	362,176	366,431	351,624
Operating expenses:			
Net research and development expenses	94,759	88,697	94,358
Selling, general and administrative expenses	170,045	155,108	155,579
Restructuring expenses, net	12,476	13,110	4,739
Loss on sale of land and building, net	2,196	—	—
Impairment of intangible assets and property and equipment	—	2,501	—
Impairment of goodwill	—	—	19,509
Total operating expenses	279,476	259,416	274,185
Operating income	82,700	107,015	77,439
Interest expense, net	(13,811)	(15,300)	(14,641)
Foreign currency (loss) gain	(28,415)	9,599	(5,918)
Other (loss) income	(4,639)	951	(1,926)
Earnings before income tax	35,835	102,265	54,954
Income tax expense	17,550	37,318	14,611
Net income	$ 18,285	$ 64,947	$ 40,343
Basic earnings per share	$ 0.60	$ 2.08	$ 1.23
Diluted earnings per share	$ 0.59	$ 2.06	$ 1.22
Weighted average number of shares – basic	30,585	31,293	32,778
Weighted average number of shares – diluted	30,933	31,476	33,067

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

GENTHERM INCORPORATED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Year Ended December 31,		
	2025	**2024**	**2023**
Net income	$ 18,285	$ 64,947	$ 40,343
Other comprehensive income (loss):			
Pension benefit obligations, net of tax	130	(840)	56
Foreign currency translation adjustments, net of tax	77,982	(45,266)	13,439
Unrealized gain (loss) on foreign currency derivative securities, net of tax	6,117	(8,927)	2,834
Other comprehensive income (loss), net of tax	84,229	(55,033)	16,329
Comprehensive income	$ 102,514	$ 9,914	$ 56,672

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

GENTHERM INCORPORATED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)

	Common Stock		Paid-in	Accumulated Other Comprehensive	Accumulated	
	Shares	Amount	Capital	Loss	Earnings	Total
Balance at December 31, 2022	33,202	$ 122,658	$ 5,447	$ (46,489)	$ 590,657	$ 672,273
Net income	—	—	—	—	40,343	40,343
Other comprehensive income	—	—	—	16,329	—	16,329
Stock compensation, net	129	9,147	(68)	—	—	9,079
Stock repurchase	(1,789)	(81,302)	(5,379)	—	(6,621)	(93,302)
Balance at December 31, 2023	31,542	$ 50,503	$ —	$ (30,160)	$ 624,379	$ 644,722
Net income	—	—	—	—	64,947	64,947
Other comprehensive loss	—	—	—	(55,033)	—	(55,033)
Stock compensation, net	266	14,153	(1,055)	—	(179)	12,919
Stock repurchase	(1,019)	(62,607)	5,345	—	6,654	(50,608)
Balance at December 31, 2024	30,789	$ 2,049	$ 4,290	$ (85,193)	$ 695,801	$ 616,947
Net income	—	—	—	—	18,285	18,285
Other comprehensive income	—	—	—	84,229	—	84,229
Stock compensation, net	119	10,877	—	—	—	10,877
Stock repurchase	(382)	(7,315)	(2,700)	—	—	(10,015)
Balance at December 31, 2025	30,526	$ 5,611	$ 1,590	$ (964)	$ 714,086	$ 720,323

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

GENTHERM INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2025	2024	2023
Operating Activities:			
Net income	$ 18,285	$ 64,947	$ 40,343
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	53,379	52,975	50,948
Deferred income taxes	(22,336)	10,580	(13,072)
Stock based compensation	12,300	10,432	11,627
Provisions for inventory	6,815	6,437	6,867
Loss (gain) on disposition of property and equipment	3,025	(1,603)	721
Impairment of intangible assets and property and equipment	—	2,501	—
Impairment of goodwill	—	—	19,509
Other non-cash items, including unrealized foreign currency loss (gain)	34,728	(1,156)	2,920
Changes in assets and liabilities:			
Accounts receivable, net	(9,300)	(12,077)	(4,195)
Inventory	(21,629)	(34,195)	6,907
Other assets	(17,780)	(44,696)	(26,179)
Accounts payable	27,563	16,222	31,029
Other liabilities	31,741	39,279	(8,160)
Net cash provided by operating activities	116,791	109,646	119,265
Investing Activities:			
Purchases of property and equipment	(55,673)	(73,314)	(37,602)
Proceeds from the sale of property and equipment	3,770	7,862	391
Proceeds from deferred purchase price of factored receivables	745	12,876	13,903
Cost of technology investments	(1,240)	(955)	(815)
Net cash used in investing activities	(52,398)	(53,531)	(24,123)
Financing Activities:			
Borrowings on debt	112,000	68,000	60,000
Repayments of debt	(143,149)	(70,615)	(72,280)
Proceeds from the exercise of Common Stock options	—	5,791	263
Taxes withheld and paid on employees' share-based payment awards	(1,319)	(3,296)	(2,940)
Cash paid for the repurchase of Common Stock	(10,015)	(51,585)	(91,094)
Net cash used in financing activities	(42,483)	(51,705)	(106,051)
Foreign currency effect	4,789	(19,949)	6,691
Net cash increase (decrease) in cash and cash equivalents	26,699	(15,539)	(4,218)
Cash and cash equivalents at beginning of period	134,134	149,673	153,891
Cash and cash equivalents at end of period	$ 160,833	$ 134,134	$ 149,673
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 12,611	$ 13,007	$ 13,242
Non-Cash Investing Activities:			
Period-end balance of accounts payable for property and equipment	$ 6,053	$ 5,154	$ 7,754
Deferred purchase price of receivables factored in the period	—	9,276	13,885

The accompanying notes are an integral part of these consolidated 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 Climate Control Seats (CCS®), Climate Control Interiors (CCI™), Lumbar and Massage Comfort Solutions, Valve Systems, and Climate and Comfort Electronics. 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.

On January 29, 2026, Gentherm, entered into definitive agreements to combine the Performance Technologies business ("Performance Technologies") of Modine Manufacturing Co., a Wisconsin corporation ("Modine"), with Gentherm. Refer to Note 20 – Subsequent Event for details.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

The consolidated 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 ("VIE") 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.

Intercompany transactions and balances between consolidated businesses have been eliminated.

Use of Estimates

In preparing these consolidated 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 outside 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.

Business Combinations

In accordance with ASC Topic 805, "Business Combinations," acquisitions are recorded using the acquisition method of accounting. The Company includes the operating results of acquired entities from their respective dates of acquisition. The Company recognizes and measures the identifiable assets acquired, liabilities assumed, and any non-controlling interest as of the acquisition date fair value. The excess, if any, of total consideration transferred in a business combination over the fair value of identifiable assets acquired, liabilities assumed and any non-controlling interest is recognized as goodwill. Costs incurred as a result of a business combination other than costs related to the issuance of debt or equity securities are recorded in the period the costs are incurred. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to assets acquired and liabilities assumed with the corresponding offset to goodwill.

Revenue Recognition

Revenue is recognized from agreements containing enforceable rights and obligations, when promised goods are delivered or services are completed. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from product revenues. Shipping and handling fees billed to customers are included in product revenues, while costs of shipping and handling are included in cost of sales.

Automotive Revenues

The Company generates revenue from the production of automotive parts sold to its customers under long-term supply agreements ("LTAs"). The duration of an LTA is generally consistent with the life cycle of a vehicle; however, a LTA does not reach the level of a performance obligation until Gentherm receives either a purchase order and/or a materials release from its customer for a specific number of production parts at a specified price, at which point an enforceable contract exists. Revenue is recognized when control of the production parts has transferred to the customer according to the terms of the contract, which typically occurs at a point in time when the parts are shipped or delivered to the customer's premises.

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring production parts. Transaction price is determined based on the price and quantity of parts specified in the contract with the customer at the time of shipment, adjusted for discrete price adjustments and consideration payable to a customer. Discrete price reductions may occur to remain competitive with market prices. These price reductions are negotiated based on changes in product specifications, product content/cost or other commercial factors. Some of these amounts include estimates of variable consideration which are recorded at the most likely amount to which the Company expects to be entitled based on historical experience and input from customer negotiations.

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 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 December 31, 2025 and 2024, total capitalized payments to customers were $18,168 and $14,276, respectively.

During the years ended December 31, 2025, 2024 and 2023, the Company recognized $1,634, $447 and $179 as reductions of revenue due to amortization and write-off of previously capitalized payments.

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

Medical Revenues

Revenues from our patient temperature management business unit are generated from the sale of products and equipment. Our medical products and equipment focus on patient temperature management. The Company sells medical products and equipment primarily through distributor and group purchasing organization agreements. These agreements allow member participants to the distributor or group purchasing organization to make purchases at discounted prices negotiated by the distributor or group purchasing organization. A rebate is incurred at the point in time a member participant purchases product covered under these types of agreements. Rebates are accounted for as variable consideration, using an expected value, probability weighted approach, based on the level of sales to the distributor and the time lag between the initial sale and the rebate claim in determining the transaction price of a contract. Revenue is recognized when control of the medical products or equipment has transferred to the customer according to the terms of the contract, which typically occurs at the point in time when the parts are either shipped or delivered to the customer's premises.

(In thousands, except share and per share data)

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of less than 90 days to be cash equivalents. The Company had cash and cash equivalents of $103,135 and $106,905 held in foreign jurisdictions as of December 31, 2025 and 2024, respectively.

Concentration of Credit Risk

The following is a summary of the percentage of product revenues and accounts receivable from the Company's customers with a percentage of Product Revenues greater than 10 percent:

	Percentage of Total Product Revenues			Percentage of Total Net Accounts Receivable	
	Year Ended December 31,			Year Ended December 31,	
	2025	2024	2023	2025	2024
Lear	16%	16%	15%	17%	16%
Adient	11%	11%	13%	11%	11%

Accounts Receivable

Accounts receivable are stated at the invoiced amount, less allowance for doubtful accounts for estimated amounts not expected to be collected, and do not bear interest.

