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

FORM 10-Q

(Mark one)

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

For the quarterly period ended September 30, 2023 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**: 0-10235**

GENTEX CORPORATION

(Exact name of registrant as specified in its charter)

Michigan	**38-2030505**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
600 N. Centennial **Zeeland** **Michigan**	**49464**
(Address of principal executive offices)	(Zip Code)

(616) 772-1800
(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.06 per share	GNTX	NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (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: o

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: o

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

Large accelerated filer	☑	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. o

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes: ☐ No: o

APPLICABLE ONLY TO CORPORATE ISSUERS:
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Shares Outstanding, October 27, 2023**
Common Stock, $.06 Par Value	233,252,591

GENTEX CORPORATION AND SUBSIDIARIES
For the Three and Nine Months Ended September 30, 2023
FORM 10-Q
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PART I —FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements.

GENTEX CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

As of September 30, 2023 and December 31, 2022

	September 30, 2023 (Unaudited)	December 31, 2022 (Note)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 260,633,625	$ 214,754,638
Restricted Cash	—	4,000,000
Short-term investments	17,464,830	23,007,385
Accounts receivable, net	351,142,147	276,493,752
Inventories	395,452,780	404,360,270
Prepaid expenses and other	30,758,445	26,036,331
Total current assets	1,055,451,827	948,652,376
PLANT AND EQUIPMENT—NET	606,180,738	550,033,036
OTHER ASSETS		
Goodwill	313,157,393	313,807,494
Long-term investments	272,615,535	202,331,983
Intangible assets, net	204,885,910	219,360,910
Deferred tax asset	36,513,490	25,528,700
Patents and other assets, net	69,513,945	67,515,425
Total other assets	896,686,273	828,544,512
Total assets	$ 2,558,318,838	$ 2,327,229,924
LIABILITIES AND SHAREHOLDERS’ INVESTMENT		
CURRENT LIABILITIES		
Accounts payable	$ 171,359,850	$ 151,740,046
Accrued liabilities	103,045,653	98,812,706
Total current liabilities	274,405,503	250,552,752
OTHER NON-CURRENT LIABILITIES	15,459,528	10,884,351
Total liabilities	289,865,031	261,437,103
SHAREHOLDERS’ INVESTMENT		
Common stock	13,995,548	14,050,160
Additional paid-in capital	961,199,149	917,499,323
Retained earnings	1,306,931,850	1,148,386,272
Accumulated other comprehensive loss	(13,672,740)	(14,142,934)
Total shareholders’ investment	2,268,453,807	2,065,792,821
Total liabilities and shareholders’ investment	$ 2,558,318,838	$ 2,327,229,924

Note: The condensed consolidated balance sheet at December 31, 2022 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

GENTEX CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the Three and Nine Months Ended September 30, 2023 and 2022

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
NET SALES	$ 575,848,490	$ 493,636,695	$ 1,710,082,647	$ 1,425,310,472
COST OF GOODS SOLD	384,407,857	346,435,670	1,150,821,744	969,330,474
Gross profit	191,440,633	147,201,025	559,260,903	455,979,998
OPERATING EXPENSES:				
Engineering, research and development	40,197,517	33,541,331	112,825,054	98,373,737
Selling, general & administrative	28,826,587	26,868,154	83,479,285	81,717,848
Total operating expenses	69,024,104	60,409,485	196,304,339	180,091,585
Income from operations	122,416,529	86,791,540	362,956,564	275,888,413
OTHER INCOME (LOSS)				
Investment income	3,851,967	1,496,852	9,682,096	3,205,452
Other loss, net	(1,788,335)	(2,126,039)	(3,559,613)	(4,828,119)
Total other income (loss)	2,063,632	(629,187)	6,122,483	(1,622,667)
INCOME BEFORE PROVISION FOR INCOME TAXES	124,480,161	86,162,353	369,079,047	274,265,746
PROVISION FOR INCOME TAXES	19,754,749	13,506,358	57,619,971	41,676,723
NET INCOME	$ 104,725,412	$ 72,655,995	$ 311,459,076	$ 232,589,023
EARNINGS PER SHARE: [1]				
Basic	$ 0.45	$ 0.31	$ 1.33	$ 0.99
Diluted	$ 0.45	$ 0.31	$ 1.33	$ 0.99
Cash Dividends Declared per Share	$ 0.120	$ 0.120	$ 0.360	$ 0.360

[1] Earnings Per Share has been adjusted to exclude the portion of net income allocated to participating securities as a result of share-based payment awards.

GENTEX CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three and Nine Months Ended September 30, 2023 and 2022

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	$ 104,725,412	$ 72,655,995	$ 311,459,076	$ 232,589,023
Other comprehensive (loss) income before tax:				
Foreign currency translation adjustments	(717,457)	17,751,603	(2,295,001)	13,723,857
Unrealized gains (losses) on debt securities, net	363,905	(4,442,743)	3,500,247	(15,652,081)
Other comprehensive (loss) income, before tax	(353,552)	13,308,860	1,205,246	(1,928,224)
Income tax impact related to components of other comprehensive income (loss)	76,420	(932,976)	735,052	(3,286,937)
Other comprehensive (loss) income, net of tax	(429,972)	14,241,836	470,194	1,358,713
Comprehensive income	$ 104,295,440	$ 86,897,831	$ 311,929,270	$ 233,947,736

GENTEX CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT

For the Three Months Ended September 30, 2023 and 2022

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Investment
BALANCE AS OF JULY 1, 2023	233,429,994	$ 14,005,799	$ 942,660,764	$ 1,252,525,531	$ (13,242,768)	$ 2,195,949,326
Issuance of common stock from stock plan transactions	605,637	36,338	10,385,712			10,422,050
Repurchases of common stock	(776,488)	(46,589)	(2,795,358)	(22,327,431)		(25,169,378)
Stock-based compensation expense related to stock options, employee stock purchases and restricted stock			10,948,031			10,948,031
Dividends declared ($0.12 per share)				(27,991,662)		(27,991,662)
Net income				104,725,412		104,725,412
Other comprehensive loss					(429,972)	(429,972)
BALANCE AS OF SEPTEMBER 30, 2023	233,259,143	$ 13,995,548	$ 961,199,149	$ 1,306,931,850	$ (13,672,740)	$ 2,268,453,807
BALANCE AS OF JULY 1, 2022	235,132,265	$ 14,107,936	$ 900,576,404	$ 1,082,846,019	$ (10,955,879)	$ 1,986,574,480
Issuance of common stock from stock plan transactions	315,433	18,926	3,351,010	—	—	3,369,936
Repurchases of common stock	(850,306)	(51,019)	(2,916,551)	(19,289,212)	—	(22,256,782)
Stock-based compensation expense related to stock options, employee stock purchases and restricted stock	—	—	7,611,546	—	—	7,611,546
Dividends declared ($0.12 per share)	—	—	—	(28,151,347)	—	(28,151,347)
Net income	—	—	—	72,655,995	—	72,655,995
Other comprehensive loss	—	—	—	—	14,241,836	14,241,836
BALANCE AS OF SEPTEMBER 30, 2022	234,597,392	$ 14,075,843	$ 908,622,409	$ 1,108,061,455	$ 3,285,957	$ 2,034,045,664

GENTEX CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT

For the Nine Months Ended September 30, 2023 and 2022

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Investment
BALANCE AS OF JANUARY 1, 2023	234,169,335	$ 14,050,160	$ 917,499,323	$ 1,148,386,272	$ (14,142,934)	$ 2,065,792,821
Issuance of common stock from stock plan transactions	1,833,596	110,016	24,194,845	—	—	24,304,861
Repurchases of common stock	(2,743,788)	(164,628)	(9,707,255)	(68,863,618)	—	(78,735,501)
Stock-based compensation expense related to stock options, employee stock purchases and restricted stock	—	—	29,212,236	—	—	29,212,236
Dividends declared ($0.36 per share)	—	—	—	(84,049,880)	—	(84,049,880)
Net income	—	—	—	311,459,076	—	311,459,076
Other comprehensive income	—	—	—	—	470,194	470,194
BALANCE AS OF SEPTEMBER 30, 2023	233,259,143	$ 13,995,548	$ 961,199,149	$ 1,306,931,850	$ (13,672,740)	$ 2,268,453,807
BALANCE AS OF JANUARY 1, 2022	236,440,840	$ 14,186,450	$ 879,413,385	$ 1,042,461,388	$ 1,927,244	$ 1,937,988,467
Issuance of common stock from stock plan transactions	1,284,615	77,077	12,288,026	—	—	12,365,103
Issuance of common stock related to acquisitions	162,433	9,746	4,990,266	—	—	5,000,012
Repurchases of common stock	(3,290,496)	(197,430)	(11,042,381)	(82,268,993)	—	(93,508,804)
Stock-based compensation expense related to stock options, employee stock purchases and restricted stock	—	—	22,973,113	—	—	22,973,113
Dividends declared ($0.36 per share)	—	—	—	(84,719,963)	—	(84,719,963)
Net income	—	—	—	232,589,023	—	232,589,023
Other comprehensive loss	—	—	—	—	1,358,713	1,358,713
BALANCE AS OF SEPTEMBER 30, 2022	234,597,392	$ 14,075,843	$ 908,622,409	$ 1,108,061,455	$ 3,285,957	$ 2,034,045,664

GENTEX CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 311,459,076	$ 232,589,023
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	71,001,177	73,289,065
(Gain) on disposal of assets	(271,510)	(56,257)
Loss on disposal of assets	250,435	22,096
(Gain) on sale of investments and equity method investment income	(2,747,586)	(391,378)
Loss on sale of investments and equity method investment losses	6,840,692	1,248,450
Change in deferred income taxes	(11,870,944)	4,785,787
Stock-based compensation expense related to employee stock options, employee stock purchases and restricted stock	29,212,236	22,973,113
Change in operating assets and liabilities:		
Accounts receivable, net	(74,648,395)	(42,618,585)
Inventories	8,907,490	(102,018,719)
Prepaid expenses and other	(5,416,624)	(16,978,469)
Accounts payable	27,451,773	52,511,201
Accrued liabilities, excluding dividends declared	7,500,486	11,002,238
Net cash provided by operating activities	367,668,306	236,357,565
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Activity in investments:		
Sales proceeds	32,839,883	37,429,595
Maturities and calls	14,435,000	3,500,000
Purchases	(112,608,739)	(49,554,476)
Plant and equipment additions	(121,393,801)	(108,475,787)
Proceeds from sale of plant and equipment	185,610	91,949
Increase in other assets	(2,533,687)	(2,310,428)
Net cash used for investing activities	(189,075,734)	(119,319,147)
CASH FLOWS USED FOR FINANCING ACTIVITIES:		
Issuance of common stock from stock plan transactions	24,304,861	12,365,103
Cash dividends paid	(84,159,105)	(84,941,178)
Repurchases of common stock	(76,859,341)	(83,840,290)
Net cash used for financing activities	(136,713,585)	(156,416,365)
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,878,987	(39,377,947)
CASH, CASH EQUIVALENTS, and RESTRICTED CASH, beginning of period	218,754,638	262,311,670
CASH, CASH EQUIVALENTS, and RESTRICTED CASH, end of period	$ 260,633,625	$ 222,933,723

	Nine Months Ended September 30,	
SUPPLEMENTAL CASH FLOW DATA	2023	2022
Non-cash investing and financing activities:		
Property and equipment in accounts payable and accrued expenses and other current liabilities	$ 9,708,125	$ 5,064,356

(1) Basis of Presentation

The unaudited condensed consolidated financial statements included herein have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these unaudited condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's 2022 annual report on Form 10-K. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only a normal and recurring nature, necessary to present fairly the financial position of the Company as of September 30, 2023, and the results of operations and cash flows for the interim periods presented.

