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GNTX.OQ - Q1 2026 Gentex Corp Earnings Call

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OVERVIEW:

Company Summary

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Luke Junk *Robert W. Baird & Co Inc - Analyst*

Mark Delaney *Goldman Sachs Group Inc - Analyst*

David Whiston *Morningstar Inc - Analyst*

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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the Gentex Reports first-quarter 2026 financial results conference call. Please be advised that today's conference is being recorded. (Operator Instructions).

I would now like to hand the conference over to your speaker today, Josh O'Berski, Vice President of Investor Relations.

Josh O'Berski - *Gentex Corp - Vice President of Investor Relations*

Thank you. Good morning, and thank you for joining us today for our first quarter 2026 earnings conference call. I'm Josh O'Berski, Gentex's Vice President of Investor Relations, and with me today are Steve Downing, President and CEO; Neil Boehm, COO and CTO; and Kevin Nash, Vice President of Finance and CFO. Please note that a replay of this conference call webcast along with edited transcripts will be available following the call on the Investors section of our website at ir.gentex.com.

Before we begin, I'd like to remind you that many of the statements made during today's call are forward looking and reflect our current expectations. These statements involve a number of risks and uncertainties, both known and unknown, including those described in our press release issued this morning and in our annual report on Form 10-K for the year ended December 31, 2025, as well as general economic conditions. Actual results may differ materially from those expressed or implied in these forward-looking statements, if risks and uncertainties materialize or if our assumptions prove to be incorrect.

I'll now hand the call over to Steve Downing for our prepared remarks.

Steven Downing - *Gentex Corp - President, Chief Executive Officer, Director*

Thank you, Josh. For the first quarter of 2026, the company reported consolidated net sales of \$675.4 million a 17% increase compared to \$576.8 million in the first quarter of last year, which did not include VOXX. VOXX contributed \$88.6 million of revenue during the quarter while Core Gentex revenue totaled \$586.8 million, which was a 2% increase despite global light vehicle production that declined more than 3% versus last year.

Core Gentex revenue growth was driven by strength in Advanced Features across several regions, helping offset lower light vehicle production and ongoing unit volume headwinds. In North America, revenue increased approximately 6% despite a 2% decline in light vehicle production, driven primarily by continued growth and penetration of FDM shipments.

In Europe, Japan and Korea, auto-dimming mirror unit shipments declined by approximately 8% versus last year. However, revenue for these combined regions declined only 2%, reflecting favorable product mix driven by the successful launch of a Cabin Monitoring System in Europe and continued FDM growth.

In China, first quarter revenue totaled approximately \$28 million, down 29% versus last year, reflecting the ongoing impact of tariffs on our exports to China. Overall, given the continued challenges facing many of our customers, our revenue growth continues to be driven by expanding electronic content and the adoption of new technologies. As an example, VOXX was a bright spot during the quarter with revenue coming in approximately 9% above our beginning of quarter forecast, driven by stronger-than-anticipated sales in the Premium Audio segment.

Consolidated gross margin for the first quarter of 2026 was 33.8% compared to 33.2% in the first quarter of last year. Core Gentex's gross margin was 34% representing an 80 basis point increase versus last year. Gross margin benefited from operational efficiencies and favorable product mix, partially offset by the impact of tariff-related costs and higher commodity prices. Year-over-year, the company delivered nearly 200 basis points of operational gross margin improvement driven by strong execution and product mix despite the headwinds created by tariffs and commodity price increases.

First quarter consolidated operating expenses totaled \$105 million compared to \$78.7 million last year, which did not include VOXX. The increase was primarily due to the VOXX acquisition, which accounted for \$23.2 million of the change as well as \$2.8 million of impairment charges. On a non-GAAP basis, Core Gentex's adjusted operating expenses were \$78.3 million compared to \$75 million in the first quarter of last year when we exclude impairment charges, acquisition-related costs and severance.

As Neil mentioned in the press release, we are incredibly busy with the launch of some of the most complex and innovative technologies in the company's history. These launches include our Gen 4 FDM, new CMOS Imaging Sensors, In-cabin Monitoring Platforms, Dimmable Visors and Large Area Devices, along with multiple new VOXX Automotive and Premium Audio launches.