The Company establishes and maintains allowances for the inability or unwillingness of customers to make required payments on their accounts receivable balances. These allowances reflect management's estimate of credit losses over the remaining expected life of such assets, measured primarily using historical write-off experience by industry and regional economic data, as well as current conditions and forecasts that affect the collectability of the reported amount. We write-off accounts receivable when they become uncollectible. As of December 31, 2025 and 2024, the Company's accounts receivable are reflected net of reserves of $1,600 and $1,605, respectively. Changes in the allowance for doubtful accounts were not significant during the years ended December 31, 2025 and 2024.

In the Asia-Pacific region, the Company receives bank notes from certain customers to settle trade receivables. The collection of such bank notes is included in operating cash flows based on the substance of the underlying transactions, which are operating in nature. Bank notes held by the Company are classified as notes receivable within other current assets. The Company may hold such bank notes until maturity, exchange them with suppliers to settle liabilities, or sell them to third-party financial institutions in exchange for cash.

Inventory

The Company's inventory is measured at the lower of cost or net realizable value. Raw materials, components and consumables are measured using the weighted average cost method. Work-in-process and finished goods are measured using the first-in first-out method. If the net realizable value expected on the reporting date is below cost, a write-down is recorded to adjust inventory to its net realizable value. We recognize a reserve for obsolete and slow-moving inventories based on estimates of future sales and an inventory item's capacity to be repurposed for a different use. We consider the number of months' supply on hand based on current planned requirements, uncommitted future projections and historical usage in estimating the inventory reserve.

(In thousands, except share and per share data)

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Expenditures for general repairs and maintenance are charged to expense as incurred. When property or equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Gains or losses from retirements and disposals are recorded as operating income or expense.

Depreciation is computed using the straight-line method. The estimated useful lives of the Company's property and equipment are as follows:

Asset Category	Useful Life
Buildings and improvements	1 to 30 years
Machinery and equipment	10 years
Production tooling	2 to 10 years
Leasehold improvements	Term of lease
Information technology	1 to 5 years

The Company recognized depreciation expense of $45,792, $45,503 and $42,186 for the years ended December 31, 2025, 2024 and 2023, respectively.

Tooling

The Company incurs costs related to tooling used in the manufacture of products sold to its customers. In some cases, the Company enters into contracts with its customers whereby the Company incurs the costs to design, develop and purchase tooling and is then reimbursed by the customer under a reimbursement contract. Tooling costs that will be reimbursed by customers are included in other current assets in the accompanying consolidated balance sheets at the lower of accumulated cost or the customer reimbursable amount. As of December 31, 2025 and 2024, the Company had $23,553 and $19,740, respectively, of reimbursable tooling costs capitalized. Company-owned tooling is included in property and equipment and depreciated over its expected useful life, generally two to ten years.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets recorded in conjunction with business combinations are based on the Company's estimate of fair value, as of the date of acquisition.

Amortization of other intangible assets is computed using the straight-line method. The useful lives for acquired intangible assets are listed below as follows:

Asset Category	Useful Life
Customer relationships	8 to 15 years
Technology	5 to 12 years
Product development costs	5 to 10 years
Trade names	Indefinite
Software development costs	4 to 5 years

Our business strategy largely centers on designing products based upon internally developed and purchased technology, and we protect certain technology with patents that have value to our business strategy. All costs associated with the development and issuance of new patents are expensed as incurred. Such costs are classified as net research and development expenses in the accompanying consolidated statements of income.

Valuation of Long-lived Assets

The carrying value of long-lived assets held for use, including definite-lived intangible assets, is periodically evaluated when events or circumstances warrant such a review. The carrying value of a long-lived asset held for use is considered impaired when the anticipated separately identifiable undiscounted cash flows from the asset are less than the carrying value of the asset. In that event, a loss is recognized based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset. Impairment losses on long-lived assets held for sale are recognized if the carrying value of the asset is in excess of the asset's estimated fair value, reduced for the cost to dispose of the asset.

Impairments of Other Intangible Assets and Goodwill

Goodwill is tested for impairment at least annually as of December 31 and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In conducting our annual impairment assessment testing, we first perform a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount. If not, no further goodwill impairment testing is performed. If it is more likely than not that a reporting unit's fair value is less than its carrying amount, or if we elect not to perform a qualitative assessment of a reporting unit, we then compare the fair value of the reporting unit to the related net book value. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized.

The Company utilizes an income approach to estimate the fair value of a reporting unit and a market valuation approach to further support this analysis (level 3). The income approach is based on projected debt-free cash flow that is discounted to the present value using discount factors that consider the timing and risk of cash flows. We believe that this approach is appropriate because it provides a fair value estimate based on the reporting unit's expected long-term operating cash flow performance. This approach also mitigates the impact of cyclical trends that occur in our industry. Fair value is estimated using internally developed forecasts, as well as commercial and discount rate assumptions. The discount rate used is the value-weighted average of our estimated cost of equity and of debt ("cost of capital") derived using both known and estimated customary market metrics. Our weighted average cost of capital is adjusted to reflect risk, if necessary. Other significant assumptions include terminal value growth rates and terminal value margin rates. While there are inherent uncertainties related to the assumptions used and to management's application of these assumptions to this analysis, we believe that the income approach provides a reasonable estimate of the fair value of a reporting unit.

In addition to annual impairment testing, 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

The Company performs its indefinite-lived intangible asset impairment assessment annually as of December 31, and between annual assessments if an event occurs or circumstances change that would more likely than not reduce the fair value of the asset below its carrying value.

See Note 6, "Goodwill and Other Intangibles," for additional information about the asset impairment analyses.

Investments in Non-consolidated Affiliates

In December 2021, the Company committed to make a $5,000 investment in Autotech Fund III, L.P. ("Autotech"), pursuant to a limited partnership agreement. Autotech focuses broadly on the automotive industry and complements the Company's innovation strategy. As a limited partner, the Company will periodically make capital contributions toward its total commitment amount over the expected ten-year life of the fund. The Company has made contributions totaling approximately $2,855 as of December 31, 2025. Our investment is accounted for under the equity method. In the years ended December 31, 2025, 2024 and 2023 we recognized $303, $0 and ($104) in other (loss) income. The carrying value was $2,933 and $1,540 as of December 31, 2025 and 2024, respectively.

In addition to Autotech, the Company's Automotive segment has ownership interests in two non-consolidated affiliates that are measured at cost, less impairments, adjusted for observable price changes in orderly transactions for identical or similar investments of the same issuer. As a result of observable transactions and impairment indicators during the years ended December 31, 2025, 2024 and 2023, the Company recognized ($4,941), $1,097 and ($2,900), respectively in other (loss) income. The carrying value of these investments was $1,463 and $6,254 as of December 31, 2025 and 2024, respectively.

Research and Development Expenses

Research and development activities are expensed as incurred. Such costs and related reimbursements are classified as net research and development expenses in the accompanying consolidated statements of income.

Leases

The Company determines whether a contractual arrangement is or contains a lease at contract inception. A lease liability and corresponding right-of-use asset are measured and recognized based on the present value of lease payments. To determine the present value of lease payments, the Company uses its incremental borrowing rate as of the lease commencement date, unless there is a rate implicit in the lease agreement. The incremental borrowing rate is based on the Company's credit rating, determined on a fully collateralized loan basis from information available at commencement date, and the duration of the lease term (the "reference rate"). For leases at foreign subsidiaries denominated in U.S. dollars, a risk premium associated with the borrower subsidiary's country is added to the reference rate. For significant leases at foreign subsidiaries denominated in a foreign currency, the U.S. dollar risk free rate with a duration similar to that of the lease term is subtracted from the reference rate and a corresponding foreign currency risk free rate with a duration similar to that of the lease term is added to the reference rate.

Operating lease assets are included in operating lease right-of-use assets and the related liabilities are included in current lease liabilities and non-current lease liabilities in the accompanying consolidated balance sheets. Assets under finance leases are included in property and equipment, net, and the related liabilities are included in current maturities of long-term debt, and long-term debt on the Company's consolidated balance sheets.

For all classes of underlying assets, the Company accounts for leases that contain separate lease and non-lease components as containing a single lease component. The Company does not recognize lease right-of-use assets and lease liabilities from leases with an original lease term of 12 months or less and, instead, recognizes rent payments on a straight-line basis over the lease term in the consolidated statements of income.

Income Taxes

The Company records income tax expense using the liability method which specifies that deferred tax assets and liabilities be measured each year based on the difference between the financial statement and tax base of assets and liabilities at the applicable enacted tax rates. A valuation allowance is provided for deferred tax assets when management considers it more likely than not that the asset will not be realized. At December 31, 2025 and 2024, a valuation allowance has been provided for certain deferred tax assets which the Company has concluded are more likely than not to not be realized. If future annual taxable income were to be significantly less than current and projected levels, there is a risk that certain of our deferred tax assets not already provided for by the valuation allowance would expire prior to utilization.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company recognizes interest and penalties related to income tax matters in income tax expense.

Derivative Financial Instruments – Hedge Accounting

All derivative instruments are required to be reported on the balance sheet at fair value unless the transactions qualify and are designated as normal purchases or sales. Changes in fair value are reported currently through earnings unless they meet hedge accounting criteria. 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.

The Company accounts for its designated derivative financial instruments as cash flow hedges. For derivative contracts which are designated as a cash flow hedge, the effective portion of the change in the fair value of the derivative contract is recorded to accumulated other comprehensive loss ("AOCI") in the accompanying consolidated balance sheets. When the underlying hedge transaction is realized, the gain or loss included in AOCI is recorded into earnings in the consolidated statements of income on the same line as the hedged item. Also, the Company records the ineffective portion, if any, on the same line as the hedged item. These hedging transactions and the respective correlations meet the requirements for hedge accounting.