(2) Goodwill and Other Intangible Assets

Goodwill represents the cost of an acquisition in excess of the fair values assigned to identifiable net assets acquired. The Company recorded Goodwill of: $307.4 million as part of the HomeLink® acquisition in 2013; $3.7 million as part of the acquisition of Vaporsens, Inc. ("Vaporsens") in the second quarter of 2020; $0.2 million as part of the acquisition of Air-Craftglass Production BV ("Air-Craftglass") in the third quarter of 2020; $1.0 million as a part of the acquisition of Argil, Inc. ("Argil") in the fourth quarter of 2020; and $2.0 million as part of the acquisition of Guardian Optical Technologies ("Guardian") in the first quarter of 2021. The carrying value of Goodwill as of both September 30, 2023 and December 31, 2022 was $313.2 million and $313.8 million, respectively, as set forth in the table below:

	Carrying Amount
Balance as of December 31, 2022	$ 313,807,494
Acquisitions	—
Divestitures	—
Impairments	—
Other	(650,101)
Balance as of September 30, 2023	$ 313,157,393

In addition to annual impairment testing, which is performed as of the first day of the fourth quarter, the Company continuously monitors for events and circumstances that could negatively impact the key assumptions in determining fair value of goodwill or other intangible assets thus resulting in the need for 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 impact of the UAW strike, component shortages, supply chain constraints, inflation, and labor shortages were considered in the most recently completed quarter, but did not indicate the need for interim impairment testing.

The Company also acquired In-Process Research & Development ("In-Process R & D") as part of the acquisitions of: Vaporsens; Air-Craftglass; Argil; and Guardian, each of which has been previously disclosed.

The patents and intangible assets and related change in carrying values are set forth in the tables below:

As of September 30, 2023:

Other Intangible Assets	Gross	Accumulated Amortization	Net	Assumed Useful Life
Gentex Patents	$ 39,170,904	$ (27,611,804)	$ 11,559,100	Various
Other Intangible Assets				
HomeLink® Trade Names and Trademarks	$ 52,000,000	$ —	$ 52,000,000	Indefinite
HomeLink® Technology	180,000,000	(150,000,000)	30,000,000	12 years
Existing Customer Platforms	43,000,000	(43,000,000)	—	10 years
Exclusive Licensing Agreement	96,000,000	—	96,000,000	Indefinite
Vaporsens In-Process R&D	11,000,000	—	11,000,000	Indefinite
Argil In-Process R&D	6,278,132	—	6,278,132	Indefinite
Air-Craftglass In-Process R&D	1,507,778	—	1,507,778	Indefinite
Guardian Trade Names	1,300,000	—	1,300,000	Indefinite
Guardian In-Process R&D	6,800,000	—	6,800,000	Indefinite
Total Other Intangible Assets	$ 397,885,910	$ (193,000,000)	$ 204,885,910	
Total Patents & Other Intangible Assets	$ 437,056,814	$ (220,611,804)	$ 216,445,010	

As of December 31, 2022:

Other Intangible Assets	Gross	Accumulated Amortization	Net	Assumed Useful Life
Gentex Patents	$ 40,653,851	$ (27,820,383)	$ 12,833,468	Various
Other Intangible Assets				
HomeLink® Trade Names and Trademarks	$ 52,000,000	$ —	$ 52,000,000	Indefinite
HomeLink® Technology	180,000,000	(138,750,000)	41,250,000	12 years
Existing Customer Platforms	43,000,000	(39,775,000)	3,225,000	10 years
Exclusive Licensing Agreement	96,000,000	—	96,000,000	Indefinite
Vaporsens In-Process R&D	11,000,000	—	11,000,000	Indefinite
Argil In-Process R&D	6,278,132	—	6,278,132	Indefinite
Air-Craftglass In-Process R&D	1,507,778	—	1,507,778	Indefinite
Guardian Trade Names	1,300,000	—	1,300,000	Indefinite
Guardian In-Process R&D	6,800,000	—	6,800,000	Indefinite
Total Other Intangible Assets	$ 397,885,910	$ (178,525,000)	$ 219,360,910	
Total Patents & Other Intangible Assets	$ 438,539,761	$ (206,345,383)	$ 232,194,378	

Amortization expense on patents and intangible assets was approximately $5.2 million and $15.6 million during the three and nine months ended September 30, 2023, respectively, compared to approximately $5.5 million and $16.6 million for the same periods ended September 30, 2022, respectively.

Excluding the impact of any future acquisitions, the Company estimates amortization expense for the year ending December 31, 2023 to be approximately $20 million, for the year ending December 31, 2024 to be approximately $16 million, for the year ending December 31, 2025 to be approximately $13 million, and for each of the years ending December 31, 2026 and December 31, 2027 to be approximately $5 million.

(3) Investments

The Company follows the provisions of Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, for its financial assets and liabilities, and for its non-financial assets and liabilities subject to fair value measurements. ASC 820 provides a framework for measuring the fair value of assets and liabilities. This framework is intended to provide increased consistency in how fair value determinations are made under various existing accounting standards that permit, or in some cases, require estimates of fair-market value. This standard also expanded financial statement disclosure requirements with respect to a company’s use of fair-value measurements, including the effect of such measurements on earnings. The cost of securities sold is based on the specific identification method.

The Company determines the fair value of its government securities, asset-backed securities, municipal bonds, and corporate bonds by utilizing monthly valuation statements that are provided by its broker. The broker determines the investment valuation by utilizing the bid price in the market and also refers to third party sources to validate valuations, and as such are classified as Level 2 assets.

The Company's certificates of deposit are classified as available for sale and are considered as Level 1 assets. These investments are carried at cost, which approximates fair value.

The Company also periodically makes technology investments in certain non-consolidated third parties. These equity investments are accounted for in accordance with ASC 323, *Investments - Equity Method and Joint Ventures*. The Company's share of the earnings or losses of non-controlled affiliates, over which the Company exercises significant influence (generally a 20% to 50% common shares ownership interest), is included in the consolidated operating results using the equity method of accounting. The Company has also made technology investments in certain non-consolidated affiliates for common share ownership interests of less than 20% (where the Company does not have the ability to exercise significant influence). These equity investments are accounted for in accordance with ASC 321, *Investments - Equity Securities*. For these equity investments that do not have readily determinable fair values, and where the Company has not identified any observable events that would cause adjustment of the valuation to date, the equity investments are held at cost.

Such technology investments totaled approximately $125.3 million and $69.5 million as of September 30, 2023 and December 31, 2022, respectively. On March 9, 2023, the Company purchased a 15% equity investment in Adasky, LTD. for $21.5 million. On July 5, 2023, the Company purchased an additional 12% equity investment in Adasky, for an additional $21.5 million. Adasky is an Israeli-based leading developer and manufacturer of intelligent thermal sensing technologies. $2.2 million and $3.8 million of these technology investments are classified within Short-Term Investments in the condensed consolidated balance sheets as of September 30, 2023 and December 31, 2022, respectively. $123.1 million and $65.7 million of these investments are classified within Long-Term Investments in the condensed consolidated balance sheets as of September 30, 2023 and December 31, 2022, respectively.

Assets or liabilities that have recurring fair value measurements are shown below as of September 30, 2023 and December 31, 2022:

As of September 30, 2023:

Description	Total as of September 30, 2023	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash & Cash Equivalents	$ 260,633,625	$ 260,633,625	$ —	$ —
Short-Term Investments:				
Certificate of Deposit	989,198	989,198	—	—
Corporate Bonds	1,927,301	—	1,927,301	—
Government Securities	5,176,215	—	5,176,215	—
Municipal Bonds	2,409,861	—	2,409,861	—
Other	4,723,625	1,256,600	3,467,025	—
Long-Term Investments:				
Asset Backed Securities	21,064,870	—	21,064,870	—
Certificate of Deposit	740,950	740,950	—	—
Corporate Bonds	50,484,099	—	50,484,099	—
Government Securities	28,297,530	—	28,297,530	—
Municipal Bonds	47,583,725	—	47,583,725	—
Common Stock	1,386,988	1,386,988	—	—
Total	$ 425,417,987	$ 265,007,361	$ 160,410,626	$ —

As of December 31, 2022:

Description	Total as of December 31, 2022	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash & Cash Equivalents	$ 214,754,638	$ 214,754,638	$ —	$ —
Restricted Cash	4,000,000	4,000,000	—	—
Short-Term Investments:				
Certificate of Deposit	1,736,163	1,736,163	—	—
Corporate Bonds	5,473,341	—	5,473,341	—
Government Securities	4,423,041	—	4,423,041	—
Municipal Bonds	5,174,773	—	5,174,773	—
Other	2,347,602	1,093,602	1,254,000	—
Long-Term Investments:				
Asset-backed Securities	18,829,696	—	18,829,696	—
Certificate of Deposit	238,925	238,925	—	—
Corporate Bonds	36,310,477	—	36,310,477	—
Governmental Securities	36,532,634	—	36,532,634	—
Municipal Bonds	48,430,166	—	48,430,166	
Common Stock	293,300	293,300	—	—
Total	$ 378,544,756	$ 222,116,628	$ 156,428,128	$ —

The amortized cost, unrealized gains and losses, and market value of investment securities are shown as of September 30, 2023 and December 31, 2022:

As of September 30, 2023:

		Unrealized		
	Cost	Gains	Losses	Market Value
Short-Term Investments:				
Certificate of Deposit	$ 1,000,000	$ —	$ (10,802)	$ 989,198
Corporate Bonds	1,982,128	—	(54,827)	1,927,301
Government Securities	5,198,015	—	(21,800)	5,176,215
Municipal Bonds	2,431,031	—	(21,170)	2,409,861
Other	4,723,625	—	—	4,723,625
Long-Term Investments:				
Asset Backed Securities	21,273,402	—	(208,532)	21,064,870
Certificate of Deposit	750,000	—	(9,050)	740,950
Corporate Bonds	53,814,699	—	(3,330,600)	50,484,099
Government Securities	29,640,890	—	(1,343,360)	28,297,530
Municipal Bonds	51,881,686	378,802	(4,676,763)	47,583,725
Common Stock	1,637,386	2,311	(252,709)	1,386,988
Total	$ 174,332,862	$ 381,113	$ (9,929,613)	$ 164,784,362

As of December 31, 2022:

		Unrealized		
	Cost	Gains	Losses	Market Value
Short-Term Investments:				
Certificate of Deposit	$ 1,750,256	$ —	$ (14,093)	$ 1,736,163
Corporate Bonds	5,571,417	—	(98,076)	5,473,341
Government Securities	4,476,613	—	(53,572)	4,423,041
Municipal Bonds	5,223,500	—	(48,727)	5,174,773
Other	2,347,602	—	—	2,347,602
Long-Term Investments:				
Asset-backed Securities	19,151,229	—	(321,533)	18,829,696
Certificate of Deposit	250,000	—	(11,075)	238,925
Corporate Bonds	40,410,206	—	(4,099,729)	36,310,477
Government Securities	39,637,461	—	(3,104,827)	36,532,634
Municipal Bonds	53,476,883	235,713	(5,282,430)	48,430,166
Common Stock	292,638	662	—	293,300
Total	$ 172,587,805	$ 236,375	$ (13,034,062)	$ 159,790,118

Unrealized losses on investments as of September 30, 2023, are as follows:

	Aggregate Unrealized Losses	Aggregate Fair Value of Investments
Loss duration of less than one year	$ 1,340,283	$ 51,123,646
Loss duration of greater than one year	8,589,330	103,252,208
Total	$ 9,929,613	$ 154,375,854

Unrealized losses on investments as of December 31, 2022, are as follows:

	Aggregate Unrealized Losses	Aggregate Fair Value of Investments
Loss duration of less than one year	$ 4,816,103	$ 77,701,146
Loss duration of greater than one year	8,217,959	76,643,586
Total	$ 13,034,062	$ 154,344,732

Effective January 1, 2020, the Company adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instrument*s. The guidance modifies the impairment model for available-for-sale debt securities and provides a simplified accounting model for purchased financial assets with credit deterioration since their origination. The Company utilized the guidance provided by ASC 326 to determine whether any of the available-for-sale debt securities held by the Company were impaired. No investments were considered to be impaired during the periods presented. The Company has the intention and current ability to hold its debt investments until any amortized cost basis has been recovered.

Fixed income securities as of September 30, 2023 have contractual maturities as follows:

Due within one year	$ 10,502,575
Due between one and five years	98,587,270
Due over five years	49,583,904
	$ 158,673,749

(4) Inventories

Inventories consisted of the following at the respective balance sheet dates:

	September 30, 2023	December 31, 2022
Raw materials	$ 281,802,062	$ 304,184,004
Work-in-process	44,896,661	45,512,275
Finished goods	68,754,057	54,663,991
Total Inventory	$ 395,452,780	$ 404,360,270

(5) Earnings Per Share

The Company has unvested share-based payment awards with a right to receive non-forfeitable dividends, which are considered participating securities under ASC 260, *Earnings Per Share*. The Company allocates earnings to participating securities and computes earnings per share using the two-class method. Under the two-class method, net income per share is computed by dividing net income allocated to common shareholders by the weighted average number of common shares outstanding for the period. In applying the two-class method, net income is allocated to both common shares and participating securities based on their respective weighted average shares outstanding for the period. For a period of net loss, net loss is not allocated to participating securities.