These efforts are occurring at the same time our customers have drastically increased their requirements around cybersecurity for many of our existing and new products. Despite this activity level, the company remains focused on operating expense discipline and continues to leverage available tools to meet customer commitments while maintaining modest expense growth.

Consolidated income from operations for the first quarter of 2026 was \$123.7 million compared to \$113 million in the prior year period. Core Gentex income from operations totaled \$117.9 million, representing a 4% year-over-year increase. On a non-GAAP basis, adjusted Core Gentex income from operations was \$121.4 million compared to \$116.8 million in the first quarter of last year.

Total Other loss for the quarter was \$5.6 million compared to Other income of \$0.6 million in the prior year period, primarily reflecting lower investment income and impairment charges. The effective tax rate for the first quarter of 2026 was 16.6% compared to 16.5% last year. Consolidated net income was \$98.5 million compared to \$94.9 million in the first quarter of last year, driven by higher sales and improved profitability.

On a non-GAAP basis, consolidated net income was \$103.7 million compared to \$98 million last year. Earnings per diluted share were \$0.46 for the first quarter of 2026 compared to \$0.42 last year, reflecting increased sales and improved profitability, partially offset by Other losses. On a non-GAAP basis, adjusted earnings per share were \$0.48 compared to \$0.43 for the first quarter of last year.

I will now hand the call over to Kevin for some further financial details.

Kevin Nash - *Gentex Corp - Chief Financial Officer, Vice President - Finance, Treasurer*

Thanks, Steve. Gentex's Automotive net sales were \$566.2 million in the first quarter of '26, up from \$563.9 million in the first quarter of '25 demonstrating revenue growth despite a quarter-over-quarter decline in light vehicle production and in base auto-dimming mirror unit shipments. The quarter-over-quarter increase in net sales reflects favorable product mix, new technology launches and content gains with customers.

Net sales from Gentex's Other product lines, which includes dimmable aircraft windows, fire protection products, medical devices and biometrics were \$20.6 million in the first quarter compared to \$12.9 million in the first quarter of '25, which represents an increase of nearly 60%. This growth was driven by quarter-over-quarter increases of \$3.4 million in aircraft window sales and \$2.1 million in each of fire protection products and biometric sales.

VOXX net sales contributed \$88.6 million during the first quarter. And one year after the close of the acquisition, the integration is well underway, and the VOXX business has now achieved profitability. The focus for the next 12 months will be on scaling product launches, expanding sales channels and strengthening market position, while at the same time, improving margins and lowering operating expenses.

During the first quarter, the company repurchased 3.3 million shares for \$71.6 million at an average price of \$22.1. As of March 31, approximately 32.6 million shares remain authorized under the repurchase program, and the company expects to continue to repurchase consistent with its capital allocation strategy.

Turning to the balance sheet. Our comparisons today are based on March 31 of '26 versus December 31 of '25. Starting with liquidity. Cash and cash equivalents were \$164.8 million at quarter end, up from \$145.6 million at year-end. Short-term and long-term investments totaled \$280.4 million compared to \$278.4 million at the end of '25.

Accounts receivable was \$419.5 million on March 31 compared to \$368.5 million at year-end, reflecting higher first quarter sales activity. Inventories totaled \$523.5 million, up modestly from \$516.3 million at year-end, driven by higher bill of material costs due to tariffs and precious metal cost increases. Accounts payable was \$276.6 million compared to \$248.9 million at year-end, primarily driven by month end timing and inventory purchases.

Preliminary cash flow from operations for the quarter was \$137.1 million compared to \$148.5 million in the prior year period, as higher net income was more than offset by those changes in working capital. Capital expenditures for the first quarter were \$17 million compared to \$36.7 million in the first quarter of last year. And lastly, depreciation and amortization for the quarter was approximately \$25.7 million compared to \$25.5 million in the first quarter last year.

I'll now hand the call over to Neil for a product update.

Neil Boehm - *Gentex Corp - Chief Operations Officer and Chief Technology Officer*

Thank you, Kevin. The first quarter of 2026 was another strong launch quarter. In the quarter, over 65% of the launches were advanced interior and exterior auto-dimming mirrors and electronic features. HomeLink Full Display Mirror and advanced feature exterior auto-dimming mirrors where the product is driving the greatest growth of the Advanced Feature launches for the quarter.