Exposure to fluctuations in interest rates and certain commodity prices are managed by entering into swaps with various counterparties. The Company does not enter into derivative transactions for speculative or trading purposes. As part of the hedging program approval process, Gentherm identifies the specific financial risk which the derivative transaction will minimize, the appropriate hedging instrument to be used to reduce the risk and the correlation between the financial risk and the hedging instrument. Hedge positions, as well as the correlation between the transaction risks and the hedging instruments, are reviewed on an ongoing basis.

Earnings per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares of the Company's common stock, no par value ("Common Stock") outstanding during the respective 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 number of diluted shares outstanding, the treasury stock method is used in order to arrive at a net number of shares created upon the conversion of Common Stock equivalents.

Stock Based Compensation

Stock based payments that involve the issuance of Common Stock to employees, including grants of employee stock options, restricted stock, and time-based and performance-based restricted stock units, are recognized in the consolidated financial statements as compensation expense based upon the fair value on the date of grant.

Stock based payments that are satisfied only by the payment of cash, such as stock appreciation rights, are accounted for as liabilities. The liability is reported at market value of the vested portion of the underlying units. During each period, the change in the liability is recorded as compensation expense.

Note 3 — New Accounting Pronouncements

Recently Adopted 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. This update is effective for fiscal years beginning after December 15, 2024. ASU 2023-09 should be adopted prospectively, but retrospective application is permitted. The Company adopted ASU 2023-09 as of December 31, 2025 using a prospective approach. See Note 18 "Income Taxes" for the disclosures related to the adoption of 2023-09.

Recently Issued Accounting Pronouncements Not Yet Adopted

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.

Internal-Use Software

In September 2025, the FASB issued ASU 2025-06, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)". ASU 2025-06 modernizes the accounting for internal-use software costs. Retrospective, prospective, or a modified transition approach for adoption are all permitted, as well as early adoption at the beginning of an annual reporting period. This update is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. We are currently in the process of determining the impact the implementation of ASU 2025-06 will have on the Company’s financial statement disclosures.

Note 4 — Restructuring

The Company continuously monitors market developments, industry trends and changing customer needs and in response, may 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.

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 2026.

During the year ended December 31, 2025, the Company recognized restructuring expense of $3,604, for employee separation costs and $1,178, 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 year ended December 31, 2025, the Company recognized restructuring expense of $2,270 for employee separation costs and $826, for other costs.

2025 Manufacturing Footprint Plan

In July 2025, the Company committed to an additional restructuring plan to further optimize the Company's manufacturing footprint by realigning its global manufacturing capacity ("2025 Manufacturing Footprint Plan"). As a result, the Company will relocate certain manufacturing activities between existing locations.

The Company expects to incur cash restructuring costs of between $3,000 and $4,000 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 $1,000 and $2,000. The actions under the 2025 Manufacturing Footprint Plan are expected to be substantially completed by the end of 2027.

During the year ended December 31, 2025, the Company recognized restructuring expense of $2,190, for employee separation costs.

2023 Manufacturing Footprint Rationalization

In September 2023, the Company committed to a restructuring plan ("2023 Plan") to improve the Company's manufacturing productivity and rationalize its footprint through the closure and relocation of its former manufacturing facility in Greenville, South Carolina to a new facility in Monterrey, Mexico.

During the years ended December 31, 2025, 2024 and 2023, the Company recognized restructuring expenses of $0, $1,839 and $538, respectively, for employee separation costs and $645, $454 and $159, respectively, for other costs.

The actions under the 2023 Manufacturing Footprint Plan are substantially complete.

Other Restructuring Activities

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

During the year ended December 31, 2025, the Company's Automotive segment recognized $1,153 for employee separation costs related to structural cost reductions impacting the Company's global salaried workforce.

(In thousands, except share and per share data)

During the year ended December 31, 2025, the Company's Automotive segment recognized a benefit of $262 for employee separation costs and expense of $872 for other costs primarily related to the relocation of certain manufacturing to best cost locations.

During the years ended December 31, 2024 and 2023, the Company recognized $9,057 and $3,208 for employee separation costs, respectively, and $1,760 and $834 for other costs, respectively. These restructuring expenses were primarily associated with restructuring actions focused on the rotation of our manufacturing footprint to best cost locations and the reduction of global overhead costs.

The Company expects to incur less than $1,000 of additional restructuring costs for the other restructuring actions that have been approved as of December 31, 2025.

Restructuring Expenses, net by Reporting Segment

Restructuring expenses, net by reporting segment for the years ended December 31, 2025, 2024 and 2023 was as follows:

	Year Ended December 31,		
	2025	2024	2023
Automotive	$ 12,279	$ 12,238	$ 3,187
Medical	156	20	363
Corporate	41	852	1,189
Total	$ 12,476	$ 13,110	$ 4,739

Restructuring Liability

The following table summarizes restructuring activity for all restructuring initiatives for the years ended December 31, 2025 and 2024:

	Employee Separation Costs	Other Related Costs, net [(a)]	Total
Balance at December 31, 2023	$ 2,150	$ —	$ 2,150
Additions, charged to restructuring expenses, net	10,896	2,214	13,110
Cash payments	(9,593)	(1,333)	(10,926)
Non-cash utilization	—	(881)	(881)
Currency translation and other	(165)	—	(165)
Balance at December 31, 2024	$ 3,288	$ —	$ 3,288
Additions, charged to restructuring expenses, net	9,312	3,520	12,832
Change in estimate	(356)	—	(356)
Cash payments	(5,880)	(3,382)	(9,262)
Non-cash utilization	—	(138)	(138)
Currency translation and other	564	—	564
Balance at December 31, 2025	$ 6,928	$ —	$ 6,928

(a) Includes gain on sale of the Greenville facility

Exit of Non-Automotive Electronics Business

On December 31, 2022, the Company approved a plan to exit its non-automotive electronics business to strengthen the Company's core business and focus its resources and equipment with businesses and investments that are more strategic and profitable. The Company had substantially completed the exit of this business as of December 2024.

During the year ended December 31, 2024, the Company recorded a benefit of $4,554 for the sale of previously reserved inventory. This benefit is recorded in product revenues in the accompanying consolidated statements of income.

(In thousands, except share and per share data)

During the year ended December 31, 2023, the Company recorded non-cash impairment charges of $6,064 for the write down of inventory. This charge is recorded in cost of sales in the accompanying consolidated statements of income.

Note 5 — Details of Certain Financial Statement Components

	December 31, 2025	December 31, 2024
Inventory:		
Raw materials, net	$ 128,315	$ 137,511
Work in process, net	35,429	19,059
Finished goods, net	88,958	70,786
Total inventory, net	$ 252,702	$ 227,356
Other current assets:		
Income tax and other tax receivable	$ 23,826	$ 20,611
Billable tooling	23,553	19,740
Notes receivable	13,490	11,190
Prepaid expenses	9,214	6,305
Short-term derivative financial instruments	4,521	719
Receivables due from factor	—	1,111
Other	7,728	4,737
Total other current assets	$ 82,332	$ 64,413
Property and equipment:		
Machinery and equipment	$ 316,212	$ 260,578
Buildings and improvements	124,900	117,953
Information technology	58,910	45,157
Production tooling	42,500	37,765
Leasehold improvements	26,144	23,262
Construction in progress	23,510	36,846
Total property and equipment	592,176	521,561
Less: accumulated depreciation	(321,562)	(268,591)
Total property and equipment, net	$ 270,614	$ 252,970
Other current liabilities:		
Accrued employee liabilities	$ 49,924	$ 42,277
Income tax and other taxes payable	31,172	26,385
Liabilities from discounts and rebates	22,391	20,501
Restructuring	6,928	3,288
Accrued warranty	7,805	3,507
Short-term derivative financial instruments	775	2,037
Other	15,109	7,829
Total other current liabilities	$ 134,104	$ 105,824

(In thousands, except share and per share data)

Note 6 — Goodwill and Other Intangibles

Goodwill

Changes in the carrying amount of goodwill, by reportable segment, for the years ended December 31, 2025 and 2024 were as follows:

	Automotive	Medical [a]	Total
Balance as of December 31, 2023	$ 76,696	$ 27,377	$ 104,073
Currency translation	(3,942)	(528)	(4,470)
Balance as of December 31, 2024	$ 72,754	$ 26,849	$ 99,603
Currency translation	8,277	1,038	9,315
Balance as of December 31, 2025	$ 81,031	$ 27,887	$ 108,918

(a) Includes accumulated impairment losses of $19,509.

Other Intangible Assets

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

	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment	Net Carrying Value
Definite-lived:				
Customer relationships	$ 121,316	$ (81,785)	$ (6,185)	$ 33,346
Technology	48,478	(36,238)	(27)	12,213
Product development costs	19,943	(19,774)	(71)	98
Software development	1,007	(403)	—	604
Indefinite-lived:				
Trade names	7,065	—	(530)	6,535
Balance as of December 31, 2025	$ 197,809	$ (138,200)	$ (6,813)	$ 52,796

	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment	Net Carrying Value
Definite-lived:				
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
Indefinite-lived:				
Trade names	7,003	—	(530)	6,473
Balance as of December 31, 2024	$ 179,095	$ (115,813)	$ (6,031)	$ 57,251

During the year ended December 31, 2024 we recorded a non-cash impairment charge of $530 for one of our Medical trade names.

During the year ended December 31, 2023, an indicator of impairment was identified and the Company performed an interim quantitative assessment as of June 30, 2023. The results of this quantitative analysis indicated the carrying value of the reporting unit exceeded the fair value of the reporting unit, and accordingly an impairment expense was recorded for $19,509.