The following table sets forth the computation of basic and diluted net income per common share under the two-class method for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Basic Earnings Per Share				
Net Income	$ 104,725,412	$ 72,655,995	$ 311,459,076	$ 232,589,023
Less: Dividends and undistributed earnings allocated to participating securities	1,537,105	1,096,274	4,636,523	3,563,605
Net Income available to common shareholders	$ 103,188,307	$ 71,559,721	$ 306,822,553	$ 229,025,418
Basic weighted average shares outstanding	230,047,014	231,316,879	229,866,008	231,072,421
Net Income per share - Basic	$ 0.45	$ 0.31	$ 1.33	$ 0.99
Diluted Earnings Per Share				
Allocation of Net Income used in basic computation	$ 103,188,307	$ 71,559,721	$ 306,822,553	$ 229,025,418
Reallocation of undistributed earnings	1,978	848	4,577	4,412
Net Income available to common shareholders - Diluted	$ 103,190,285	$ 71,560,569	$ 306,827,130	$ 229,029,830
Number of shares used in basic computation	230,047,014	231,316,879	229,866,008	231,072,421
Additional weighted average dilutive common stock equivalents	410,397	300,138	315,666	457,032
Diluted weighted average shares outstanding	230,457,411	231,617,017	230,181,674	231,529,453
Net Income per share - Diluted	$ 0.45	$ 0.31	$ 1.33	$ 0.99
Shares related to stock plans not included in diluted average common shares outstanding because their effect would be anti-dilutive	1,384,066	2,456,463	1,410,341	1,526,986

(6) Stock-Based Compensation Plans

As of September 30, 2023, the Company had two equity incentive plans, which include the Gentex Corporation 2019 Omnibus Incentive Plan ("2019 Omnibus Plan"), and an employee stock purchase plan. Those plans and any prior material amendments thereto have previously been approved by shareholders.

The 2019 Omnibus Plan provides for the potential awards to: i) employees; and ii) non-employee directors of the Company or its subsidiaries, which potential awards may be stock options (both incentive stock options and non-qualified stock options), appreciation rights, restricted stock awards and restricted stock units, performance share awards and performance units, and other awards that are stock-based, cash-based or a combination of both. The 2019 Omnibus Plan replaced the Company's Employee Stock Option Plan, Second Restricted Stock Plan, and Amended and Restated Non-Employee Director Stock Option Plan (the "Prior Plans"), which were also approved by shareholders. Any existing awards previously granted under the Prior Plans remain outstanding in accordance with their terms and are governed by the Prior Plans as applicable.

Readers should refer to Note 5 of the consolidated financial statements in the Company's Annual Report on Form 10-K for the calendar year ended December 31, 2022, for additional information related to the Prior Plans.

The Company recognized total compensation expense for share-based payments of $10,948,031 and $29,212,236 for the three and nine months ended September 30, 2023, respectively. The Company recognized compensation expense for share-based payments of $7,611,546 and $22,973,113 for the three and nine months ended September 30, 2022, respectively. A portion of the compensation cost for share based payment awards is capitalized as part of inventory.

2019 Omnibus Incentive Plan

The purpose of the 2019 Omnibus Plan is to attract and retain employees, officers, and directors of the Company and its subsidiaries and to motivate and provide such persons incentives and rewards for performance. Pursuant to the terms of the 2019 Omnibus Plan, each type of award counts against the available shares based on a predetermined conversion rate (shown in the table below). As of September 30, 2023, 9,733,895 share awards have been made under the Plan, resulting in 24,797,549 shares granted of the 45,000,000 total shares available to be issued under the Plan. The shares issued are presented net of shares from canceled/expired options and shares.

	Shares Granted	Conversion Rate	Total Shares Under 2019 Omnibus Plan
Non-Qualified Stock Options	4,811,132	1.00	4,811,132
Restricted Stock	4,056,891	4.06	16,470,977
Performance Shares	865,872	4.06	3,515,440
Total	9,733,895		24,797,549

Employee Stock Options

Under the 2019 Omnibus Plan and the Employee Stock Option Plan, the option exercise price equals the stock's market price on the date of grant. The options vest after one to five years and expire after five to ten years. As of September 30, 2023, there was $8,461,373 of unearned compensation cost associated with stock options granted under the 2019 Omnibus Incentive Plan and the Employee Stock Option Plan, which is expected to be recognized over the remaining vesting periods.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for the indicated periods:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Dividend Yield (1)	1.72 %	1.78 %	1.74 %	1.79 %
Expected volatility (2)	28.66 %	29.02 %	28.89 %	28.62 %
Risk-free interest rate (3)	4.60 %	4.06 %	4.11 %	3.16 %
Expected term of options (years) (4)	4.14	4.15	4.15	4.15
Weighted-avg. grant date fair value	$8.40	$5.97	$7.54	$6.28

1. Represents the Company's estimated cash dividend yield over the expected term of option grant.
2. Amount is determined based on analysis of historical price volatility of the Company's common stock. The expected volatility is based on the daily percentage change in the price of the stock over a period equal to the expected term of the option grant.
3. Represents the U.S. Treasury yield over the expected term of the option grant.
4. Represents the period of time that options granted are expected to be outstanding. Based on analysis of historical option exercise activity, the Company has determined that all employee groups exhibit similar exercise and post-vesting termination behavior.

Restricted Shares

Restricted shares awarded under the 2019 Omnibus Plan and the Second Restricted Stock Plan entitle the shareholder to all rights of common stock ownership, except that the shares may not be sold, transferred, pledged, exchanged or otherwise disposed of during the restriction period. The restriction period is determined by the Compensation Committee, appointed by the Board of Directors, but may not exceed ten years under the terms of such plans. As of September 30, 2023, the Company had unearned stock-based compensation of $46,555,320 associated with the restricted stock grants issued under the 2019 Omnibus Plan and the Second Restricted Stock Plan. The unearned stock-based compensation related to these grants is being amortized to compensation expense over the applicable restriction periods. Compensation expense from restricted stock grants in the three and nine months ended September 30, 2023 was $6,369,348 and $18,178,157, respectively. Compensation expense from restricted stock grants in the three and nine months ended September 30, 2022 was $5,504,462 and $16,130,339, respectively.

Performance Shares

Performance shares awarded under the 2019 Omnibus Plan are considered performance condition awards as attainment is based on the Company's performance relative to pre-established metrics. The fair value of such performance share awards was determined using the Company's average closing stock price on the twenty days preceding the date of grant. The expected attainment of the metrics for these awards is then analyzed each reporting period, and the related expense is adjusted based on expected attainment, if the then expected attainment differs from previous expectations. The cumulative effect on current and prior periods of a change in expected attainment is recognized in the period of change.

As of September 30, 2023, the Company had unearned stock-based compensation of $18,288,329 associated with these performance share grants. The unearned stock-based compensation related to these grants is being amortized to compensation expense over the applicable performance periods. Compensation expense related to these performance share grants in the three and nine months ended September 30, 2023 was $2,463,158 and $4,600,386, respectively. Compensation expense related to these performance share grants in the three and nine months ended September 30, 2022 was $308,812 and $1,431,018, respectively.

As part of its objective of attracting and retaining management to fulfill the Company's strategic goals, the Compensation Committee recommended and the Board approved on February 16, 2023, a retention grant of performance share awards ("PSAs"). In addition to the retention of management, the PSAs have been granted to further align management goals with those of the Company's shareholders. For that reason, the PSAs have been granted with performance criteria and will be based upon achievement of the Company's relative total shareholder return ("TSR") over a four year period (2023-2026), against a predetermined peer group. The grant date fair value of PSAs with TSR targets was determined using a Monte Carlo simulation. Compensation expense related to these retention grants in the three and nine months ended September 30, 2023 was $441,115 and $1,082,333, respectively.

Employee Stock Purchase Plan

Prior to July 1, 2022, the Company had in place an employee stock purchase plan covering 2,000,000 shares of common stock. Under that plan, the Company sold shares at 85% of the stock’s market price at date of purchase. Under ASC 718, *Compensation - Stock Compensation*, the 15% discounted value was recognized as compensation expense. As of September 30, 2023, the Company has issued 1,624,122 shares under this prior plan.

In May 2022, the 2022 Gentex Corporation Employee Stock Purchase Plan covering 2,000,000 shares of common stock was approved by shareholders replacing the above referenced prior plan effective July 1, 2022. Under the plan, the Company sells shares at 85% of the stock's market price at date of purchase. Under ASC 718, the 15% discounted value is recognized as compensation expense. As of September 30, 2023, the Company has issued 250,369 shares under this plan.

(7) Comprehensive Income (Loss)

Comprehensive income (loss) reflects the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. For the Company, comprehensive income represents net income adjusted for unrealized gains and losses on certain debt investments and foreign currency translation adjustments.

The following table presents the net changes in the Company's accumulated other comprehensive loss by component (all amounts shown are net of tax):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Foreign currency translation adjustments:				
Balance at beginning of period	$ (5,609,783)	$ (3,107,157)	$ (4,032,239)	$ 920,589
Other Comprehensive (loss) income before reclassifications	(717,457)	17,751,603	(2,295,001)	13,723,857
Net current-period change	(717,457)	17,751,603	(2,295,001)	13,723,857
Balance at end of period	(6,327,240)	14,644,446	(6,327,240)	14,644,446
Unrealized (losses) gains on available-for-sale debt securities:				
Balance at beginning of period	(7,632,985)	(7,848,722)	(10,110,695)	1,006,655
Other Comprehensive (loss) income before reclassifications	(1,293,419)	(3,714,578)	(468,359)	(13,042,231)
Amounts reclassified from accumulated other comprehensive income	1,580,904	204,811	3,233,554	677,087
Net current-period change	287,485	(3,509,767)	2,765,195	(12,365,144)
Balance at end of period	(7,345,500)	(11,358,489)	(7,345,500)	(11,358,489)
Accumulated other comprehensive (loss) income, end of period	$ (13,672,740)	$ 3,285,957	$ (13,672,740)	$ 3,285,957

The following table presents details of reclassifications out of accumulated other comprehensive loss for the three and nine months ended September 30, 2023 and 2022:

Details about Accumulated Other Comprehensive Loss Components	Amounts Reclassified from Other Comprehensive Loss				Affected Line item in the Consolidated Statements of Income
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2023	2022	2023	2022	
Unrealized gains (losses) on available-for-sale debt securities					
Realized gain (loss) on sale of securities	$ (2,001,144)	$ (259,254)	$ (4,093,106)	$ (857,072)	Investment income
Provision for income taxes	420,240	54,443	859,552	179,985	Provision for income taxes
Total net reclassifications for the period	$ (1,580,904)	$ (204,811)	$ (3,233,554)	$ (677,087)	

(8) Debt and Financing Arrangements

On October 15, 2018, the Company entered into a credit agreement with PNC as the administrative agent and sole lender, which has now been amended and restated as discussed below.

On February 21, 2023, as previously disclosed, the Company entered into an amended and restated credit agreement ("Credit Agreement") that provides for, among other things, a three-year unsecured revolving credit facility with a borrowing capacity of up to $250.0 million ("Revolver") that matures on February 21, 2026, replacing in its entirety the Company's above referenced prior $150.0 million revolving credit facility scheduled to mature on October 15, 2023. Included in the Revolver is a $20.0 million sublimit for standby letters of credit and a $35.0 million sublimit for swingline loans, each subject to certain conditions. Funds are available under the Revolver for working capital, capital expenditures, and other lawful corporate purposes, including, but not limited to, acquisitions and common stock repurchases, subject in each case to compliance with certain financial covenants, as defined in the Credit Agreement. As of September 30, 2023, there was no outstanding balance on the Revolver.

As of September 30, 2023, the Company is in compliance with its covenants under the Credit Agreement.

(9) Equity

The decrease in common stock during the nine months ended September 30, 2023, was primarily due to the repurchases of 2.7 million shares, partially offset by the issuance of 1.8 million shares of the Company’s common stock, net of cancellations, under the Company’s stock-based compensation plans. The total net decrease was 0.9 million shares.