Within the first quarter, Gentex took part in several trade shows and customer events to demonstrate our products and capabilities. At IC West, we demonstrated our suite of products aligned for the security and access control industry, highlighting our Fire Protection, Biometric Authentication and Smart Home Solution products.

Between our PLACE and commercial Fire Protection products, our HomeLink Smart Home Solutions and our BioConnect and EyeLock brands, our product lines provided some great conversations with customers, installers and industry professionals. Across our industries

and in all regions of the world, we continue to see demand for localized production as a venue to offset tariffs and de-risk supply chain constraints.

In China, this has created a substantial headwind in our markets. But globally and especially for North America, it continues to create opportunities. Our deep expertise in high-end electronics manufacturing and assembly, puts us in a unique position to participate in a number of these near-shoring opportunities. We remain optimistic about our ability to capitalize on a number of these opportunities. Our teams at Klipsch Onkyo, and Integra began launching the products we showcased at CES.

At Klipsch, the new Fives, Sevens and Nines are now available for purchase and combined impressive sole performance with incredible design. With a large number of new products still in development, we're excited to see how the balance of the year performs and how consumers react to these new products.

While base mirror volumes remain pressured because of tariffs and global cost-cutting trends, our customers are deploying creative strategies to attempt to capitalize on consumer demand for technology. To that end, the team at Gentex remains focused on delivering the Advanced Features our customers and end consumers have grown to expect in their vehicles.

Full Display Mirror remains a leading performer within the quarter, and we're well on our way to adding another 200,000 to 400,000 units versus last year's volume. Our Driver Monitoring Solutions are also driving revenue growth, with our product currently shipping to Rivian, Volvo and Polestar. We expect to begin shipping Driving Monitoring products for the next 2 OEM customers in the second quarter to early third quarter of 2026.

Dimmable visor continues to gain customer interest, and our manufacturing teams are well underway to getting production lines built to support the expected volumes for first program launch, which will begin shipping in the back half of 2027. Vehicle production volumes for 2026 are slated to be flat to slightly down in our primary markets and pressure from our OEM customers to reduce cost and de-content vehicles remains a threat.

But Gentex is well equipped with our product portfolio to continue outperforming our markets. Our pricing remains competitive, and our product quality and consumer demand for Advanced Features provides growth opportunities at our customers.

Internally, our teams continue to focus on driving greater efficiency in our engineering and manufacturing processes, improving our component and supply chain pricing and availability and balancing the evolving tariff impacts as we launch in the port increasingly complex array of technologies for the global market. I remain highly confident in the team here at Gentex and their ability to continue to drive improvements while we advance and launch new technologies.

Now I hand the call back over to Steve for guidance and closing remarks.

Steven Downing - *Gentex Corp - President, Chief Executive Officer, Director*

Thanks, Neil. The company's light vehicle production forecast for the second quarter of 2026 and full years 2026 and 2027 are based on the mid-April 2026 S&P Global Mobility outlook for North America, Europe, Japan, Korea and China. The S&P Global Mobility forecast for global light vehicle production for the second quarter of 2026 is expected to decline 2% versus the second quarter of last year, while light vehicle production in the company's primary markets is expected to be down over 3%.

Full year 2026 production in the company's primary markets is also expected to decline 2% versus last year. Forecasted vehicle production volumes for the second quarter of 2026 and calendar years 2026 and 2027 were included in our press release from earlier today.

Consolidated revenue for 2026 is now expected to be between \$2.65 billion and \$2.75 billion. Consolidated gross margin is still anticipated to be between 34% and 35% for the year. Consolidated operating expenses, excluding severance impairments, are forecasted at \$410

million to \$420 million. The effective tax rate is expected to be between 16% and 18%. Capital expenditures are projected at \$125 million to \$140 million, and depreciation and amortization is expected to total \$100 million to \$110 million.

Also, based on the S&P Global Mobility light vehicle production outlook and the company's estimates for premium audio, aerospace, medical, fire protection and consumer electronics products, the company has updated its expected calendar year 2027 revenue range to be between \$2.8 billion and \$2.9 billion.

As it relates to the recent invalidation of the IEPA tariffs by the US Supreme Court, the company has not recognized any potential refund in its first quarter results. The company is in the process of assessing the potential impact of such a validation in its eligibility and process for seeking refunds.