(In thousands, except share and per share data)

The Company performed its annual tests for impairment as of December 31, 2023, 2024 and 2025 utilizing the same quantitative approach and determined the fair value of each reporting unit exceeded its carrying value at each date.

A total of $7,135, $7,019, and $8,290 in other intangible assets were amortized in 2025, 2024 and 2023, respectively.

An estimate of future amortization of other intangible assets, is as follows:

2026	$ 6,859
2027	6,771
2028	6,703
2029	5,963
2030	4,947

Note 7 — Leases

The Company has operating and finance leases for real estate, office equipment, automobiles, forklifts and certain other equipment. Certain real estate leases are for land which have a remaining lease term of 31 to 37 years, and some of these arrangements have an end date that is at the discretion of the lessee. Excluding land leases, our leases have remaining lease terms ranging from less than one year to fourteen years and may include options to extend the lease. We do not have lease arrangements with related parties.

Components of lease expense for the years ended December 31, 2025, 2024 and 2023 were as follows:

	Year Ended December 31,		
	2025	2024	2023
Lease cost:			
Operating lease cost	$ 13,739	$ 10,747	$ 9,606
Amortization of finance leases	161	370	390
Interest on lease liabilities - finance leases	5	14	28
Short-term lease cost	3,999	3,684	2,651
Total lease cost	$ 17,904	$ 14,815	$ 12,675

Other information related to leases is as follows:

	Year Ended December 31,	
	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 12,992	$ 10,428
Operating cash flows for finance leases	5	14
Financing cash flows for finance leases	149	383
Right-of-use lease assets obtained in exchange for lease obligations:		
Operating leases	$ 19,364	$ 30,720
	December 31, 2025	**December 31, 2024**
Weighted average remaining lease term:		
Operating leases	9.62 yrs	9.3 years
Finance leases	0.50 yrs	1.5 years
Weighted average discount rate:		
Operating leases	6.22%	6.09%
Finance leases	3.34%	3.46%

(In thousands, except share and per share data)

A summary of future lease payments for non-cancellable operating leases with terms exceeding one year, as of December 31, 2025, is as follows:

2026	$	12,113
2027		8,828
2028		7,330
2029		6,520
2030		6,224
2031 or later		37,041
Total future minimum lease payments		78,056
Less imputed interest		(20,305)
Total	$	57,751

A summary of future lease payments for non-cancellable finance leases with terms exceeding one year, as of December 31, 2025, is as follows:

2026	$	73
Total	$	73

During the first quarter of 2025, the Company completed a move to a new corporate headquarters building in Novi, Michigan. In connection with the move 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.

Note 8 — Debt

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

	December 31,					
	2025			2024		
	Interest Rate		Principal Balance	Interest Rate		Principal Balance
Revolving Credit Facility (U.S. Dollar denominations)	4.95%	$	189,000	5.86%	$	220,000
Finance leases	3.34%		73	3.46%		201
Total debt			189,073			220,201
Less: current maturities			(73)			(137)
Long-term debt, less current maturities		$	189,000		$	220,064

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.

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.

(In thousands, except share and per share data)

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 December 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 Secured Overnight Financing Rate ("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 Term SOFR 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.

Based upon consolidated EBITDA for the trailing four fiscal quarters calculated for purposes of the Consolidated Net Leverage Ratio, $307,935 remained available for additional borrowings as of December 31, 2025.

The Company had $3,574 and $2,838 of outstanding letters of credit issued as of December 31, 2025 and December 31, 2024, respectively.

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 amortized into interest expense over the term of the Revolving Credit Facility.

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

	Revolving Credit Facility	Other Debt	Total
2026	$ —	$ 73	$ 73
2027	189,000	—	189,000
Total	$ 189,000	$ 73	$ 189,073

Note 9 — Pension and Other Post Retirement Benefit Plans

The Company maintains a U.S. defined benefit pension plan covering a former Company executive ("U.S. Plan") and a German defined benefit pension plan covering certain retired executive employees of the Company's wholly owned subsidiary, Gentherm GmbH ("German Plan").

(In thousands, except share and per share data)

The components of net periodic benefit cost for the Company's defined benefit plans for the years ended December 31, 2025, 2024 and 2023 were as follows:

	U.S. Plan			German Plan		
	Year Ended December 31,			Year Ended December 31,		
	2025	2024	2023	2025	2024	2023
Net periodic benefit cost:						
Service cost	$ —	$ —	$ —	$ —	$ —	$ —
Interest cost	97	101	115	226	234	217
Expected return on plan assets	—	—	—	(153)	(130)	(115)
Amortization of prior service cost and actuarial loss	—	—	—	78	19	23
Net periodic benefit cost	$ 97	$ 101	$ 115	$ 151	$ 123	$ 125
Assumptions:						
Discount rate	4.85%	4.45%	4.65%	3.38%	4.56%	4.10%
Long-term return on assets	N/A	N/A	N/A	3.50%	3.20%	3.20%

A reconciliation of the change in benefit obligation and the change in plan assets for the years ended December 31, 2025 and 2024 is as follows:

	U.S. Plan		German Plan	
	As of December 31,		As of December 31,	
	2025	2024	2025	2024
Change in projected benefit obligation:				
Balance at beginning of year	$ 2,331	$ 2,602	$ 6,281	$ 5,406
Interest cost	97	101	226	234
Paid pension distributions	(342)	(342)	(240)	(256)
Actuarial loss (gain)	43	(30)	(181)	1,259
Exchange rate impact	—	—	805	(362)
Balance at end of year	$ 2,129	$ 2,331	$ 6,891	$ 6,281
Change in plan assets:				
Balance at beginning of year	$ —	$ —	$ 4,005	$ 4,145
Actual return on plan assets	—	—	111	104
Contributions	—	—	—	—
Paid pension distributions	—	—	—	—
Exchange rate impact	—	—	523	(244)
Balance at end of year	$ —	$ —	$ 4,639	$ 4,005
Underfunded Status	$ (2,129)	$ (2,331)	$ (2,252)	$ (2,276)
Balance sheet classification:				
Other current liabilities	$ (342)	$ (342)	$ (291)	$ (248)
Pension benefit obligation	(1,787)	(1,989)	(1,961)	(2,028)
Accumulated other comprehensive loss (pre-tax):				
Actuarial losses	236	194	2,104	2,063
Assumptions:				
Discount rate	4.10%	4.85%	3.86%	3.38%

(In thousands, except share and per share data)

Pre-tax amounts included in AOCI that are expected to be recognized in net periodic benefit cost during the year ended December 31, 2026 are as follows:

	U.S Plan	German Plan
Actuarial losses	$ 3	$ 73

Interest costs are recognized in selling, general and administrative expenses in the consolidated statements of income and actuarial gains and losses are included the consolidated balance sheets as part of accumulated other comprehensive loss within shareholders' equity. Actuarial gains or losses are amortized to selling, general and administrative expense in the consolidated statements of income based on the average future life of the U.S Plan or German Plan using the corridor method. Prior service cost is included in selling, general and administrative expenses in the consolidated statements of income.

Plan assets – German Plan

Plan assets are comprised of Gentherm GmbH's pension insurance policies and are pledged to the beneficiaries of the German Plan. A market valuation technique, based on observable underlying insurance charges, is used to determine the fair value of the pension plan assets (Level 2).

The expected return on plan assets assumption used to calculate Gentherm GmbH's pension benefit obligation was determined using actual returns realized on plan assets in the prior year.

Contributions

We do not expect contributions to be paid to the U.S. Plan or the German Plan during the next fiscal year, however, payments to plan participants are expected to be disbursed directly from corporate funds.

The schedule of future expected pension payments is as follows:

	Projected Pension Benefit Payments	
Year	U.S Plan	German Plan
2026	$ 342	$ 291
2027	342	291
2028	342	289
2029	342	1,855
2030	342	380
2031-2035	684	1,821
Total	$ 2,394	$ 4,927

Defined Contribution Plans

The Company also sponsors defined contribution plans for eligible employees. On a discretionary basis, the Company matches a portion of the employee contributions and or makes additional discretionary contributions. Gentherm recognized costs of $2,257, $2,264 and $2,344 related to contributions to its defined contribution plans during the years ended December 31, 2025, 2024 and 2023, respectively.

Note 10 — 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 December 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. Such policies may not cover all costs associated with a claim. 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.

On February 14, 2024, the National Highway Traffic Safety Administration 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. VW informed Gentherm of its plan to conduct the recall on April 3, 2024. The suction jet pump is a product originally designed and manufactured by Alfmeier, the business Gentherm acquired in August 2022. The Company has not accepted any financial responsibility for the recall and is pursuing discussions with VW to advance its position and resolve this matter. No litigation has been threatened or filed as of the date of this report. 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's insurance policies are not expected to apply to this recall as the production period for the affected parts is outside of the insurance coverage period. The Company's purchase agreement of Alfmeier includes indemnification provisions under which the Company believes it would have a claim against the sellers which would cover a portion of the potential costs. 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.

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

(In thousands, except share and per share data)

	Year Ended December 31,	
	2025	2024
Balance at beginning of year	$ 3,507	$ 3,945
Warranty claims paid	(9,069)	(6,382)
Warranty expense for products shipped during the current period	11,706	5,812
Adjustments to warranty estimates from prior periods	1,486	247
Adjustments due to currency translation	175	(115)
Balance at end of year	$ 7,805	$ 3,507

Employees

Approximately 36% of the Company's workforce are members of industrial trade unions or worker councils and are employed under the terms of various labor agreements.

Note 11 — 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 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. Payments of the Company's obligations to the Service Provider are reported as operating cash flows in the consolidated statements of cash flows.