The Company recorded a cash dividend of $0.120 per share during the third quarter of 2023 as compared to a cash dividend of $0.120 per share during the third quarter of 2022. The third quarter 2023 dividend of $28.0 million was declared on September 1, 2023 and was paid on October 18, 2023.

(10) Contingencies

The Company is periodically involved in legal proceedings, legal actions and claims arising in the normal course of business, including proceedings relating to product liability, intellectual property, safety and health, employment, regulatory, and other matters. Such matters are subject to many uncertainties and outcomes are not predictable. The Company does not believe, however, that at the current time any of these matters constitute material pending legal proceedings that will have a material adverse effect on the financial position or future results of operations or cash flows of the Company.

(11) Segment Reporting

The Company's automotive segment develops and manufactures digital vision and connected car products and electronics, including: automatic-dimming rearview mirrors with and without electronic features; non-auto dimming rearview mirrors with and without electronic features; and other electronics. The Company also develops and manufactures variably dimming windows and laminate products for the aerospace industry and fire protection products for the commercial construction industry. In 2020, the Company acquired Vaporsens, which specializes in nanofiber chemical sensing. These three non-automotive segments are combined into the "Other" segment as shown below.

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Revenue:				
Automotive Products	$ 564,510,277	$ 480,937,253	$ 1,676,043,013	$ 1,391,840,835
Other	11,338,213	12,699,442	34,039,634	33,469,637
Total	$ 575,848,490	$ 493,636,695	$ 1,710,082,647	$ 1,425,310,472
Income (Loss) from operations:				
Automotive Products	$ 121,875,176	$ 87,109,317	$ 362,044,032	$ 277,492,945
Other	541,353	(317,777)	912,532	(1,604,532)
Total	$ 122,416,529	$ 86,791,540	$ 362,956,564	$ 275,888,413

(12) Income Taxes

The effective tax rate was 15.6% in the nine months ended September 30, 2023, compared to an effective tax rate of 15.2% for the same period in 2022. Generally, effective tax rates for these periods differ from statutory federal income tax rates, due to provisions for state and local income taxes, permanent tax differences, the foreign-derived intangible income tax deduction, and research and development tax credits.

(13) Revenue

The following table shows the Company's Automotive revenue and Other Products revenue disaggregated by geographical location for Automotive Products for the three and nine month periods ended September 30, 2023 and September 30, 2022:

Revenue	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Automotive Products				
U.S.	$ 171,312,177	$ 147,865,393	$ 520,034,256	$ 435,877,621
Germany	72,169,634	65,508,444	226,739,945	204,653,773
Japan	73,330,091	63,797,497	229,664,642	165,215,741
Mexico	38,494,969	32,024,141	109,585,767	93,951,398
Other	209,203,406	171,741,778	590,018,403	492,142,302
Total Automotive Products	$ 564,510,277	$ 480,937,253	$ 1,676,043,013	$ 1,391,840,835
Other Products (U.S.)	11,338,213	12,699,442	34,039,634	33,469,637
Total Revenue	$ 575,848,490	$ 493,636,695	$ 1,710,082,647	$ 1,425,310,472

Revenue by geographic area may fluctuate based on many factors, including: exposure to local economic, political, and labor conditions; global supply chain constraints; unexpected changes in laws, regulations, trade or monetary or fiscal policy, including interest rates, foreign currency exchange rates and changes in the rate of inflation in the U.S. and other foreign countries; labor strikes, armed conflicts and acts of terrorism and war; and tariffs, quotas, customs and other import or export restrictions and other trade barriers.

The following table disaggregates the Company's Automotive revenue and Other revenue by major source for the three and nine month periods ended September 30, 2023 and September 30, 2022:

Revenue	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Automotive Segment				
Automotive Mirrors & Electronics	$ 531,423,832	$ 448,773,060	$ 1,577,792,206	$ 1,291,891,664
HomeLink Modules*	33,086,445	32,164,193	98,250,807	99,949,171
Total Automotive Products	$ 564,510,277	$ 480,937,253	$ 1,676,043,013	$ 1,391,840,835
Other Segment				
Fire Protection Products	5,151,785	10,484,680	20,471,868	28,577,916
Aerospace Products	6,186,428	2,214,762	13,567,766	4,891,721
Total Other	$ 11,338,213	$ 12,699,442	$ 34,039,634	$ 33,469,637

*Excludes HomeLink revenue where HomeLink electronics are integrated into interior auto-dimming mirrors.

(14) Leases

The Company has operating leases for certain sales, manufacturing, and engineering offices, as well as other vehicles and equipment, which are included within "Plant and Equipment - Net" section of the condensed consolidated balance sheets. The leases have remaining lease terms of 1 year to 5 years. The weighted average remaining lease term for operating leases as of September 30, 2023 was 3 years, with a weighted average discount rate of 6.3%.

Future minimum lease payments for operating leases as of September 30, 2023 were as follows:

Year ending December 31,	
2023 (excluding the nine months ended September 30, 2023)	$ 499,620
2024	1,526,098
2025	1,058,401
2026	455,548
2027	215,734
Thereafter	—
Total future minimum lease payments	3,755,401
Less imputed interest	(189,042)
Total	$ 3,566,359

Accrued Liabilities	$ 1,633,120
Other Non-Current Liabilities	1,933,239
Total	$ 3,566,359

(15) Subsequent Event

On November 2, 2023, the Company acquired certain technology assets from eSight Corporation for approximately $18.9 million in cash, in addition to the 20% equity the Company previously held in the assets, as well as an earn out provision over a ten year period. The technology acquired from eSight provides the most advanced and versatile low-vision smart glasses available for those with visual impairments and is compatible with more than 20 eye conditions including Macular Degeneration, Diabetic Retinopathy, and Stargardt disease. These assets will be classified within the Company's Other segment.

The Company will account for the acquisition under the provisions of FASB ASC Topic 805, *Business Combinations*.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

THIRD QUARTER 2023 VERSUS THIRD QUARTER 2022

Net Sales. Net sales for the third quarter of 2023 increased by $82.2 million or 17%, when compared with the third quarter of 2022.

Automotive net sales for the third quarter of 2023 were $564.5 million, a 17% increase when compared with automotive net sales of $480.9 million in the third quarter of 2022. The 10% increase in automotive mirror unit shipments in the third quarter of 2023 to 12.6 million units, compared with 11.5 million units in the third quarter of 2022, was driven by a 12% quarter over quarter increase in exterior auto-dimming mirror unit shipments and a 9% quarter over quarter increase in interior auto-dimming mirror unit shipments.

The below table represents the Company's auto-dimming mirror unit shipments for the three months ended September 30, 2023, and 2022 *(in thousands):*

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
North American Interior Mirrors	2,366	2,156	10%	7,192	6,444	12%
North American Exterior Mirrors	1,614	1,602	1%	5,033	4,532	11%
Total North American Mirror Units	3,980	3,758	6%	12,224	10,976	11%
International Interior Mirrors	5,709	5,287	8%	17,100	15,282	12%
International Exterior Mirrors	2,915	2,444	19%	8,918	6,926	29%
Total International Mirror Units	8,624	7,731	12%	26,018	22,208	17%
Total Interior Mirrors	8,076	7,443	9%	24,292	21,727	12%
Total Exterior Mirrors	4,529	4,046	12%	13,950	11,457	22%
Total Auto-Dimming Mirror Units	12,604	11,489	10%	38,242	33,184	15%

Note: Percent change and amounts may not total due to rounding.

Other net sales were $11.3 million in the third quarter of 2023, compared to $12.7 million in the third quarter of 2022. Fire protection sales decreased to $5.2 million for the third quarter of 2023, compared to $10.5 million in the same quarter of last year. Dimmable aircraft sales increased during the third quarter of 2023 to $6.2 million, compared to $2.2 million in the same quarter of last year.

Cost of Goods Sold. As a percentage of net sales, cost of goods sold decreased to 66.8% for the third quarter of 2023, versus 70.2% in the same quarter last year. The quarter over quarter increase in the gross profit margin was primarily the result of as a result of improved fixed overhead leverage, improvements in freight and tariff related costs, cost recoveries and price increases from customers, and improvements in product mix. However, some of these improvements were partially offset by increased raw material costs, labor costs, and scrap and yield loss increases, as compared to the third quarter of 2022. On a quarter over quarter basis, both decreases in freight expense and improved fixed overhead leverage each had a positive impact on gross margin of approximately 150 - 200 basis points, and customer cost recoveries and product mix each had a positive impact of approximately 50 - 100 basis points on gross margin. Raw material increases, labor cost, and scrap and yield loss each had a negative impact on gross margin of approximately 25-50 basis points on a quarter over quarter basis.

Operating Expenses. Engineering, research and development ("E, R & D") expenses for the third quarter of 2023 increased by $6.7 million, when compared with the third quarter of 2022.

Selling, general and administrative ("S, G & A") expenses increased by 7% or $2.0 million for the third quarter of 2023, compared to the third quarter of 2022, primarily due to increased staffing. S, G & A expenses were 5% of net sales in the third quarter of 2023 and 5% of net sales in the third quarter of 2022.

Total operating expenses were $69.0 million in the third quarter of 2023, an increase of 14% quarter over quarter or $8.6 million, compared to $60.4 million in the third quarter of 2022.

Total Other Income (Loss). Total other income for the third quarter of 2023 increased by $2.7 million, when compared with the third quarter of 2022.

Provision for Income Taxes. The effective tax rate was 15.9% for, and an income tax expense of $19.8 million was recorded in, the third quarter of 2023, compared to an effective tax rate of 15.7% for, and an income tax expense of $13.5 million recorded in, the same quarter of 2022. Typically, effective tax rates for the Company differ from statutory federal income tax rates, due to provisions for state and local income taxes, permanent tax differences, research and development tax credits and the foreign-derived intangible income tax deduction.

Net Income. Net income for the third quarter of 2023 was $104.7 million, up from a net income of $72.7 million in the third quarter of 2022. The change in net income was primarily the result of quarter over quarter increases in net sales and operating profits.

Earnings Per Share. The Company had earnings per diluted share for the third quarter of 2023 of $0.45, which compared to earnings per diluted share of $0.31 for the third quarter of 2022.

NINE MONTHS ENDED SEPTEMBER 30, 2023 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 2022

Net Sales. Net Sales for the nine months ended September 30, 2023 increased by $284.8 million or 20%, when compared with the same period in 2022.

Automotive net sales for the first nine months of 2023 were $1.7 billion, up 20% compared with automotive net sales of $1.4 billion for the first nine months of 2022, primarily due to a 15% period over period increase in automotive mirror unit shipments. Domestic automotive mirror shipments in the nine months ended September 30, 2023 increased 11% to 12.2 million units, compared with 11.0 million units in the same period in 2022. International automotive mirror shipments in the nine months ended September 30, 2023 increased 17% to 26.0 million units, compared with 22.2 million units in the same period in 2022.

Other net sales were $34.0 million for the first nine months of 2023, compared to $33.5 million for the same period last year. This increase is primarily due to the 177% increase in dimmable window aircraft sales for the first nine months of 2023 to $13.6 million, from $4.9 million for the same period in 2022. Fire protection sales decreased by 28% to $20.5 million for the first nine months of 2023, compared to $28.6 million in the same period of 2022.

Cost of Goods Sold. As a percentage of net sales, cost of goods sold decreased to 67.3% for the first nine months of 2023, versus 68.0% in the same period last year. The period over period increase in the gross profit margin was primarily the result of improved fixed overhead leverage, cost recoveries and customer price increases, and freight expense decreases. These were partially offset by increases in raw material costs and labor costs, as well as prior commitments to annual customer price reductions. On a period over period basis, freight expense and fixed overhead leverage each had a positive impact on gross margin of approximately 100 - 150 basis points. Cost recoveries and customer price increases had a positive impact on gross margin of approximately 50 - 100 basis points on a period over period basis. Raw material cost increases and annual customer price reductions each had a negative impact of approximately 50 - 150 basis points on gross margin on a period over period basis.

Operating Expenses. E, R & D expenses for the nine months ended September 30, 2023 were $112.8 million, compared with $98.4 million for the same period last year. The 15% increase in E, R & D expenses, in the first nine months of 2023 compared to the same period in 2022 was primarily due to additional staffing, professional fees, and new product development.