As of March 31, the company estimates that approximately \$15 million of tariff costs have been capitalized in inventory associated with IEPA tariffs, which had not yet been expensed as of that date. Since the inception of the IEPA tariffs, the company, including VOXX, has directly paid a cumulative total of approximately \$42 million, excluding amounts paid indirectly through suppliers, which was partially offset by approximately \$5 million of costs recovered from customers to-date.

Given the evolving situation, the company has not recognized any potential refunds because of the difficulty in predicting whether any tariff refunds will be available or whether the US Customs and Border Protection Agency will contest any tariff refund claims made by the company.

Based on first quarter performance and our current forecast for the remainder of the year, the company is increasing its current revenue guidance for the year, while maintaining the full year gross margin guidance. New tariffs, which are currently temporary, have been reflected in our outlook, assuming they will be effective for the full year.

The company is also facing new and ongoing cost pressures from key commodities, including a number of precious metals petroleum-based products and memory components. These headwinds have not resulted in material supply chain disruptions to date, and we will continue to pursue customer reimbursement opportunities and internal VAVE projects to reduce the impact these headwinds could have on gross margin performance.

At the one-year anniversary of the VOXX acquisition, we are pleased with the cost improvements accomplished and how the teams continue to further integrate. We are also proud of the progress made across the organization as we begin to see the benefits of a shared strategy and expanded capabilities across the combined businesses. As we look ahead, we remain focused on the disciplined execution of many technology launches, development initiatives and R&D projects that are currently underway.

Our focus on new technology is absolutely necessary to accelerate growth in a market where light vehicle production challenges remain. The efforts spent on new technology launches is designed to provide above-market growth over the next few years, and when combined with our disciplined approach to managing operating expenses, we believe we have a winning formula to create shareholder returns.

We are encouraged by the increased interest from our customers on Gen 4 FDM and ICMS, Dimmable Visor and Large Area Devices, as well as several ongoing discussions with customers around becoming a strategic high-volume electronic supplier with a US operating footprint to help OEM customers mitigate tariff exposure and geopolitical risks that exist in the current supply base.

That completes our prepared comments for today. We can now proceed to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Joseph Spak, UBS.

Joseph Spak - UBS AG - Analyst

Thank you. Good morning, everyone. Steve, I actually wanted to pick up right where you left off. You mentioned this interest in becoming a high -- strategic high-volume electronic supplier. Can you give us some indication about how substantive the customer interest is? Are we talking about RFQs and formal sourcing decisions? Or is this more exploratory?

And what type of incremental investment do you think should take from your perspective? Maybe what types of products or end markets are you talking about? And how should investors begin to think about a potential return on that initiative?

Steven Downing - Gentex Corp - President, Chief Executive Officer, Director

No, it's a great question. What I would say is we're right now with a couple of different OEMs were in the RFQ phase. So nothing's been sourced or awarded yet. But really, what you're looking at is, and you can imagine inside of a vehicle, there's a lot of electronic modules that are sourced as either Tier 2 or Tier 3 some of those in varying complexity. But from a capital footprint, we believe, over the next couple of years, it's a very light capital lift and definitely well inside of our capital guidance already for this year.

Obviously, if that business were to expand significantly, then it would have a capital call, but it would be very much in line, if not a little less on it. If you look at capital as a ratio to revenue it would be actually a lower ratio than what we have currently with auto-dimming products.

Joseph Spak - UBS AG - Analyst

And just as a follow-up, do you see opportunities outside of automotive? And what do you think about your capabilities to be able to participate there?

Steven Downing - Gentex Corp - President, Chief Executive Officer, Director

Yes, absolutely. We see a lot of opportunities. Obviously, we're already making electronics in the aerospace industry, both for Boeing and Airbus, one of the things we believe is an opportunity is to continue to expand our aerospace footprint in the electronic space, but it's also starting to bring in with the addition of VOXX and Klipsch. We're starting to see opportunities in the consumer electronics space as well.

Joseph Spak - UBS AG - Analyst

Okay. And then just on the guidance. I was just wondering if you could help us sort of unpack because you raised the revenue guidance, it looks like by a little bit more than the beat. You did take a softer production view. So maybe what's sort of just driving that optimism over the rest of the year?