The following is a reconciliation of the changes in confirmed obligations to participating suppliers:

	Year Ended December 31,	
	2025	2024
Outstanding at beginning of year	$ 21,232	$ —
Invoices confirmed	107,268	90,343
Invoices settled	(105,484)	(69,111)
Outstanding at end of year	$ 23,016	$ 21,232

Note 12 — Earnings Per Share

Basic earnings per share are computed by dividing net income by the weighted average number of shares of 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.

(In thousands, except share and per share data)

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

	Year Ended December 31,		
	2025	2024	2023
Net income	$ 18,285	$ 64,947	$ 40,343
Basic weighted average shares of Common Stock outstanding	30,585,443	31,293,113	32,778,055
Dilutive effect of stock options, restricted stock awards and restricted stock units	347,451	183,373	288,862
Diluted weighted average shares of Common Stock outstanding	30,932,894	31,476,486	33,066,917
Basic earnings per share	$ 0.60	$ 2.08	$ 1.23
Diluted earnings per share	$ 0.59	$ 2.06	$ 1.22

See Note 17, "Accounting for Stock Based Compensation," for information about the Company's different equity incentive plans.

Note 13 —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.

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.

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

			Asset Derivatives		Liability Derivatives		
	Fair Value Hierarchy	Notional Amount	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Net Asset/ (Liabilities)
Derivatives Designated as Cash Flow Hedges							
Foreign currency derivatives	Level 2	$ 35,122	Other current assets	$ 4,521	Other current liabilities	$ —	$ 4,521
Interest rate contracts	Level 2	$ 100,000	Other current assets	$ —	Other current liabilities	$ 775	$ (775)

(In thousands, except share and per share data)

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

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

Information related to the effect of derivative instruments in the consolidated statements of income is as follows:

	Location	Year Ended December 31, 2025	2024	2023
Derivatives Designated as Cash Flow Hedges				
Foreign currency derivatives	Cost of sales – income	$ 2,883	$ 3,717	$ 8,630
	Other comprehensive income (loss)	8,505	(11,259)	3,483
Total foreign currency derivatives		$ 11,388	$ (7,542)	$ 12,113
Interest rate contracts	Interest expense, net	$ 232	$ —	$ —
	Other comprehensive income (loss)	(775)	—	—
Total interest rate derivatives		$ (543)	$ —	$ —
Derivatives Not Designated as Hedging Instruments				
Interest rate contracts	Interest expense, net	$ (719)	$ (1,343)	$ (710)
Total interest rate derivatives		$ (719)	$ (1,343)	$ (710)

The Company did not incur any hedge ineffectiveness during the years ended December 31, 2025, 2024 and 2023.

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 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 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 balance 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 year ended December 31, 2024 were as follows:

(In thousands, except share and per share data)

	Year ended December 31, 2024
Trade receivables sold	$ 98,761
Factoring fees incurred	615

Note 14 — Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. 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.

Fair value measurements are classified under the following fair value hierarchy:

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 are used when little or no market data is available. Unobservable inputs are used if there is little or no market data for the asset or liability at the measurement date.

Items Measured at Fair Value on a Recurring Basis

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 had no other material financial assets and liabilities that were carried at fair value at December 31, 2025 and 2024.

Items Measured at Fair Value on a Nonrecurring Basis

The Company measures certain assets and liabilities at fair value on a non-recurring basis. During the year ended December 31, 2025, there was a decrease in the fair value of two non-consolidated equity investments totaling $4,941 due to observable transactions (Level 2), which was recorded in other income (loss). As of December 31, 2025 and 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 December 31, 2025 and 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 8, "Debt").

Note 15 — Equity

Common Stock

The Company is authorized to issue up to 59,991,000 shares, of which 55,000,000 shares shall be Common Stock, without par value, and 4,991,000 shall be Preferred Stock, without par value. As of December 31, 2025, an aggregate of 30,526,231 shares of its

(In thousands, except share and per share data)

Common Stock were issued and outstanding. As of December 31, 2025, there are no preferred stock shares issued or outstanding. The Common Stock is listed on the Nasdaq Global Select Market under the symbol, “THRM”, and has the following rights and privileges:

- *Voting rights.* All shares of the Common Stock have identical rights and privileges. With limited exceptions, holders of common stock are entitled to one vote for each outstanding share of Common Stock held of record by each shareholder on all matters properly submitted for the vote of the Company’s shareholders.
- *Dividend rights*. Subject to applicable law, any contractual restrictions and the rights of the holders of outstanding preferred stock, if any, holders of Common Stock are entitled to receive ratably such dividends and other distributions that the Company’s Board of Directors, in its discretion, declares from time to time.
- *Liquidation rights*. Upon the dissolution, liquidation or winding up of the Company, subject to the rights of the holders of outstanding preferred stock, if any, holders of Common Stock are entitled to receive ratably the assets of the Company available for distribution to the Company’s shareholders in proportion to the number of shares of Common Stock held by each shareholder.
- *Conversion, Redemption and Preemptive Rights*. Holders of Common Stock have no conversion, redemption, sinking fund, preemptive, subscription or similar rights.

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 $150,000 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.

Share repurchases and related activity during the years ended December 31, 2025 and 2024 were as follows:

	Year Ended December 31,	
	2025	2024
Total number of shares repurchased	381,600	1,019,314
Average price paid per share	$ 26.24	$ 49.22
Total	$ 10,015	$ 50,169
Excise tax charged	$ 100	$ 502

As of December 31, 2025, the 2024 Stock Repurchase Program had $110,103 of share repurchase authorization remaining.

(In thousands, except share and per share data)

Note 16 – Reclassifications Out of Accumulated Other Comprehensive Loss

Reclassification adjustments and other activities impacting accumulated other comprehensive loss during the years ended December 31, 2025, 2024 and 2023 are as follows:

	Defined Benefit Pension Plans	Foreign Currency Translation Adjustments	Cash Flow Hedge Derivatives	Total
Balance at December 31, 2024	$ (1,851)	$ (80,096)	$ (3,246)	$ (85,193)
Other comprehensive income before reclassifications	103	77,982	12,793	90,878
Income tax effect of other comprehensive income before reclassifications	(30)	—	(2,641)	(2,671)
Amounts reclassified from accumulated other comprehensive loss into net income	78	—	(5,062) [a]	(4,984)
Income taxes reclassified into net income	(21)	—	1,027	1,006
Net current period other comprehensive income (loss)	130	77,982	6,117	84,229
Balance at December 31, 2025	$ (1,721)	$ (2,114)	$ 2,871	$ (964)

(a) The amounts reclassified from accumulated other comprehensive loss of $4,830 and $232 are included in cost of sales and interest expense, net, respectively, in the consolidated statements of income. Refer to Note 13, "Financial Instruments," for additional information.

	Defined Benefit Pension Plans	Foreign Currency Translation Adjustments	Cash Flow Hedge Derivatives	Total
Balance at December 31, 2023	$ (1,011)	$ (34,830)	$ 5,681	$ (30,160)
Other comprehensive (loss) income before reclassifications	(1,242)	(45,519)	(3,648)	(50,409)
Income tax effect of other comprehensive (loss) income before reclassifications	335	253	784	1,372
Amounts reclassified from accumulated other comprehensive loss into net income	91	—	(7,611) [a]	(7,520)
Income taxes reclassified into net income	(24)	—	1,548	1,524
Net current period other comprehensive (loss) income	(840)	(45,266)	(8,927)	(55,033)
Balance at December 31, 2024	$ (1,851)	$ (80,096)	$ (3,246)	$ (85,193)

(a) The amounts reclassified from accumulated other comprehensive loss are included in cost of sales in the consolidated statements of income. Refer to Note 13, "Financial Instruments," for additional information.

(In thousands, except share and per share data)

	Defined Benefit Pension Plans	Foreign Currency Translation Adjustments	Cash Flow Hedge Derivatives	Total
Balance at December 31, 2022	$ (1,067)	$ (48,269)	$ 2,847	$ (46,489)
Other comprehensive income before reclassifications	54	13,125	13,086	26,265
Income tax effect of other comprehensive income before reclassifications	(15)	314	(2,770)	(2,471)
Amounts reclassified from accumulated other comprehensive loss into net income	23	—	(9,603) [a]	(9,580)
Income taxes reclassified into net income	(6)	—	2,121	2,115
Net current period other comprehensive income	56	13,439	2,834	16,329
Balance at December 31, 2023	$ (1,011)	$ (34,830)	$ 5,681	$ (30,160)

(a) The amounts reclassified from accumulated other comprehensive loss are included in cost of sales. Refer to Note 13, "Financial Instruments," for additional information.

The Company expects all of the existing gains and losses related to foreign currency derivatives reported in accumulated other comprehensive loss as of December 31, 2025 to be reclassified into earnings during the next twelve months. See Note 13, "Financial Instruments," for additional information about derivative financial instruments and the effects from reclassification to net income.

Note 17 — Accounting for Stock Based Compensation

On May 18, 2023 the Company's shareholders approved the Gentherm Incorporated 2023 Equity Incentive Plan (the "2023 Equity Plan"), covering 3,730,000 shares of the Common Stock, plus the number of shares of Common Stock that, as of the effective date of the 2023 Equity Plan, that were subject to awards granted under the Gentherm Incorporated 2013 Equity Incentive Plan (the "2013 Equity Plan") and that, on or after the effective date of the 2023 Equity Plan, were forfeited, surrendered, terminated (other than by exercise), cancelled, lapsed or reacquired by the Company prior to vesting, without the delivery of any shares of Common Stock, and otherwise comply with the recycling provisions of the 2013 Equity Plan and 2023 Equity Plan. The 2023 Equity Plan permits the granting of various awards including stock options (including both nonqualified stock options and incentive stock options), stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), performance stock units (including performance-based RSUs under the 2013 Equity Plan, "PSUs") and performance units, and other awards to employees, outside directors and consultants and advisors of the Company. As of December 31, 2025, the Company had an aggregate of 1,830,414 shares of Common Stock available to issue under the 2023 Equity Plan.