S, G & A expenses for the first nine months of 2023 increased $1.8 million to $83.5 million, when compared to $81.7 million for the same period in 2022. S, G & A expenses were 5% of net sales in the first nine months of 2023 and 6% of net sales in the same period in 2022. S, G, & A expenses increased on a year over year basis primarily due to increased staffing.

Total Other Income (Loss). Total other income for the nine months ended September 30, 2023 was $6.1 million, compared with a total other loss of $1.6 million for the same period last year.

Provision for Income Taxes. The effective tax rate was 15.6% for the nine months ended September 30, 2023, compared to 15.2% for the same period of 2022. Generally, effective tax rates for the Company differ from statutory federal income tax rates, due to provisions for state and local income taxes, permanent tax differences, the foreign-derived intangible income tax deduction, and research and development tax credits.

Net Income. Net income for the nine months ended September 30, 2023 increased by $78.9 million or 34% to $311.5 million, compared to $232.6 million in the same period last year. The increase in net income was primarily the result of the period over period increases in net sales and operating profits.

Earnings Per Share. The Company had earnings per diluted share for the nine months ended September 30, 2023 of $1.33, compared to earnings per diluted share of $0.99 for the nine months ended September 30, 2022.

FINANCIAL CONDITION:

The Company's cash and cash equivalents as of September 30, 2023 were $260.6 million, an increase of $45.9 million, compared to $214.8 million as of December 31, 2022. The increase was primarily due to cash flows from operations, which were partially offset by capital expenditures, investment purchases, dividend payments, and share repurchases during the nine months ended September 30, 2023.

Short-term investments as of September 30, 2023 were $17.5 million, down from $23.0 million as of December 31, 2022, and long-term investments were $272.6 million as of September 30, 2023, up from $202.3 million as of December 31, 2022, primarily due to the $43.0 million investment in Adasky, as discussed in Note 3 of the consolidated financial statements.

Accounts receivable as of September 30, 2023 increased approximately $74.6 million compared to December 31, 2022, primarily due to the increase in sales and timing thereof during the nine months ended September 30, 2023. As of September 30, 2023, all of the Company's material tier one and OEM customers continue to be in good standing.

Inventories as of September 30, 2023 were $395.5 million, compared to $404.4 million as of December 31, 2022, primarily due to decreases in raw materials, which was partially offset by increases in finished goods.

Accounts payable as of September 30, 2023 increased approximately $19.6 million to $171.4 million, when compared to December 31, 2022, primarily driven by month end payment timing and increased capital expenditures.

Accrued liabilities as of September 30, 2023 increased approximately $4.2 million compared to December 31, 2022, primarily due to an increase in accrued salaries and wages.

Cash flow from operating activities for the nine months ended September 30, 2023 increased $131.3 million to $367.7 million, compared with $236.4 million during the same nine month period last year, primarily due to an increase in net income and changes in working capital.

Capital expenditures for the nine months ended September 30, 2023 were approximately $121.4 million, compared with approximately $108.5 million for the same period last year. The increase was primarily due to an increase in expenditures related to building and facility construction projects previously disclosed.

The Company believes its existing and planned facilities are currently suitable, adequate, and have the capacity required for current and near-term planned business. Nevertheless, the Company continues to evaluate longer term facility needs. In the first quarter of 2022, the Company began construction on a 350,000 square-foot manufacturing facility located at a 140 acre site in Zeeland, Michigan, where the Company previously performed master planning and completed land infrastructure improvements. The total cost of the building project is still expected to be approximately $80 - $90 million, which will be funded with cash and cash equivalents on hand. The facility is expected to be operational in the fourth quarter of 2023. The Company has also begun construction on two building expansions during the second quarter of 2022. The Company is expanding its current distribution center for an additional 300,000 square feet, with a total cost still expected to be approximately $40 - $45 million. The Company is also expanding one of its manufacturing facilities for an additional 60,000 feet, with a total cost still expected to be $20 - $30 million. Both expansion projects will be funded with cash and cash equivalents on hand. The Company also entered into a multi-year lease for 32,000 square feet of manufacturing space at a location approximately 20 miles from its main campus that began operations during the second quarter of 2023.

The Company estimates that it currently has building capacity to manufacture approximately 42 - 45 million interior mirror units annually and approximately 17 - 20 million exterior mirror units annually, based on current product mix. The Company also evaluates equipment capacity on an ongoing basis and adds equipment as needed.

Management considers the current working capital and long-term investments, in addition to internally generated cash flow, its Credit Agreement, and credit worthiness, to be sufficient to cover anticipated cash needs for the foreseeable future considering its contractual obligations and commitments.

The following is a summary of working capital and long-term investments:

	September 30, 2023	December 31, 2022
Working Capital	$ 781,046,324	$ 698,099,624
Long-Term Investments	272,615,535	202,331,983
Total	$ 1,053,661,859	$ 900,431,607

The Company has a previously announced share repurchase plan under which the Board of Directors has authorized the repurchase of shares of the Company's common stock, which remains a part of the broader publicly disclosed capital allocation strategy. Future share repurchases may vary from time to time and will take into account macroeconomic events (including, but not limited to, industry-wide parts shortages, and global supply chain and labor constraints), market trends, and other factors the Company deems appropriate (including, but not limited to, the market price of the stock, anti-dilutive effect of repurchases, and available cash). During the three and nine months ended September 30, 2023, the Company repurchased 776,488 and 2,743,788 shares, respectively. The Company has 18,039,377 shares remaining under the plan as of September 30, 2023, as is further detailed in Part II, Item 2 of this Form 10-Q.

BUSINESS UPDATE

For the third quarter of 2023, the Company reported net sales of $575.8 million, compared to net sales of $493.6 million in the third quarter of 2022, a 17% increase quarter over quarter. For the third quarter of 2023, global light vehicle production in North America, Europe, Japan/Korea, and China increased approximately 5%, when compared to the third quarter of 2022.

In the third quarter of 2023, the Company had 28 net new launches of interior and exterior auto-dimming mirrors and electronic features. Over 70% of the launches in the third quarter of 2023 were advanced feature launches, with HomeLink® and Full Display Mirror® being the bulk of such launches.

PRODUCT UPDATE

Mirror Systems

In the second quarter of 2023, The People's Republic of China newly issued GB15084 and the related procedures, which allow for the Company's frameless inside mirrors to be used on vehicles in the China domestic market.

Camera Systems

Full Display Mirror® began production in the fourth quarter of 2015. Current automotive design trends are yielding vehicles with small rear windows that are often further obstructed by headrests, passengers, and roof support pillars which can significantly hinder the mirror’s rearward view. The Company's Full Display Mirror® is an intelligent rear vision system that uses a custom, internally or externally mounted video camera and mirror-integrated video display to optimize a vehicle driver’s rearward view. This rear vision system consists of a hybrid Full Display Mirror® that offers bi-modal functionality. In mirror mode, the product functions as an auto-dimming rearview mirror which means that during nighttime driving, digital light sensors talk to one another via a microprocessor to automatically darken the mirror when glare is detected. With the flip of a switch, the mirror enters display mode, and a clear, bright display appears through the mirror’s reflective surface, providing a wide, unobstructed rearward view. The bi-modality of the Full Display Mirror® is essential, because in the event of any failure of the camera or display, the product is able to function as a mirror, which meets long-standing safety requirements in the automotive industry. In addition, the driver has the ability to switch between modes to accommodate usage preferences for various weather conditions, lighting conditions, and driving tasks.

As of the third quarter of 2023, the Company is shipping production Full Display Mirrors® to fifteen different automaker customers, which are General Motors, Subaru, Toyota, Nissan, Jaguar Land Rover, Mitsubishi, Aston Martin, Stellantis, Maserati, Fiat, Mercedes, Ferrari, Ford, Hyundai, and Mazda. The Company remains confident that ongoing discussions with certain other customers may in the future cause such customers to consider adding the Full Display Mirror® into their product road-map for future vehicles.

To enhance capability and usability of the Company's Full Display Mirror®, the Company previously introduced its three-camera rear vision system that streams rear video in multiple composite views to its Full Display Mirror®. The Company believes it is the industry's first practical and comprehensive rear vision solution designed to meet automaker, driver, safety, and regulatory requirements. The Company's rear vision system, known generally as a camera monitoring system ("CMS"), uses three cameras to provide a comprehensive view of the sides and rear of the vehicle. The side-view cameras are discretely housed in downsized, automatic-dimming exterior mirrors. Their video feeds are combined with that of a roof-mounted or rear window based camera and stitched together into multiple composite views, which are streamed to the driver using the Full Display Mirror®. The system's modular nature lets the automaker customize functionality while offering it as an affordable, optional feature thereby enhancing safety by allowing the system to fail safe. During any failures due to weather conditions or otherwise that disrupt the digital view, drivers can still safely use the interior and exterior mirrors. The system also supports user preference by permitting drivers to use standard mirror views, camera views, or both. The system can also be tuned to meet the various regulatory field-of-view requirements around the world by using different types of flat and curved glass, combined with simple alterations to the video viewing modes. Downsized exterior mirrors provide automakers with significant weight savings and fuel efficiency improvements. To further enhance safety, the Company's CMS solution can also work in conjunction with a vehicle's side blind zone warning system. When a trailing vehicle enters a side blind zone, a warning indicator illuminates in both the interior and exterior mirrors, while the corresponding side-view video feed appears in the display until the vehicle passes.

On March 31, 2014, the Alliance of Automobile Manufacturers petitioned the National Highway Traffic Safety Administration ("NHTSA") to allow automakers to use camera monitoring systems as an option to replace conventional rearview mirrors within the United States. At the annual SAE Government-Industry Meeting in January 2017, NHTSA requested that SAE develop Recommended Procedures for test protocols and performance criteria for camera monitoring systems that would replace mirror systems on light vehicles in the U.S. market. SAE assigned the task to the Driver Vision Committee, and the SAE Driver Vision Committee created a CMS Task Force to draft the Recommended Procedures. NHTSA published a report dated October 2018 related to camera monitoring systems for outside mirror replacements. On October 10, 2019, an Advanced Notice of Proposed Rulemaking (ANPRM) was published seeking public comment on permitting camera-based rear visibility systems, as an alternative to inside and outside rearview mirrors required under Federal motor vehicle safety standard (FMVSS) No. 111, "Rear Visibility," which currently requires that vehicles be equipped with rearview mirrors to provide drivers with a view of objects that are to their side or to their side and rear. This ANPRM builds on NHTSA's prior efforts to obtain supporting technical information, data, and analysis on CMS so that the agency can determine whether these systems can provide the same level of safety as the rearview mirrors currently required under FMVSS No. 111. The ANPRM states that one reason NHTSA is seeking additional information is because research conducted by NHTSA and others between 2006 and 2017 has consistently shown that prototype and preproduction camera-based rear visibility systems can exhibit safety-relevant performance issues. In November 2022, NHTSA conducted a public meeting and discussed the on-going research of this technology.

In July 2016, a revision to UN-ECE Regulation 46 was published with an effective date of June 18, 2016, which allows for camera monitoring systems to replace mirrors in Japan and European countries. Since January 2017, camera monitoring systems are also permitted as an alternative to replace mirrors in the Korea market. As noted, China has now released an updated version of its GB15084, which will be effective later in 2023, and allows for camera monitoring systems, frameless mirrors and aspheric (free-form) glass surfaces. Notwithstanding the foregoing, the Company continues to believe rearview mirrors provide a robust, simple and cost effective means to view the surrounding areas of a vehicle and remain a primary safety function for rear vision today. Cameras when used as the primary rear vision delivery mechanism have some inherent limitations, such as: electrical failure; cameras being blocked or obstructed; depth perception challenges; and viewing angles of the camera. Nonetheless, the Company continues designing and manufacturing not only rearview mirrors, but CMOS imagers and video displays as well. The Company believes that combining video displays with mirrors may well provide a more robust product by addressing all driving conditions in a single solution that can be controlled by the driver. As noted, the Company has been in production with the Company's Full Display Mirror® since 2015 and has, in the ordinary course of business, been awarded programs with fifteen OEM customers. The Company is currently shipping production Full Display Mirrors® to all fifteen of these automaker customers. The Company's CMS solution uses three cameras to provide a comprehensive view of the sides and rear of the vehicle while still providing the traditional safety of interior and exterior mirrors, which mirrors continue to function when cameras are obstructed or are not functioning. The Company has also previously announced that it continues development in the areas of imager performance, camera dynamic range, lens design, image processing from the camera to the display, and camera lens cleaning. The Company acknowledges that as such technology evolves over time, such as cameras replacing mirrors and/or autonomous driving, there will be increased competition.