And then within the unchanged gross margin guidance, just maybe a comment or two on what you're seeing from an inflationary pressure perspective and whether we should -- how we should think about that sort of falling within the range from some higher costs or if there's internal offsets to some of those pressures?

Steven Downing - Gentex Corp - President, Chief Executive Officer, Director

Sure. So I'll start with the revenue question first. You're exactly right. I mean we're seeing a lot of strength on the technology side and advanced features, which is fortunately more than offsetting some of the headwinds on the light vehicle production side.

We tend to be a little more -- a little -- pretty aligned with S&P where they're at. I know it's a little more pessimistic than what some other Tier 1s or OEMs would say production is going to look like, after several years of this and production declines, we tend to believe that these numbers make sense to us.

And so we're a little conservative in terms of light vehicle production, but we do see good demand for our highest end products, especially Full Display Mirror and cabin monitoring. And then like Neil mentioned in his prepared comments, as we move into '27 and beyond, advisers and large area devices, we're really starting to get a foothold there.

And so -- we have the one award for visors already. I would say that by the end of this year, we fully expect that we'll have a couple more of those awards. And so we're pretty optimistic about longer term what content will look like -- and we've known for a few years now that we -- if we're tied just to light vehicle production that was going to be a declining market.

So we've offset the challenges in China with growth in North America. And honestly, despite even though it's down a little in Europe, we're more than beating the market, both in North America and in Europe, Japan and Korea.

On the margin side, yeah, we're -- definitely, there's a lot of headwinds right now in the space, especially if you look at it between the tariff situation, which is obviously very unpredictable at this stage, but between tariffs and then the cost increases we're seeing in precious metals. And when we say that, we're really talking about metals that we have exposure to, silver, gold, ruthenium, very, very volatile pricing in the last 12 months.

And so those are definitely to a headwind. And then obviously, you can read about this anywhere. But when you start talking about memory components, we're kind of back to where we were about three years ago with definitely an inflationary market on the electronics side. So -- but all that said, when we look at our forecast, we have a lot of internal VAVEs and some positives as well. So we think we can weather that storm and still hit that margin guidance for the year.

Joseph Spak - UBS AG - Analyst

Thanks for that color. I appreciate it.

Operator

Luke Junk, Baird.

Luke Junk - Robert W. Baird & Co Inc - Analyst

Hey. Thanks for taking the question. Maybe I'll start with the guidance revision, Steve. Just want to understand the walk a couple of points relative to a little bit of a headwind from production. I hear you loud and clear in terms of the higher tech products. What I want to double click in is just your [trim] mix and vehicle mix year-to-date. And anything that we should be aware of relative to your updated assumption or any customers dynamics that could impact incrementally your view just underlying your shipments going through the year? Thank you.

Steven Downing - Gentex Corp - President, Chief Executive Officer, Director

Yeah, no, thanks, Luke. What I would say on the -- especially on the vehicle mix side, we're doing really well in terms of -- despite some of the challenges and the overall sentiment in the market, demand for higher-end or well-equipped vehicles has continued to hold steady. And that's the one for us. I mean, they're starting to see some incentives in the marketplace, but it's not over the top right now.

What we've seen on the negative side is really de-contenting on the lowest-end vehicles, and that's where you'll see some of the challenges on the volume side, both IEC and OEC volumes, especially in lower-cost markets where these features are nice to have. But if the consumer is not paying for them, OEMs are looking for a way to try to save money.

And so that's the challenge is how does that mix shape out over time, right? Does it continue to be moving towards lower end vehicles? Or are we going to continue to see demand on the higher end and well-equipped vehicle side? What we're seeing right now and on the release side and even from our customers is that, that portion of the vehicle build that's focused on higher-end consumers is holding up very well right now.

Luke Junk - *Robert W. Baird & Co Inc - Analyst*

Cool. And then second, Neil, it would be just great to get your perspective on large area device so far this year in terms of your internal efforts now that you finally have the equipment in-house in terms of key progress markers and just iteration moving towards commercialization ultimately.

Neil Boehm - *Gentex Corp - Chief Operations Officer and Chief Technology Officer*

Yeah, absolutely. Team's made some really good progress in the last two months with the equipment we talked about in the first -- I guess, fourth quarter a couple of months ago. Equipment's up and running. Just got buy off on it from the supplier, from the insulation and fixing some of the process. We just started running our first passes of some material through it earlier this week.