During the three-year period ended December 31, 2025, the Company had outstanding SARs, restricted stock awards, RSUs and PSUs to employees, directors and consultants. These awards become available to the recipient upon the satisfaction of a vesting condition, either based on a period of service or based on the performance of a specific achievement. For equity-based awards with a service condition, the requisite service period typically ranges between two to four years for employees and consultants and one year for directors. As of December 31, 2025, there were 493,798 PSUs outstanding. These awards cliff vest after three-years based on the Company's achievement of one of five separate performance metrics: a target return on invested capital ratio ("ROIC"), as defined in the award agreement, for a specified fiscal year; a target three-year cumulative Adjusted EBITDA ("Adjusted EBITDA"), as defined in the award agreement; a target annual and three-year growth in the expansion of Adjusted EBITDA Margin Rate ("Adjusted EBITDA Margin Rate"), as defined in the award agreement (as modified by the Company's relative total shareholder return); the Company's relative total shareholder return ("TSR"), as defined in the award agreement, during a specific three-year measurement period; a target relative revenue growth relative to light vehicle production in the Company's relevant markets ("RRG"), as defined in the award agreement, during a specific three-year measurement period (in certain cases, as modified by the Company's relative total shareholder return); and a target annual and three-year growth in the Company's absolute revenue ("Revenue Growth"), as defined in the award agreement, during a specific three-year measurement period. In each case, awards will be earned at 50% of the target number of shares for achieving a minimum threshold or up to 200% of the target number of shares for exceeding the target, with a linear adjustment between threshold and target or between target and stretch performance goals. All other outstanding, unvested equity-based awards were service based. Equity-based award vesting may be accelerated at the discretion of the Board under conditions specified in the 2023 Equity Plan and the 2013 Equity Plan.

(In thousands, except share and per share data)

Under FASB ASC Topic 718, the provisions of the PSUs that vest upon the achievement of relative TSR are considered a market condition, and therefore the effect of that market condition is reflected in the grant date fair value for this portion award. A third party was engaged to complete a Monte Carlo simulation to account for the market condition. That simulation takes into account the beginning stock price of our Common Stock, the expected volatilities for the relative TSR comparator group, the expected volatilities for the Company's stock price, correlation coefficients, the expected risk-free rate of return and the expected dividend yield of the Company and the comparator group. The single grant-date fair value computed by this valuation method is recognized by the Company in accounting for the awards regardless of the actual future outcome of the relative TSR feature. The grant date fair value of the other PSUs and RSUs are calculated as the closing price of our Common Stock as quoted on Nasdaq on the grant date multiplied by the number of shares subject to the award. Each of ROIC, Adjusted EBITDA, Adjusted EBITDA Margin Rate, RRG and Revenue Growth are considered a performance condition and the grant-date fair value for ROIC PSUs, Adjusted EBITDA PSUs, Adjusted EBITDA Margin Rate, RRG and Revenue Growth PSUs correspond with management's expectation of the probable outcome of the performance condition as of the grant date. The Adjusted EBITDA Margin Rate PSUs, the RRG PSUs and the Revenue Growth PSUs granted in 2024 and 2025 are also subject to a relative TSR modifier that can adjust the total payout of PSUs by -25% if performance does not reach threshold or +25% if performance exceeds maximum. Therefore, the grant date fair value of the Adjusted EBITDA Margin Rate PSUs and RRG PSUs for 2024 were further impacted by the fair value of the relative TSR modifier.

The total recognized and unrecognized stock based compensation expense is as follows:

Stock Based Compensation Expense	2025	2024	2023	Unrecognized Stock Based Compensation Expense at December 31, 2025	Remaining Weighted Average Vesting Period
RSUs	$ 7,420	$ 6,871	$ 6,216	$ 12,891	1.92
PSUs	3,776	2,454	4,661	8,979	1.94
Restricted Stock	1,104	1,115	878	379	0.35
SARs	—	(8)	(128)	—	—
Total stock based compensation	$ 12,300	$ 10,432	$ 11,627	$ 22,249	1.90

The related deferred tax benefit for the years ended December 31, 2025, 2024 and 2023 was $1,614, $1,485, and $1,794, respectively. If Gentherm were to realize expired stock based payment arrangements, they would be reported as a forfeit in the activity roll forward tables below.

(In thousands, except share and per share data)

RSUs

The following table summarizes RSU activity during the years ended December 31, 2025, 2024 and 2023:

Unvested Restricted Stock Units	Time Vesting Shares	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2022	201,578	$ 64.27
Granted	136,964	58.68
Vested	(82,695)	59.43
Forfeited	(23,986)	59.47
Outstanding at December 31, 2023	231,861	$ 63.19
Granted	184,959	54.20
Vested	(129,477)	64.55
Forfeited	(84,682)	57.71
Outstanding at December 31, 2024	202,661	$ 56.35
Granted	428,265	31.82
Vested	(87,155)	57.85
Forfeited	(16,467)	43.41
Outstanding at December 31, 2025	527,304	$ 36.58

The total intrinsic value of RSUs vested during the years ended December 31, 2025, 2024 and 2023 was $5,042, $8,358 and $4,915, respectively.

PSUs

The following table summarizes PSU activity during the years ended December 31, 2025, 2024 and 2023:

Unvested Performance Stock Units	Performance Stock Unit Shares	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2022	320,449	$ 62.90
Granted	153,121	65.90
Performance Adjustment	(59,928)	33.90
Vested	(59,928)	49.25
Forfeited	(28,737)	65.97
Outstanding at December 31, 2023	324,977	$ 74.10
Granted	235,388	60.68
Performance Adjustment	(52,856)	79.49
Vested	(27,850)	92.44
Forfeited	(199,818)	61.35
Outstanding at December 31, 2024	279,841	$ 63.30
Granted	302,762	31.34
Performance Adjustment	(49,103)	79.46
Vested	(25,303)	72.44
Forfeited	(14,399)	48.47
Outstanding at December 31, 2025	493,798	$ 43.80

The total intrinsic value of PSUs vested during the years ended December 31, 2025, 2024 and 2023 was $1,833, $2,574 and $2,951, respectively.

(In thousands, except share and per share data)

Restricted Stock

The following table summarizes restricted stock activity during the years ended December 31, 2025, 2024 and 2023:

Unvested Restricted Stock	Shares		Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2022	13,600	$	73.54
Granted	17,923		56.96
Vested	(11,900)		73.54
Forfeited	(1,700)		73.54
Outstanding at December 31, 2023	17,923	$	56.96
Granted	21,296		50.72
Vested	(17,923)		56.96
Outstanding at December 31, 2024	21,296	$	50.72
Granted	40,600		26.60
Vested	(21,296)		50.72
Outstanding at December 31, 2025	40,600	$	26.60

The compensation cost associated with restricted stock is estimated on the date of grant using quoted market prices (Level 1 input). The total fair value of restricted stock vested in 2025, 2024 and 2023 was $1,080, $1,021 and $875, respectively.

SARs

The following table summarizes SARs activity during the years ended December 31, 2025, 2024 and 2023:

Stock Appreciation Rights	Shares		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term		Aggregate Intrinsic Value
Outstanding at December 31, 2022	14,750	$	38.05	1.15	$	402
Exercised	(12,500)		38.05			
Outstanding at December 31, 2023	2,250	$	38.05	0.15	$	32
Exercised	(2,250)		38.05			
Outstanding at December 31, 2024	—	$	—	—	$	—
Outstanding at December 31, 2025	—	$	—	—	$	—
Exercisable at December 31, 2025	—	$	—	—	$	—

The total intrinsic value of SARs exercised during the years ended December 31, 2025, 2024 and 2023 was $0, $25, and $242, respectively.

(In thousands, except share and per share data)

Stock Options

The following table summarizes stock option activity during the years ended December 31, 2025, 2024 and 2023:

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2022	162,634	$ 36.41	2.68	$ 8,212
Exercised	(6,450)	40.79		
Forfeited	(16,500)	$ 41.59		
Outstanding at December 31, 2023	139,684	$ 35.59	0.90	$ 2,342
Exercised	(139,684)	35.59		
Outstanding at December 31, 2024	—	$ —	—	$ —
Outstanding at December 31, 2025	—	$ —	—	$ —
Exercisable at December 31, 2025	—	$ —	—	$ —

The total intrinsic value of stock options exercised during the years ended December 31, 2025, 2024 and 2023 was $0, $2,071 and $201, respectively.

Note 18 — Income Taxes

The income tax provisions were calculated based upon the following components of earnings before income tax for the years ended December 31, 2025, 2024 and 2023:

	Year Ended December 31,		
	2025	2024	2023
(Loss) earnings before income tax:			
Domestic	$ (104,058)	$ (54,073)	$ (37,222)
Foreign	139,893	156,338	92,176
Earnings before income tax	$ 35,835	$ 102,265	$ 54,954

The components of the provision for income taxes for the years ended December 31, 2025, 2024 and 2023 are summarized as follows:

	Year Ended December 31,		
	2025	2024	2023
Current income tax expense (benefit):			
Federal	$ 1,306	$ (1,181)	$ 3,510
State and local	(18)	679	414
Foreign	38,598	27,240	23,759
Total current income tax expense	39,886	26,738	27,683
Deferred income tax (benefit) expense:			
Federal	(10,155)	(7,944)	(7,495)
State and local	2	66	444
Foreign	(12,183)	18,458	(6,021)
Total deferred income tax (benefit) expense	(22,336)	10,580	(13,072)
Total income tax expense	$ 17,550	$ 37,318	$ 14,611

(In thousands, except share and per share data)

No income taxes have been provided on indefinitely reinvested earnings of certain foreign subsidiaries at December 31, 2025. In addition, deferred U.S. income taxes have not been provided on the undistributed earnings of the Company’s foreign subsidiaries since these earnings will not be taxable upon repatriation to the United States. These earnings will be primarily treated as previously taxed income from either the one-time transition tax or global intangible low-taxed income provision, or they will be offset with a 100% dividend received deduction.