The Company began shipping Full Display Mirror® with Digital Video Recording ("DVR" capability) for the Toyota Harrier in the second quarter of 2020. This mirror and system launched in the Japan market and combine the superior functionality of the Full Display Mirror®, with the added capability to record video from the rearward facing and forward-facing cameras simultaneously. The data is stored to an SD storage card as requested by the customer. This integrated solution provides consumers with the features they want, while allowing the OEM to control the integration and execution in the vehicle. During the third quarter of 2023, the Company also continued shipping auto-dimming mirrors containing DVR for both the Toyota Yaris and the Yaris Cross for the Japan market. This product is the first Gentex DVR product that has an app available to allow the consumer to pull recorded information from the mirror to a phone, which creates a more user friendly experience.

SmartBeam® is the Company's proprietary high beam control system integrated into its auto-dimming mirror. SmartBeam® Generation 4, which was developed using the fourth generation of the Company's custom designed CMOS imager, has an advanced feature set made possible by the high dynamic range of the imager including: high beam assist; dynamic forward lighting with high beams constantly on; LED matrix beam; and a variety of specific detection applications including tunnel, fog, and road type as well as certain lane tracking features to assist with lighting control. The Company has the ability to package the control electronics inside of its interior rearview mirrors with a self-calibrating camera attached to the mirror mount with optimal mechanical packaging which also provides for ease of service. In addition, the Company has long been integrating its camera products to optimize performance by combining with other systems on the vehicle, including radar, navigation, steering, and related modules provided by other suppliers. This enables the Company to provide its customers with highly customizable solutions that meets their unique needs and specifications.

On December 8, 2015, NHTSA proposed changes to the NHTSA's 5-Star Safety Ratings for new vehicles (also known as the New Car Assessment Program or NCAP) and initiated a comment period. The proposed changes will, for the first time, encompass assessment of crash-avoidance technologies, which includes lower beam headlamp performance, semi-automatic headlamp switching, and blind spot detection. NHTSA initially intended to implement the enhancements in NCAP in 2018, beginning with model year 2019 vehicles. The NCAP implementation has been delayed. Under these proposed changes, the Company believes that its SmartBeam® technology will qualify with the semi-automatic headlamp NCAP rating system, and that its SmartBeam® technology and exterior mirrors with blind spot alert lighting can be included in a system that qualifies with the lower beam headlamp performance and blind spot detection NCAP rating system, respectively. On October 16, 2019, NHTSA issued a press release comparing NCAP to other regions' version of NCAP, identified new technologies that are not currently included in NCAP, and suggested Congress legislatively direct actions to improve NCAP. On January 14, 2021, NHTSA issued a request for comment regarding NCAP with advanced driver assist features, including forward collision, lane keeping, blind spot detection, and forward pedestrian impact avoidance technologies.

On October 12, 2018, NHTSA published a Notice of Proposed Rulemaking ("NPRM") for amendments to Federal Motor Vehicle Safety Standard ("FMVSS") No. 108: *Lamps, reflective devices, and associated equipment*, and initiated a comment period. The NPRM proposes amendments that would permit the certification of adaptive driving beam headlighting systems, if the manufacturer chooses to equip vehicles with these systems. NHTSA proposes to establish appropriate performance requirements to ensure the safe introduction of adaptive driving beam headlighting systems if equipped on newly manufactured vehicles. The Company believes that its dynamic SmartBeam® lighting control system (dynamic forward lighting or DFL), which has been sold in markets outside of North America for several years, will meet the requirements of the new FMVSS 108 standards, if amended. The Company's SmartBeam® application has and will continue to be affected by increased competition by suppliers of multi-function driver assist camera products, which are able to achieve some of the same functionality as SmartBeam® but at a lower cost, due to other suppliers leveraging similar hardware costs, but offering products with multiple software features.

As noted, on October 10, 2019, an Advanced Notice of Proposed Rulemaking ("ANPRM") was published seeking public comment on permitting camera-based rear visibility systems, as an alternative to inside and outside rearview mirrors required under FMVSS No. 111, “Rear Visibility,” which currently requires that vehicles be equipped with rearview mirrors to provide drivers with a view of objects that are to their side or to their side and rear. This ANPRM builds on NHTSA's prior efforts to obtain supporting technical information, data, and analysis on CMS so that the agency can determine whether these systems can provide the same level of safety as the rearview mirrors currently required under FMVSS No. 111. The ANPRM states that one reason NHTSA is seeking additional information is because research conducted by NHTSA and others between 2006 and 2017 has consistently shown that prototype and preproduction camera-based rear visibility systems can exhibit safety-relevant performance issues. In November 2022, NHTSA conducted a public meeting and discussed the ongoing research of this technology.

The final rule issued by NHTSA for adaptive driving beams (AEB) was made effective February 22, 2022. The Company believes its adaptive SmartBeam® (dynamic lighting system), which has been manufactured and sold for many years in jurisdictions outside the United States, will be permitted under the NHTSA Final Rule.

Connected Car

The Company's HomeLink® products are the auto industry's most widely used and trusted car-to-home communication system, with an estimated 50 million units on the road. The system consists of two or three in-vehicle buttons that can be programmed to operate garage doors, security gates, home lighting, and other radio-frequency-controlled devices. During the first quarter of 2017, the Company demonstrated the next generation of HomeLink®, commonly referred to as HomeLink Connect®, which uses both RF and wireless cloud-based connectivity to deliver complete vehicle-to-home automation. With HomeLink Connect®, a HomeLink® button press communicates with the HomeLink Connect® app on the user’s smartphone. The app contains predefined, user-programmed actions, from single device operations to entire home automation scenes. The app, in turn, communicates to the home’s smart hub over the cloud activates the appropriate devices, including security systems, door locks, thermostats, lighting, and other home automation devices, providing comprehensive vehicle-to-home automation. The ability to prepare the home for arrival or departure can occur with one button press. For the automaker, it allows them to offer a customizable, yet proven solution without the engineering effort or security concerns associated with integrating third party software into the vehicle’s computer network. The Company also continues to work on providing HomeLink® applications for alternative automobile and vehicle types which include, but are not limited to, motorcycles, mopeds, snowmobiles, tractors, combines, lawn mowers, loaders, bulldozers, road-graders, backhoes, and golf carts. In May 2021, the Company announced the Volkswagen as the first automaker to offer Bluetooth® enabled mirror for home automation that works in conjunction with HomeLink Connect®. The Company further continues to work with compatibility partners for HomeLink® applications in other markets, like China. The unique attributes of the China market allow for potential different use cases of these products and offer the potential for additional growth opportunities for the HomeLink® brand and products. In 2017, the Company began its first volume production shipments of HomeLink® units on vehicles for the China market.

In January 2016, the Company announced a partnership with TransCore to provide automobile manufacturers with a vehicle-integrated tolling solution that enables motorists to drive on nearly all U.S. toll roads without a traditional toll tag on the windshield. Currently more than 75 percent of new car registrations are in states with toll roads with over 50 million drivers accessing these roads each year. The interior mirror is the optimal location for a vehicle-integrated toll transponder and it eliminates the need to affix multiple toll tags to the windshield and helps automakers seamlessly integrate toll collection into the car. Since the Integrated Toll Module® or ITM® enables travel across almost all United States toll roads, and others in North America, motorists would no longer need multiple toll tags for different regions of the country or to manage multiple toll accounts. The Company's vehicle-integrated solution simplifies and expedites local, regional, and national travel. ITM® provides transportation agencies with an interoperability solution without costly infrastructure changes to the thousands of miles of toll lanes throughout North America. The Company believes that this product could potentially represent another growth opportunity over the next several years.

The Company previously announced its first OEM award of ITM® with Audi. Currently, the Company is shipping ITM® on 11 Audi platforms, which are: the A4, A5, A6, A7, A8, Q5, Q5 Sportback, Q7, Q8, e-tron, and the e-tron Sportback. The Company expects further ITM® nameplate launches with Audi throughout the remainder of 2023 and 2024. The Company is also shipping ITM® to a second OEM customer, Mercedes, on the EQS model. In April 2020, the Company was honored with an Automotive News PACE Award for its ITM® product, which recognizes automotive suppliers for superior innovation, technological advancement, and business performance.

Further, the Company has previously announced an embedded biometric solution for vehicles that leverages iris scanning technology to create a secure environment in the vehicle. There are many use cases for authentication, which range from vehicle security to start functionality to personalization of mirrors, music, seat location and temperature, to the ability to control transactions not only for the ITM® system, but also the ride sharing car of the future. The Company believes iris recognition is among the most secure forms of biometric identification, with a false acceptance rate as low as one in 10 million, far superior to facial, voice, and other current biometric systems. The Company's future plans include integrating biometric authentication with HomeLink® and HomeLink Connect®. The biometric system will allow HomeLink® to provide added security and convenience for multiple drivers by activating the unique home automation presets of different authorized users. The Company announced in January 2018 that it completed an exclusive licensing agreement, in the ordinary course of business, with Fingerprint Cards AB to deploy its ActiveIRIS® iris-scanning biometric technology in automotive applications.

In November 2020, the Company announced a partnership, in the ordinary course of business, with PayByCar™, to pursue compatibility between the Company's Integrated Toll Module® and PayByCar's innovative payment solution that allows drivers to use their smartphones and toll transponder to fuel up at certain gas stations without using cash or a credit card. Compatibility between these two technologies can help to grow each company's respective consumer base, while introducing new users to the benefits of the transactional vehicle.

In January 2021, the Company announced a partnership, in the ordinary course of business, with Simplenight to provide drivers and vehicle occupants with access to enhanced mobile capability for booking personalized entertainment and lifestyle experiences in addition to everyday purchases. Simplenight delivers a customizable and robust platform that enables brands to globally offer real-time book-ability across multiple categories such as dining, accommodations, attractions, events, gas, parking, shopping and more. The platform is unique in that it is designed to seamlessly integrate into automaker infotainment and navigation systems, as well as mobile applications and voice assistants. Simplenight can be integrated into the Company's current and future connected vehicle technologies, including HomeLink®, which, again, is the automotive industry’s leading car-to-home automation system. HomeLink® consists of vehicle-integrated buttons that can be programmed to operate a myriad of home automation devices. Integration of Simplenight into the Company's HomeLink Connect® app is underway and will allow users to program their HomeLink® buttons and control cloud-based devices from their vehicles.

Dimmable Devices

The Company previously announced that it is providing variably dimmable windows for the Boeing 787 Dreamliner series of aircraft. The Company continues to work with other aircraft manufacturers that have an interest in this technology regarding potential additional programs. In January 2019, the Company announced that its latest generation of dimmable aircraft windows will be offered as optional content on the new Boeing 777X. During the third quarter of 2019, the first production shipments of variably dimmable windows were made to Boeing for the 777X program. As also previously announced, Airbus is now offering, as optional content, the Company's dimmable aircraft windows on its aircraft, with production having begun in 2021.

Medical

In January 2020 the Company unveiled an innovative lighting technology for medical applications that was co-developed with Mayo Clinic. This new lighting concept represents the collaboration of a global, high-technology electronics company with a world leader in health care. The Company's new intelligent lighting system combines ambient room lighting with camera-controlled, adaptive task lighting to optimize illumination for surgical and patient-care environments. The system was developed over an 18 month period of collaboration between Company engineers and Mayo Clinic surgeons, scientists, and operating room staff. The teams researched, designed, and rapidly iterated multiple prototypes in order to develop unique features intended to address major gaps in current surgical lighting solutions. In 2023, the Company continues to further develop and work on the intelligent medical lighting system in order to assess system performance and work toward obtaining any necessary approvals.

On November 2, 2023, the Company acquired certain technology assets from eSight Corporation for approximately $18.9 million in cash, in addition to the 20% equity the Company previously held in the assets, as well as an earn out provision. The technology acquired from eSight provides the most advanced and versatile low-vision smart glasses available for those with visual impairments and is compatible with more than 20 eye conditions including Macular Degeneration, Diabetic Retinopathy, and Stargardt disease.