So we probably have another, let me -- I'll sum it there's another month or two of kind of weeding out the process and really trying to get that tuned into what we need to be able to make good material. In the meantime, we're still utilizing our third-party sources, still putting parts through construction and manufacturing and validation to prove out the technology.

Luke Junk - *Robert W. Baird & Co Inc - Analyst*

Thank you for that. I'll stay tuned there. And lastly, just the electronics manufacturing opportunity from a margin standpoint and the sorts of things you'd be looking at Steve, it seems from a capital standpoint, that's pretty light lift, at least initially? Would it be right to think this is sort of a typical margin opportunity as well, not anything in (inaudible) the contract manufacturing type relationship?

Steven Downing - *Gentex Corp - President, Chief Executive Officer, Director*

Yeah. So if you look -- if you pull the companies who are currently involved in this business, we're modeling margin profile that's very similar to theirs.

Luke Junk - *Robert W. Baird & Co Inc - Analyst*

Got it. I'll leave it there. Thank you.

Operator

Mark Delaney, Goldman Sachs.

Mark Delaney - Goldman Sachs Group Inc - Analyst

Yes. Good morning. Thank you for taking the questions. I was hoping to start with one on what you're seeing in a bit more detail with respect to auto production trends. I understand your -- based on your forecast on the latest S&P view of negative 2%. But could you talk a bit more on what you're seeing with your own business by region? And I understand some of the strength at the high end. But given the war in the Middle East, I'm hoping you could help us understand if you've seen any degradation in OEM schedules maybe looking into the back half of the year. Thanks.

Steven Downing - Gentex Corp - President, Chief Executive Officer, Director

Yeah. Thanks, Mark. What I would say first is that we haven't really seen any degradation due to the Iran situation. What we have seen over the last 18 months to really the last couple of years, is definitely some weakening in the European market, especially with the traditional OEMs that we have our best content with. So if you think about the German OEMs, that's usually where we've had our best book of business.

There has been a trend towards lower end vehicles in the European market. And so that has been a negative headwind we've been dealing with for the last couple of years. We don't see that worsening right now. It's kind of on the same plane as it was and has been -- and so we're not too negative that it's going to continue to worsen in Europe, but it's just not the uplift that we used to have out of the -- especially out of the German market.

Mark Delaney - Goldman Sachs Group Inc - Analyst

Understood. And my other question was also on the electronics opportunity you were describing. I understand you've had some RFQs out, but to the extent that those are successful, could you speak a bit more as to when you think you can start to see a financial impact from these engagements? Thanks.

Steven Downing - Gentex Corp - President, Chief Executive Officer, Director

Yeah. I think right now, most of what we're quoting is kind of like early '28 type SOPs. There's always the possibility something could come in quicker. It probably wouldn't be material from a revenue standpoint if it did happen sooner, but really kind of what we're targeting is that '28 to '29 to have kind of a material level of revenue from that product line.

Mark Delaney - Goldman Sachs Group Inc - Analyst

Thank you.

Operator

David Whiston, Morningstar.

David Whiston - Morningstar Inc - Analyst

Thanks, good morning. Just curious how -- for Q2, how are you balancing buybacks given what I see as a very cheap stock versus rising in-book costs in the Iran war?

Steven Downing - *Gentex Corp - President, Chief Executive Officer, Director*

Yeah. So it's a great question, David. We would agree with you, the stock is definitely undervalued, at least given our performance. And so we're going to continue to take advantage of that, whenever possible. So the good news is if you look at how we fund share repurchases, it's all driven off of cash flow from operations.

So the conflict isn't really changing our financial performance. If it did, obviously, we'd have to slow down repurchases, but we don't see anything really creating that type of financial problem with our ability to generate cash off the existing business.

David Whiston - *Morningstar Inc - Analyst*

Okay. And on all the EV program cuts across the industry lately. Has that caused any major volume problems for you guys versus your budget?

Steven Downing - *Gentex Corp - President, Chief Executive Officer, Director*

Yeah, there's definitely been some headwinds. I mean we were anticipating some better content. If you look at that vehicle lineup that we typically have really strong content, including not only just IECs but also OECs. And so as those programs have pushed out, gotten canceled, delayed, that definitely has taken some of the growth away that we are hoping for. But it's not so substantive that it's causing a huge change to our forecast. It's just, you would have expected another 1% or 2% of growth at least if those launches had happened on time and at volume.