To the extent dividends are paid within foreign tiered subsidiaries, withholding and income taxes may be incurred upon repatriation through the chain. Taxes of $6,963 have been accrued on undistributed earnings that are not indefinitely reinvested and are primarily related to China, Germany, Korea, Ukraine, North Macedonia, Czech Republic and Malta. As of December 31, 2025, taxes have not been provided on $115,705 of undistributed earnings in various subsidiaries as those earnings have been indefinitely invested. If, in the future, these earnings were to be repatriated to foreign affiliates, additional tax provisions would be required. It is not practicable to determine the unrecognized deferred tax liability on these undistributed earnings. There are no other material liabilities for income taxes on the undistributed earnings of foreign subsidiaries, as the Company has concluded that such earnings are either indefinitely reinvested or should not give rise to additional income tax liabilities as a result of the distribution of such earnings.

The deferred tax assets and deferred tax liabilities and related valuation allowance were comprised of the following as of December 31, 2025 and 2024:

	December 31,	
	2025	2024
Deferred tax assets:		
Net operating losses	$ 25,967	$ 35,966
Intangible assets	8,711	10,893
Research and development credits	5,920	5,475
Property and equipment	4,779	4,132
Valuation reserves and accrued liabilities	13,872	8,446
Capitalized research and development costs	26,548	28,318
Stock compensation	2,258	2,039
Defined benefit obligation	2,241	1,514
Inventory	1,198	717
Other credits	5,609	—
Unrealized foreign currency exchange losses	6,467	—
Other	14,921	8,707
Total deferred tax asset	118,491	106,207
Valuation allowance	(11,366)	(25,272)
Deferred tax liabilities:		
Unrealized foreign currency exchange gains	$ (309)	$ (1,092)
Undistributed profits of subsidiary	(10,287)	(5,016)
Property and equipment	(6,820)	(10,524)
Intangible assets	(9,322)	(8,720)
Other	(6,663)	(1,383)
Total deferred tax liability	(33,401)	(26,735)
Net deferred tax asset	$ 73,724	$ 54,200

(In thousands, except share and per share data)

A reconciliation between the statutory Federal income tax rate and the effective rate of income tax expense for the year ended December 31, 2025 is as follows:

	Year Ended December 31,	
	2025	Percent of Pre-tax Income
Pre-tax book income	$ 35,835	
U.S. Federal statutory rate	7,525	21.0 %
State and local income taxes (net of Federal benefit)[a]	(52)	(0.2)%
Foreign tax effects		
China		
Statutory tax rate difference between China and United States	2,072	5.8 %
Tax rate holiday	(1,747)	(4.9)%
R&D super deduction	(2,074)	(5.8)%
Withholding taxes	1,650	4.6 %
Other	343	1.0 %
Germany		
Statutory tax rate difference between Germany and United States	794	2.2 %
Local Income Taxes	(1,703)	(4.8)%
Provision to Return	(1,304)	(3.6)%
Tax on Intercompany Distributions	1,891	5.3 %
Other	243	0.7 %
Hungary		
Statutory tax rate difference between Hungary and United States	(9,434)	(26.3)%
Qualified Domestic Minimum Top-up Tax (QDMTT)	3,319	9.3 %
Local Business Tax & Local Innovation Tax	2,244	6.3 %
Other	(12)	0.0 %
Korea		
Withholding taxes	1,952	5.4 %
Other	(290)	(0.8)%
Other foreign jurisdictions	700	2.0 %
Effect of changes in tax laws or rates enacted in the current period	-	0.0 %
Effect of cross-border tax laws		
Global Intangible Low-Taxed Income (GILTI)	6,998	19.5 %
Subpart F Income	(401)	(1.1)%
Foreign Currency Gain	969	2.7 %
Tax credits - R&D	(1,430)	(4.0)%
Changes in valuation allowances	830	2.3 %
Non-taxable / non-deductible items		
Stock Options / Executive Compensation	2,505	7.0 %
Transaction Costs	1,257	3.5 %
Changes in unrecognized tax benefits	178	0.5 %
Other adjustments	527	1.4 %
Effective tax rate	$ 17,550	49.0 %

(a) State taxes in Texas for 2025 made up the majority (greater than 50%) of the tax effect in this category.

(In thousands, except share and per share data)

Reconciliations between the statutory Federal income tax rate and the effective rate of income tax expense for the years ended December 31, 2024 and 2023 are as follows:

	Year Ended December 31,	
	2024	2023
Statutory Federal income tax rate	21.0 %	21.0 %
Increase (decrease) resulting from:		
Change in valuation allowance	(9.0)%	(3.1)%
Effect of different tax rates of foreign jurisdictions	(0.7)%	0.9 %
Tax credits & deductions related to R&D	(3.7)%	(8.5)%
Goodwill impairment	—	4.1 %
Non-deductible expenses	15.7 %	6.8 %
Other foreign, state and local taxes	2.1 %	3.5 %
Tax impact of foreign income	7.5 %	3.6 %
Stock option compensation	1.0 %	—
Audit settlements and statute expirations	11.0 %	—
Incentive tax rates in foreign jurisdictions	(5.5)%	(1.9)%
Other	(2.9)%	0.2 %
Effective rate	36.5 %	26.6 %

The Company has Net Operating Loss ("NOL") carryforwards as follows:

Jurisdiction	Amount as of December 31, 2025	Years of Expiration
U.S. state income tax	$ 43,305	2026-2044
Foreign	$ 183,419	Never

As of December 31, 2025, the Company has consolidated deferred tax assets of $118,491 with a valuation allowance of $11,366 principally related to tax net operating losses, credit carryforwards and other deferred tax assets on certain U.S. state income tax attributes. The Company has considered historical pre-tax income or loss and the four sources of income in determining the need for a valuation allowance when the realization of its deferred tax assets are not more likely than not. The four sources of income considered are 1) taxable income in prior carryback years where carryback is allowable, 2) future reversals of existing temporary differences, 3) consideration of reasonable and prudent tax planning strategies, and 4) forecasts of future taxable income, exclusive of reversing temporary differences and carryforwards. In the cases where a valuation allowance has been recorded, the evidence described above did not result in a conclusion that the deferred tax assets are more likely than not.

The Company has NOL carryforwards in various states associated with the benefits of the state dividends received reduction and foreign royalty exclusion. The state NOL carryforwards generally expire at various dates from 2026 to 2044. We have concluded that there is not sufficient evidence these NOL carryforwards will be utilized, and thus have not recognized the benefit of these NOL carryforwards as of December 31, 2025.

At December 31, 2025, certain non-U.S. subsidiaries had gross NOL carryforwards totaling $183,419 which have no expiration date. The Company has no valuation allowance recorded against deferred tax assets of $21,442 of the total non-U.S. subsidiaries' net operating loss carryforwards as of December 31, 2025.

The Company is subject to taxation in the United States and various state and foreign jurisdictions. As of December 31, 2025, the Company was no longer subject to U.S. Federal examinations by tax authorities for tax years before 2021 and was no longer subject to foreign examinations by tax authorities for tax years before 2015.

The Company currently benefits from incentive tax rates in various non-U.S. jurisdictions with expiration dates from 2026 – 2028. Certain of the Company's Chinese subsidiaries benefit from a reduced corporate income tax rate in 2025 as a result of their

(In thousands, except share and per share data)

High and New Technology Enterprises status. For the years ended December 31, 2025, 2024 and 2023, income in foreign jurisdictions with such holidays was $17,380, $50,372, and $8,185, respectively.

At December 31, 2025, 2024 and 2023, the Company had total unrecognized tax benefits of $7,720, $8,266 and $5,486, respectively, all of which, if recognized, would affect the effective income tax rates. The reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Year Ended December 31,		
	2025	2024	2023
Balance at beginning of year	$ 8,266	$ 5,486	$ 6,185
Additions based on tax position related to current year	797	78	87
Additions based on tax position related to prior year	40	4,587	347
Reductions from settlements and statute of limitation expiration	(2,132)	(1,636)	(1,266)
Effect of foreign currency translation	749	(249)	133
Balance at end of year	$ 7,720	$ 8,266	$ 5,486

The Company classifies income tax-related penalties and net interest as income tax expense. In the years ended December 31, 2025, 2024 and 2023, income tax related interest and penalties were not material. It is reasonably possible that audit settlements, the conclusions of current examinations or the expiration of the statute of limitations in several jurisdictions could impact the Company's unrecognized tax benefits.

	Year ended December 31, 2025
Cash paid (received) for income taxes, net of refunds	
Federal	$ 687
State and local	
Other state and local jurisdictions	(110)
Foreign	
Canada	(2,003)
China	11,903
Germany	3,337
Hungary	7,676
Korea	3,606
Malta	4,997
Mexico	3,296
Other foreign jurisdictions	3,820
Total Foreign	36,632
Total cash paid for income taxes, net of refunds	$ 37,209

Cash paid for income taxes, net of refunds, for the periods ended December 31, 2024 and 2023 were $20,837 and $23,273, respectively.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. OBBBA has not materially impacted the Company's effective tax rate.

In addition, on July 19, 2025, the Act for an Immediate Tax Investment Programme to Strengthen Germany's Business Location ("German Tax Package") was enacted in Germany. The German Tax Package includes significant provisions, including a gradual reduction in the corporate tax rate from 15% in 2027 to 10% by 2032, in 1% increments beginning in 2028, enhanced depreciation provisions and expanded relief for research and development expenses. The German Tax Package has not materially impacted the Company’s effective tax rate.