OTHER

Automotive revenues represent approximately 97% - 99% of the Company's total revenue, consisting of interior and exterior electrochromic automatic-dimming rearview mirrors and automotive electronics.

Even as the Company engages with automotive customers regarding the inflationary aspects of the business, it continues to experience pricing pressure from such customers and competitors, in addition to raw material cost increases, labor cost increases, and logistics costs, which will continue to cause downward pressure on its sales and profit margins. The Company works continuously to offset these supply chain issues and inflationary pressures with engineering and purchasing cost reductions, productivity improvements, increases in unit sales volume, and negotiations with customers to reduce the impact of the inflationary pressures, but there is no assurance the Company will be able to do so in the future.

Because the Company sells its products throughout the world, and automotive manufacturing is highly dependent on economic conditions, the Company can be affected by uncertain economic conditions that can reduce demand for its products, including the current inflationary environment. The Company has been likewise affected by industry-wide parts shortages and global supply constraints and labor shortages, as well as the UAW strikes.

The Company believes that its patents and trade secrets provide it with a competitive advantage in dimmable devices, electronics, and other features that it offers for the automotive, aerospace, and medical industry. Claims of patent infringement can be costly and time-consuming to address. To that end, the Company obtains intellectual property rights in the ordinary course of business to strengthen its intellectual property portfolio and to minimize the risk of infringement.

The Company does not have any significant off-balance sheet arrangements or commitments that have not been recorded in its consolidated financial statements.

OUTLOOK

The Company’s current forecasts for light vehicle production for the fourth quarter of 2023, and full years 2023 and 2024 are based on the mid-October 2023 S&P Global Mobility forecast for light vehicle production in North America, Europe, Japan/Korea, and China. Fourth quarter of 2023, and calendar years 2023 and 2024, forecasted light vehicle production volumes are shown below:

Light Vehicle Production (per S&P Global Mobility mid-October light vehicle production forecast)

(in Millions)

Region	Q4 2023	Q4 2022	% Change	Calendar Year 2024	Calendar Year 2023	Calendar Year 2022	2024 vs 2023 % Change	2023 vs 2022 % Change
North America	3.24	3.55	(9)%	16.29	15.20	14.30	7 %	6 %
Europe	4.58	4.32	6 %	17.44	17.71	15.83	(2)%	12 %
Japan and Korea	3.32	3.12	6 %	12.14	12.69	11.14	(4)%	14 %
China	7.85	7.27	8 %	28.05	27.89	26.40	1 %	6 %
Total Light Vehicle Production	18.99	18.26	4 %	73.92	73.49	67.67	1 %	9 %

Based on the aforementioned light vehicle production forecast and the results for the first nine months of 2023, the Company has updated certain guidance for calendar year 2023, included in what is shown below.

- Revenue is expected to be between $2.2 and $2.3 billion
- Gross Margin is expected to be between 32.5% and 33%
- Operating Expenses are expected to be approximately $260 to $270 million
- Estimated Annual Tax Rate, which assumes no changes to the statutory rate, is expected to be between 15% and 15.5%
- Capital Expenditures are expected to be between $200 and $215 million
- Depreciation and Amortization is expected to be between $95 and $100 million

Due to ongoing volatility in customer orders and vehicle production volumes, work stoppages stemming from labor union strikes, the Ukraine-Russia war, Israel-Hamas war, labor shortages, and overall economic uncertainty, the Company believes that revenue remains difficult to forecast for the remainder of the year and beyond. Ongoing uncertainties remain, including: light vehicle production levels; industry-wide parts shortages and global supply chain constraints; impacts of already in place and potential additional future tariffs; impacts of regulation changes; automotive plant shutdowns; vehicle sales rates in Europe, Asia and North America; OEM strategies and cost pressures; the UAW strikes; customer inventory management and the impact of potential automotive customer (including their Tier 1 suppliers) and supplier bankruptcies; etc., all of which are disrupting and could further disrupt shipments to these customers and make forecasting difficult.

In accordance with the previously announced share repurchase plan, the Company will consider the appropriateness of continuing to repurchase additional shares of common stock in the future in support of the capital allocation strategy, but share repurchases will vary from time to time and will take into account macroeconomic events, market trends, and other factors the Company deems appropriate (including the market price of the stock, anti-dilutive effect of repurchases, and available cash). As of September 30, 2023, the Company has 18.0 million shares remaining available for repurchase under the previously announced share repurchase plan.

Additionally, based on the Company’s current forecasts for light vehicle production for calendar year 2024, the Company still expects calendar year 2024 revenue of approximately $2.45 to $2.55 billion. As noted above, continuing uncertainties make forecasting difficult.

CRITICAL ACCOUNTING POLICIES:

The preparation of the Company’s consolidated condensed financial statements contained in this report, which have been prepared in accordance with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, management evaluates these estimates. Estimates are based on historical experience and/or on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that may not be readily apparent from other sources. Historically, actual results have not been materially different from the Company’s estimates. However, actual results may differ from these estimates under different assumptions or conditions.

The Company has identified critical accounting policies used in determining estimates and assumptions in the amounts reported in its Management’s Discussion and Analysis of Financial Condition and Results of Operations in its Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Item 3. Quantitative And Qualitative Disclosures About Market Risk.

The Company is subject to market risk exposures of varying correlations and volatilities, including foreign exchange rate risk and interest rate risk. Fluctuating interest rates could negatively impact the Company's financial performance due to realized losses on the sale of fixed income investments and/or recognized losses due to an impairment adjustment on investment securities, as well as the impact on demand for light vehicles. For the quarter ended September 30, 2023, any material changes in risk factors that were disclosed in the Company's report on Form 10-K for the year ended December 31, 2022 are set forth herein, including potential work stoppages stemming from automaker or union labor strikes.

The Company has some assets, liabilities, and operations outside the United States, including euro-denominated and Chinese Yuan Renminbi accounts, which currently are not significant overall to the Company as a whole. Because the Company sells its automotive mirrors throughout the world, and automotive manufacturing is highly dependent on general economic conditions and the global supply chain, the Company has been and will continue to be affected by uncertain economic conditions in North American and foreign markets, including inflation, that have reduced, and could continue to reduce, demand for its products.

Item 4. Controls And Procedures.

Evaluation of Disclosure Controls and Procedures.

Under the supervision of, and with the participation of management, the Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2023, and have concluded that as of that date, the Company's disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the quarter ended September 30, 2023 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

SAFE HARBOR STATEMENT:

This Quarterly Report contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The statements contained in this communication that are not purely historical are forward-looking statements. Forward-looking statements give the Company’s current expectations or forecasts of future events. These forward-looking statements generally can be identified by the use of words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “future,” “goal,” “guidance,” “hope,” “intend,” "likely", “may,” “opinion,” “optimistic,” “plan,” “poised,” “predict,” “project,” “should,” “strategy,” “target,” “will,” "work to," and variations of such words and similar expressions. Such statements are subject to risks and uncertainties that are often difficult to predict and beyond the Company’s control, and could cause the Company’s results to differ materially from those described. These risks and uncertainties include, without limitation: changes in general industry or regional market conditions, including the impact of inflation; potential work stoppages stemming from automaker or union labor strikes; changes in consumer and customer preferences for our products (such as cameras replacing mirrors and/or autonomous driving); our ability to be awarded new business; continued uncertainty in pricing negotiations with customers and suppliers; loss of business from increased competition; changes in strategic relationships; customer bankruptcies or divestiture of customer brands; fluctuation in vehicle production schedules (including the impact of customer employee strikes); changes in product mix; raw material and other supply shortages; labor shortages, supply chain constraints and disruptions; our dependence on information systems; higher raw material, fuel, energy and other costs; unfavorable fluctuations in currencies or interest rates in the regions in which we operate; costs or difficulties related to the integration and/or ability to maximize the value of any new or acquired technologies and businesses; changes in regulatory conditions; warranty and recall claims and other litigation and customer reactions thereto; possible adverse results of pending or future litigation or infringement claims; changes in tax laws; import and export duty and tariff rates in or with the countries with which we conduct business; negative impact of any governmental investigations and associated litigation including securities litigation relating to the conduct of our business; and the remaining impact of the COVID-19 (coronavirus) pandemic across our business on demand, operations, and the global supply chain. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made.

The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law or the rules of the NASDAQ Global Select Market. Accordingly, any forward-looking statement should be read in conjunction with the additional information about risks and uncertainties identified under the heading “Risk Factors” in the Company’s latest Form 10-K and Form 10-Q filed with the SEC, which risks and uncertainties include the impacts of the UAW strikes and COVID-19 (coronavirus) pandemic and supply chain constraints that have affected, are affecting, and will continue to affect, general economic and industry conditions, customers, suppliers, and the regulatory environment in which the Company operates.. Includes content supplied by S&P Global Mobility Light Vehicle Production Forecast of October 16, 2023 (http://www.gentex.com/forecast-disclaimer).

PART II—OTHER INFORMATION

Item 1A. Risk Factors.

Information regarding risk factors appears in Management’s Discussion and Analysis of Financial Condition and Results of Operations in Part I – Item 2 of this Form 10-Q and in Part I – Item 1A – Risk Factors of the Company’s report on Form 10-K for the fiscal year ended December 31, 2022. There have been no material changes to the risk factors previously disclosed in the Company’s report on Form 10-K for the year ended December 31, 2022, except to the extent described in Part I – Item 2 and Item 3 of this Form 10-Q, and otherwise herein.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities.

(c) Issuer Purchase of Equity Securities

The Company has a previously announced share repurchase plan under which the Board of Directors has authorized the repurchase of shares of the Company's common stock, which remains a part of the broader publicly disclosed capital allocation strategy. During the first nine months of 2023, the Company repurchased 2.7 million shares under the share repurchase plan. As previously disclosed, the Company will consider the appropriateness of continuing to repurchase additional shares of common stock in the future in support of the capital allocation strategy, but share repurchases will vary from time to time and will take into account macroeconomic events (including shutdowns related to the microchip shortage as well as other supply chain and labor constraints), market trends, and other factors the Company deems appropriate (including the market price of the stock, anti-dilutive effect of repurchases, and available cash).

After the Company repurchased 2,743,788 shares during the first nine months of 2023, the Company has 18.0 million shares remaining under the plan as of September 30, 2023.

The following is a summary of share repurchase activity during each month of the nine month period ended September 30, 2023:

Issuer Purchase of Equity Securities

Period	Total Number of Shares Purchased	Weighted Average Price Paid Per Share	Total Number of Shares Purchased As Part of a Publicly Announced Plan or Program	Maximum Number of Shares That May Yet Be Purchased Under the Plan or Program
January 2023	—	—	—	20,783,165
February 2023	46,835	28.58	46,835	20,736,330
March 2023	1,000,091	27.12	1,000,091	19,736,239
1st Quarter 2023 Total	1,046,926	27.19	1,046,926	
April 2023	—	—	—	19,736,239
May 2023	400,062	26.78	400,062	19,336,177
June 2023	520,312	27.64	520,312	18,815,865
2nd Quarter 2023 Total	920,374	27.28	920,374	
July 2023	—	—	—	18,815,865
August 2023	210,525	32.51	210,525	18,605,340
September 2023	565,963	32.38	565,963	18,039,377
3rd Quarter 2023 Total	776,488	32.41	776,488	
2023 Total	2,743,788	28.70	2,743,788	18,039,377

As of September 30, 2023, the Company has repurchased 153,960,351 shares at a total cost of $2,679,383,973 under its share repurchase plan or as otherwise previously disclosed.

Item 6. Exhibits.