David Whiston - *Morningstar Inc - Analyst*

Okay, thank you.

Operator

(Operator Instructions)

James Picariello, BNP Paribas.

James Picariello - *Exane Bnp Paribas - Analyst*

Hey. Good morning, everybody. I want to first ask about an update on the VOXX integration and just how we should be thinking about the EBIT or EBITDA trajectory from here, right? Last year, for the full year, we saw adjusted EBIT of just over \$10 billion. We're almost at \$6 million, did I say \$1 billion, \$10 million.

Steven Downing - *Gentex Corp - President, Chief Executive Officer, Director*

I like that number better. It was in yen. We knew.

James Picariello - *Exane Bnp Paribas - Analyst*

\$6 million, almost \$6 million just in the first quarter alone. So yeah, just any thoughts on how this trajectory looks from here?

Kevin Nash - *Gentex Corp - Chief Financial Officer, Vice President - Finance, Treasurer*

Yeah. I mean, great question. I mean I think there's been a lot of hard work. I mean, we are seeing a little bit of new growth from some of the new products that Steve mentioned -- or Neil mentioned in the call, so that they -- took typically carry higher margins. But their business is quite seasonal.

So you expect a little bit of a dip probably in Q2 with a ramp in Q3 and Q4. But if you annualize that first quarter number, that's our expectation from a pretax profitability, call it [6] mid- to high 20s is what we're looking at this year with the ramp towards the end of the year and into next year to get to our target of, call it, that 40% to 50%.

James Picariello - *Exane Bnp Paribas - Analyst*

Right. Okay. That's great to hear. And then just on the de-contenting topic. I mean, I know it was touched on during the prepared remarks. But I view it as two buckets. Obviously, I care more about your view, right? You have a global, major global EV manufacturer. And then some dynamics taking place in Europe? Can you just shed light on what the latest is there? Thanks.

Steven Downing - *Gentex Corp - President, Chief Executive Officer, Director*

Yeah. I would say you're absolutely right. I mean it kind of breaks out that way. I mean you have the trend of what's going on with EVs, and obviously, there's no doubt that a lot of the investment that went into that on the supplier side did not have the payout that we were hoping for from a development standpoint. The good news is most of our products are ambivalent as it relates to what the powertrain is. So if we're launching a product for an OEM and they move from an EV to ICE platform. We typically will have the same product on both of those. So it's not like the development is completely wasted.

However, the volume difference and the content may be different between an ICE platform and an EV platform. And then as it relates to geographically, you're exactly right. I mean there's definitely some trends in certain markets, obviously, the China thing is very obvious of what it is, definitely have struggles there geopolitically, even selling products into Chinese and domestic OEMs.

But on the flip side of that, probably the region that struggled the most, quite frankly, has been in Europe in terms of the content. And like I mentioned before in the Q&A session, the German OEMs where we've traditionally had some of our best book of business have definitely have had some troubles over the last couple of years. And so we don't see that changing or correcting course anytime soon.

And that's where the focus on content and new technology is really important is for those customers. So if we want to -- you can't count on just auto-dimming mirrors for growth with those OEMs. And so we have to continue to evolve, and that's where the in-cabin monitoring system and the visors are really starting to gain traction and attention from those customers. and there's definitely a lot of interest there. And like we said, and you've seen at CES large area of device demand is there.

Right now, we're in the engineering cycle where we have to get through this product. You have to make sure it's robust before we feel comfortable launching it. But we're much closer today than what we were anytime in the last couple of years.

And so I think our confidence as a team, the durability of that product is surviving and lasting much better. I mean, we fixed literally thousands of issues that could have caused a program problem. And there are still challenges. There's no doubt, but we're definitely way further down that path than what we were this time last year.

James Picariello - *Exane Bnp Paribas - Analyst*

Thanks, Steve.

Operator

I would now like to turn the call back over to Josh O'Berski for any closing remarks.

Josh O'Berski - Gentex Corp - Vice President of Investor Relations

Thank you, everyone, very much for your time, questions and attention. We hope that you have a great weekend. This concludes our call.

Operator

Thank you. This concludes the conference. Thank you for your participation. You may now disconnect.

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