Note 19 — Segment Reporting

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

The Automotive reporting segment is comprised of our global automotive businesses, including the design, development, manufacturing and sales of Automotive Climate and Comfort Solutions (including Climate Control Seats, Climate Control Interiors, Lumbar and Massage Comfort Solutions and Climate and Comfort Electronics), Valve Systems and other automotive products.

The Medical reporting segment is comprised of 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.

Segment information is used by management, specifically our chief operating decision maker ("CODM"), the President and Chief Executive Officer, for making operating decisions for the Company. Our CODM uses operating income or loss to evaluate the performance and allocate resources for each of the Company’s segments. Operating income or loss is used to monitor budget versus actual results and year-over-year actual results to inform the decisions of how to allocate capital and resources within the Company. The measure of assets has not been disclosed for each segment as it is not regularly reviewed by the CODM.

(In thousands, except share and per share data)

The table below presents segment information about the reported product revenues, operating income (loss), and significant segment expenses of the Company for the years ended December 31, 2025, 2024 and 2023:

	Year Ended December 31,		
Product Revenues	**2025**	**2024**	**2023**
Automotive	$ 1,448,826	$ 1,406,278	$ 1,422,952
Medical	49,776	49,846	46,124
Total	1,498,602	1,456,124	1,469,076
Significant Segment Expenses and Operating Performance			
Automotive			
Cost of sales	1,110,222	1,058,989	1,090,941
Net research and development expenses	73,694	68,787	70,778
Selling, general and administrative expenses	67,040	65,924	72,090
Restructuring expenses, net	12,279	12,238	3,187
Loss on sale of land and building, net	2,196	—	—
Automotive operating income	183,395	200,340	185,956
Medical			
Cost of sales	26,204	25,868	24,619
Other operating expenses	23,114	21,836	24,230
Impairment of intangible assets and property and equipment	—	2,501	19,509
Medical operating income (loss)	458	(359)	(22,234)
Corporate and Other Unallocated Expenses			
Corporate and other unallocated expenses	(101,153)	(92,966)	(86,283)
Total consolidated operating income	$ 82,700	$ 107,015	$ 77,439
Other Segment Disclosures			
Depreciation and Amortization			
Automotive	$ 47,701	$ 47,752	$ 45,845
Medical	3,403	3,542	3,654
Corporate	2,275	1,681	1,449
Total	$ 53,379	$ 52,975	$ 50,948

(In thousands, except share and per share data)

Automotive and Medical segment product revenues by product category for each of the years ended December 31, 2025, 2024 and 2023 are as follows:

	Year Ended December 31,		
	2025	2024 [(a)]	2023 [(a)]
Climate Control Seats	$ 793,314	$ 771,310	$ 797,588
Lumbar and Massage Comfort Solutions	212,182	178,584	144,923
Climate Control Interiors	197,901	186,972	177,976
Climate and Comfort Electronics	29,664	17,363	12,860
Automotive Climate and Comfort Solutions	1,233,061	1,154,229	1,133,347
Valve Systems	96,877	105,056	106,262
Other Automotive	118,888	146,993	183,343
Subtotal Automotive segment	1,448,826	1,406,278	1,422,952
Medical segment	49,776	49,846	46,124
Total Company	$ 1,498,602	$ 1,456,124	$ 1,469,076

(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 (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 each of the years ended December 31, 2025, 2024 and 2023 is as follows:

	Year Ended December 31,		
	2025	2024	2023
United States	$ 513,288	$ 504,444	$ 537,096
China	239,563	224,221	221,512
Germany	113,860	105,927	102,383
Czech Republic	89,648	78,785	69,714
South Korea	89,131	104,120	115,854
Mexico	67,008	43,327	45,733
Slovakia	55,493	55,085	44,946
Romania	54,304	52,616	53,982
Japan	47,601	53,730	60,879
United Kingdom	33,437	41,098	34,765
Other	195,269	192,771	182,212
Total Non-U.S.	985,314	951,680	931,980
Total Company	$ 1,498,602	$ 1,456,124	$ 1,469,076

(In thousands, except share and per share data)

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

	December 31,	
Property and equipment, net	**2025**	**2024**
Germany	$ 50,761	$ 42,457
Mexico	50,506	47,814
China	47,414	44,767
United States	40,361	42,928
North Macedonia	29,375	25,374
Vietnam	19,110	20,920
Czech Republic	10,513	9,440
Hungary	8,617	7,994
Ukraine	5,467	5,174
Other	8,490	6,102
Total	$ 270,614	$ 252,970

Note 20 — Subsequent Event

On January 29, 2026, the Company entered into definitive agreements with Modine, Platinum SpinCo Inc., a Delaware corporation and wholly owned subsidiary of Modine ("SpinCo"), and Platinum Gold Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Merger Sub"), with respect to a Reverse Morris Trust transaction, and pursuant to and subject to the terms and conditions of such definitive agreements, (i) Modine will transfer (or cause to be transferred) and SpinCo will accept and assume (or cause to be accepted and assumed) all of the rights, titles and interests to and under certain assets and liabilities relating to Performance Technologies, (ii) Modine will distribute to its shareholders all of the issued and outstanding shares of common stock, $0.01 par value per share, of SpinCo ("SpinCo Common Stock") held by Modine by way of a pro rata distribution (the "Spin-Off" and the disposition by Modine of 100% of the SpinCo Common Stock by way of the Spin-Off, the "Distribution") and (iii) following the Distribution, Merger Sub will be merged with and into SpinCo, with SpinCo as the surviving entity (the "Merger") and all SpinCo Common Stock will be converted into the right to receive shares of Common Stock, as calculated and subject to adjustment as set forth in the Merger Agreement (as defined below) (collectively, the "Modine Transaction"). The transaction was unanimously approved by the Boards of Directors of both Modine and the Company.

Upon completion of the Merger, SpinCo will become a wholly owned subsidiary of the Company. In addition, shareholders of the Company immediately prior to the Merger will own approximately 60.0% and former SpinCo shareholders as of the Distribution will own approximately 40.0% of the outstanding shares of Common Stock on a fully diluted basis.

The definitive agreements entered into in connection with the Modine Transaction include (i) an Agreement and Plan of Merger (the "Merger Agreement"), dated as of January 29, 2026, by and among Modine, the Company, SpinCo and Merger Sub, including the forms of specified ancillary agreements to be entered into as of closing, and (ii) a Separation Agreement, dated as of January 29, 2026, by and among Modine, the Company and SpinCo.

Prior to and as a condition of, the Distribution, SpinCo will make a cash payment to Modine of $210 million (the "SpinCo Cash Distribution"), subject to adjustment for cash, working capital and indebtedness of SpinCo and subject to decrease if additional shares of Common Stock will be issued to Modine shareholders to support the intended tax-free treatment of the Distribution to Modine shareholders for U.S. federal income tax purposes.

On January 29, 2026, SpinCo and the Company executed a 364-day bridge loan facility commitment letter with a financial institution, pursuant to which such financial institution committed to provide $790 million in aggregate (collectively, the "Bridge Facilities") to SpinCo and the Company. The commitment letter provides funding for the SpinCo Cash Distribution. The commitment letter also provides funding to the Company to backstop capacity under the Revolving Credit Facility while the Company seeks lender consent for the Modine Transaction, to pay a special dividend to the Company's shareholders, if necessary to support the intended tax-free treatment of the Distribution to Modine shareholders, and to pay fees and expenses of the Modine Transaction. The Bridge Facility is expected to be replaced with permanent financing. If the Modine Transaction is consummated, any indebtedness incurred by SpinCo under the Bridge Facility or the permanent financing will become indebtedness of a wholly owned subsidiary of the Company.

The Modine Transaction is expected to close in the fourth quarter of 2026, subject to various closing conditions, including specified approvals by the Company's shareholders, completion of financing for SpinCo, a customary IRS tax ruling, receipt of required regulatory approvals and the satisfaction of other customary closing conditions.

GENTHERM INCORPORATED

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2025, 2024 and 2023

(In thousands)

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Other Activity	Deductions from Reserves	Balance at End of Period
Allowance for Deferred Income Tax Assets					
Year Ended December 31, 2023	$ 36,671	$ (1,746)	$ 963	$ —	$ 35,888
Year Ended December 31, 2024	35,888	(12,004)	1,388	—	25,272
Year Ended December 31, 2025	25,272	(11,946)	(1,960)	—	11,366
Reserve for Inventory					
Year Ended December 31, 2023	$ 19,246	$ 6,867	$ 3,876	$ (1,972)	$ 28,017
Year Ended December 31, 2024	28,017	6,437	(346)	(13,166)	20,942
Year Ended December 31, 2025	20,942	6,815	3,749	(14,312)	17,194

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENTHERM INCORPORATED

By: /s/ William Presley
William Presley
President and Chief Executive Officer

Date: February 19, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ WILLIAM PRESLEY WILLIAM PRESLEY	Director, President and Chief Executive Officer (Principal Executive Officer)	February 19, 2026
/s/ JONATHAN DOUYARD JONATHAN DOUYARD	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	February 19, 2026
/s/ NICHOLAS BREISACHER NICHOLAS BREISACHER	Vice President, Chief Accounting Officer (Principal Accounting Officer)	February 19, 2026
* RONALD HUNDZINSKI	Director, Chairman of the Board	February 19, 2026
* SOPHIE DESORMIÈRE	Director	February 19, 2026
* DAVID HEINZMANN	Director	February 19, 2026
* LAURA KOWALCHIK	Director	February 19, 2026
* CHARLES KUMMETH	Director	February 19, 2026
* BETSY METER	Director	February 19, 2026
* JOHN STACEY	Director	February 19, 2026
* KENNETH WASHINGTON	Director	February 19, 2026

*By: /s/ William Presley
William Presley, Attorney-in-Fact

HEADQUARTERS

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