See Exhibit Index on Page 38

SIGNATURES

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

		GENTEX CORPORATION
Date:	November 3, 2023	/s/ Steven R. Downing
		Steven R. Downing President and Chief Executive Officer (Principal Executive Officer) on behalf of Gentex Corporation
Date:	November 3, 2023	/s/ Kevin C. Nash
		Kevin C. Nash Vice President, Finance, Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer) on behalf of Gentex Corporation

EXHIBIT INDEX

Exhibit No.	Description
10	Speciman Form of Gentex Corporation Restricted Stock Unit Award Agreement
31.1	Certificate of the Chief Executive Officer of Gentex Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
31.2	Certificate of the Chief Financial Officer of Gentex Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32	Certificate of the Chief Executive Officer and Chief Financial Officer of Gentex Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
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
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase

GENTEX CORPORATION

2019 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Summary of Award Terms

Granted To: ###PARTICIPANT_NAME###

Grant Date: ###GRANT_DATE###

Number of RSUs Granted: ###TOTAL_AWARDS###

Vesting Schedule: ###VEST_SCHEDULE_TABLE###

1. The Award and the Plan. Subject to the terms and conditions of this Award Agreement and the Plan, on (or as soon as practicable after) the date that some or all of the RSUs vest as set forth on the Vesting Schedule (the “Vest Date”), the Company will pay to the Grantee an amount equal to the Fair Market Value of one share of Common Stock as of the Vest Date, multiplied by the number of vested RSUs granted hereby, subject to applicable withholding for taxes. The RSUs may be settled in such form as provided in Section 7 of this Agreement. Certain terms used in this Agreement are defined in Section 25 below. If such grant is not expressly rejected within thirty (30) days from the Grant Date, it will be deemed automatically accepted and the terms contained in this Agreement shall be binding upon the recipient. Any undefined terms in this Agreement appearing as defined terms will have the same meaning as they do in the Gentex Corporation 2019 Omnibus Incentive Plan as amended and/or restated from time to time (the "Plan"). Gentex will provide a copy of the Plan to you upon request.

2. Vesting. The Award is subject to the vesting terms, if any, set forth in the Employee Award Notification, except as may otherwise be provided in this Award Agreement, in the Plan, or in another agreement with the Grantee that expressly supersedes the provisions of the Award Agreement or the Plan.

3. Effect of Change in Control. In the event a Change in Control occurs prior to the RSUs becoming vested as provided in Section 2 above and while you are an employee of Gentex or any Subsidiary, the RSUs covered by this Agreement will become vested to the extent set forth in the Plan.

4. Effect of Termination Due to: Death or Disability; or Retirement. Notwithstanding Section 3 above, if your employment with Gentex or any Subsidiary is terminated: (A) by reason of death or Disability, the RSUs will become vested to the extent set forth in the Plan; or (B) by Retirement, a prorated portion of the RSUs will become vested based on the number of months you were employed during the vesting schedule set forth in the Employee Award Notification.

5. Other Employment Terminations. In the event that your employment with Gentex or a Subsidiary terminates during the vesting schedule in a manner other than any specified in Sections 3 or 4 above, all RSUs granted hereby that remain unvested shall be cancelled, terminated, and of no further force and effect, unless otherwise determined under the Plan.

6. Time of Settlement. On the Vest Date, or as soon as practicable thereafter, the Company shall pay you the amount payable under the Award, determined in accordance with Section 1 of this Agreement and the terms of the Plan. For the avoidance of doubt, no payment shall be due with respect to any unvested RSUs, which shall automatically be terminated, cancelled, and of no further force and effect as of the Vest Date.

7. Form of Settlement. In full satisfaction of the RSUs granted hereby, the Company will pay you the amount owed in cash, subject to applicable withholding.

8. Withholding. Gentex has the right to withhold from any payment required to be made in settlement of the Award (whether such settlement is in cash, in shares of Common Stock, or in a combination thereof) an amount sufficient to satisfy such federal, state, and local withholding tax requirements. To the extent that Gentex is required to withhold any federal, state, local or foreign taxes in connection with the receipt of RSUs under this Agreement, and the amounts available to Gentex for such withholding are insufficient, it will be a condition to the receipt of such delivery that you will pay such taxes or make arrangements that are satisfactory to Gentex for payment thereof.

9. Dividend Equivalents. Pursuant to and subject to the terms and conditions set forth herein, and in the Plan, the Company hereby awards to the Grantee a right to receive in respect of each RSU held by the Grantee on a dividend record date occurring after the Grant Date and prior to the Vest Date, the equivalent value of any ordinary cash dividends that are paid on a share of Common Stock ("Dividend Equivalent"). Dividend Equivalents will be reinvested in the form of additional RSUs determined by dividing the value of the Dividend Equivalent by the Fair Market Value of a share of Common Stock on the Company's dividend payment date. Dividend Equivalents will also accrue on the additional RSUs issued from Dividend Equivalents (and be reinvested into additional Dividend Equivalents). Dividend Equivalents are subject to the same conditions as the RSUs to which they are attributable, including but not limited to vesting, transferability, forfeiture, time and form of settlement as further described in this Agreement and the Plan.

10. RSUs Nontransferable. Neither the RSUs nor any interest therein will be transferable or assignable other than by will or the laws of descent and distribution prior to payment.

11. Adjustments. Gentex will make any adjustments in the number of RSUs that Gentex may determine to be equitably required to prevent any dilution or expansion of your rights under this Agreement as further described in Section 13 of the Plan. Furthermore, in the event that any transaction or event described or referred to in the immediately preceding sentence will occur, Gentex may provide in substitution of any or all of your rights under this Agreement such alternative consideration as Gentex may determine in good faith to be equitable under the circumstances.

12. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan be exempt from or comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to you. This Agreement and the Plan will be administered in a manner consistent with this intent.

13. Right to Terminate Employment. Nothing contained in this Agreement will confer upon you any right with respect to continuance of employment by Gentex or any Subsidiary, nor limit or affect in any manner the right of Gentex or any Subsidiary to terminate the employment or adjust your compensation.

14. Information. Information about you and your participation in the Plan may be collected, recorded and held, used and disclosed for any purpose related to the administration of the Plan. You understand that such processing of this information may need to be carried out by Gentex and its Subsidiaries and by third party administrators whether such persons are located within your country or elsewhere, including the United States of America. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above.

15. Relation to Other Benefits. Any economic or other benefit to you under this Agreement or the Plan will not be taken into account or considered as salary or compensation in determining any benefits to which you may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by Gentex or any Subsidiary, except to the extent otherwise expressly provided under any such plan, and will not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering

employees of Gentex or a Subsidiary, except to the extent otherwise expressly provided under any such plan.

16. Relation to Plan. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan will govern. The Board or the Compensation Committee will, except as expressly provided otherwise herein, have the right to determine any questions which arise in connection with the grant of RSUs. By your acceptance of the award under this Agreement, you acknowledge receipt of a copy of the Prospectus for the Plan and your agreement to the terms and conditions of the Plan and this Agreement.

17. Amendments. Any amendment to the Plan will be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment will adversely affect your rights under this Agreement without your consent (provided, however, that your consent will not be required to an amendment that is deemed necessary by Gentex to ensure exemption from or compliance with Section 409A of the Code).

18. Severability. If any provision of this Agreement or the application of any provision in this Agreement to any person or circumstances is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstances will not be affected, and the provisions so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

19. Compliance with Law. Notwithstanding any other provision of this Agreement, the RSUs covered by this Agreement will not be exercisable or otherwise paid if the payment thereof would result in violation of any applicable federal or state securities law.

20. Successors and Assigns. Without limiting Section 9 above, the provisions of this Agreement will inure to the benefit of, and be binding upon, your successors, administrators, heirs, legal representatives and assigns, and the successors and assigns of Gentex.

21. Governing Law. This Agreement will be governed by and construed in accordance with the internal substantive laws of the State of Michigan, without giving effect to any principles of conflict of laws thereof.

22. Failure to Enforce Not a Waiver. The failure of Gentex to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

23. No Shareholder Rights Prior to Exercise of RSUs. With respect to the RSUs, you will have no rights as a shareholder until the proper exercise of RSUs.

24. Detrimental Activity.

(a) If the Board or the Compensation Committee determines that you engaged in any Detrimental Activity, then, promptly upon receiving notice of the Board's or the Compensation Committee's finding, you shall: (i) forfeit all rights under this Agreement to the extent it remains outstanding; (ii) return to Gentex all RSUs and Shares acquired pursuant to this Agreement to the extent then still held by or for you; (iii) with respect to any Shares acquired pursuant to this Agreement that are no longer held by or for you, pay to Gentex the Market Value Per Share of such Shares on the date acquired.

(b) To the extent that such Shares are not returned to or amounts are not paid to Gentex, Gentex may seek other remedies, including without limitation a set off of the amounts so payable to it against any amounts that may be owing from time to time by Gentex or a Subsidiary to you for any reason, including without limitation wages, deferred compensation or vacation pay.

25. Certain Defined Terms. For purposes of this Agreement:

"Cause" shall mean (A) the intentional engagement in any acts or omissions constituting dishonesty, breach of a fiduciary obligation, wrongdoing or misfeasance, in each case, in connection with your duties or otherwise during the course of your employment with Gentex or any Subsidiary; (B) the commission of a felony or the indictment for any felony, including, but not limited to, any felony involving fraud, embezzlement, moral turpitude or theft; (C) the intentional and wrongful damaging of property, contractual interests or business relationships of Gentex or any Subsidiary; (D) the intentional and wrongful disclosure of secret processes or confidential information of Gentex or any Subsidiary in violation of an agreement with or a policy of Gentex or a Subsidiary; (E) the continued failure to substantially perform your duties for Gentex or a Subsidiary; (F) current alcohol or prescription drug abuse affecting work performance; (G) current illegal use of drugs; or (H) any intentional conduct contrary to announced policies or practices of Gentex or any Subsidiary (including, but not limited to, those contained in Gentex's Code of Business Conduct and Ethics).

"Detrimental Activity" shall mean: (A) engaging in any activity of competition or solicitation prohibited by any noncompete or nonsolicitation agreement between you and Gentex or a Subsidiary or by any policy of Gentex; (B) the disclosure to anyone outside Gentex or a Subsidiary, or the use in other than Gentex's or a Subsidiary's business, (i) without prior written authorization from Gentex, of any confidential, proprietary or trade secret information or material relating to the business of Gentex or its Subsidiaries and acquired by you during your employment or other service with Gentex or any of its Subsidiaries, or (ii) in violation of any covenant not to disclose set forth in any agreement between you and Gentex or a Subsidiary or in any policy of Gentex; (C) the (i) unreasonable failure or refusal to disclose promptly and to assign to Gentex or a Subsidiary upon request all right, title and interest in any invention or idea, patentable or not, made or conceived by you during your service with Gentex or any of its Subsidiaries and relating in any manner to the actual or anticipated business, research or development work of Gentex or any Subsidiary or the failure or refusal to do anything reasonably necessary to enable Gentex or any Subsidiary to secure a patent where appropriate in the United States or in other countries, or (ii) violation of any development and inventions provision set forth in any agreement between you and Gentex or a Subsidiary or in any policy of Gentex; (D) activity during your employment by Gentex or a Subsidiary that could form the basis of your termination for Cause; or (E) if you are or were an officer of Gentex, activity that the Board or the Compensation Committee determines entitles Gentex to seek recovery from an officer under any policy promulgated by the Board or the Compensation Committee as in effect on the date hereof.

"Disability" shall mean a termination of employment under circumstances that would make you eligible to receive benefits under Gentex's long-term disability plan, as it may be in effect from time to time, or any successor plan, program, agreement or arrangement.

"Retirement" shall mean termination of employment (other than termination for Cause or due to death or Disability) at or after age 60 with at least 10 years of service with Gentex or a Subsidiary or at or after age 65, with at least 5 years of service with Gentex or a Subsidiary, in each case requiring six months advance written notice.

EXHIBIT 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER OF GENTEX CORPORATION

I, Steven R. Downing, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gentex Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] and internal control over financial reporting [as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)] for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d) disclosed in this quarterly report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 3, 2023

/s/ Steven R. Downing
Steven R. Downing
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER OF GENTEX CORPORATION

I, Kevin C. Nash, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gentex Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] and internal control over financial reporting [as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)] for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2023

/s/ Kevin C. Nash
Kevin C. Nash
Vice President, Finance; Chief Financial Officer and Treasurer

EXHIBIT 32

CERTIFICATE PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18-U.S.C. § 1350)

Each, Steven R. Downing, Chief Executive Officer of Gentex Corporation, and Kevin C. Nash, Chief Financial Officer of Gentex Corporation, certify to the best of their knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that:

(1) The quarterly report on Form 10-Q for the quarterly period ended September 30, 2023, which this statement accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this quarterly report on Form 10-Q of the quarterly period ended September 30, 2023, fairly presents, in all material respects, the financial condition and results of operations of Gentex Corporation.

Dated: November 3, 2023

GENTEX CORPORATION

By /s/ Steven R. Downing
Steven R. Downing
Its Chief Executive Officer

By /s/ Kevin C. Nash
Kevin C. Nash
Its Chief Financial Officer