

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2024

OR

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

For the transition period from _____ to _____

Commission File Number: 001-38636

Garrett Motion Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

82-4873189

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

La Pièce 16, 1180 Rolle, Switzerland

and

47548 Halyard Drive, Plymouth, MI 48170

(Address of principal executive offices) (Zip Code)

+41 21 695 30 00

and

734 392 5500

(Registrant's telephone number, including area code)

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, \$0.001 par value per share	GTX	The Nasdaq Stock Market LLC

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

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

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

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

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

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

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

As of October 18, 2024, the registrant had 213,562,312 shares of Common Stock, \$0.001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

GARRETT MOTION INC.
CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions, except per share amounts)			
Net sales (Note 3)	\$ 826	\$ 960	\$ 2,631	\$ 2,941
Cost of goods sold	660	784	2,108	2,374
Gross profit	166	176	523	567
Selling, general and administrative expenses	53	59	178	178
Other expense, net	1	1	5	3
Interest expense	37	48	130	104
Gain on sale of equity investment (Note 21)	—	—	(27)	—
Non-operating (income) expense	(1)	(2)	(7)	3
Income before taxes	76	70	244	279
Tax expense (Note 5)	24	13	62	70
Net income	52	57	182	209
Less: preferred stock dividends	—	—	—	(80)
Less: preferred stock deemed dividends	—	—	—	(232)
Net income (loss) available for distribution	\$ 52	\$ 57	\$ 182	\$ (103)
Earnings (loss) per common share				
Basic	\$ 0.24	\$ 0.23	\$ 0.80	\$ (0.73)
Diluted	0.24	0.23	0.80	(0.73)
Weighted average common shares outstanding				
Basic	217,283,749	250,888,716	226,057,803	141,745,701
Diluted	218,403,681	252,381,719	227,649,747	141,745,701

The Notes to the Consolidated Interim Financial Statements are an integral part of this statement.

GARRETT MOTION INC.
CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Net income	\$ 52	\$ 57	\$ 182	\$ 209
Foreign exchange translation adjustment	(30)	14	(12)	8
Defined benefit pension plan adjustment, net of tax	1	—	4	—
Changes in fair value of effective cash flow hedges, net of tax (Note 16)	4	(2)	5	(3)
Changes in fair value of net investment hedges, net of tax (Note 16)	(31)	20	(4)	18
Total other comprehensive (loss) income, net of tax	(56)	32	(7)	23
Comprehensive (loss) income	\$ (4)	\$ 89	\$ 175	\$ 232

The Notes to the Consolidated Interim Financial Statements are an integral part of this statement.

GARRETT MOTION INC.
CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited)

	September 30, 2024	December 31, 2023
(Dollars in millions)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 96	\$ 259
Restricted cash	1	1
Accounts, notes and other receivables – net (Note 6)	698	808
Inventories – net (Note 8)	267	263
Other current assets	81	75
Total current assets	1,143	1,406
Investments and long-term receivables	12	29
Property, plant and equipment – net	450	477
Goodwill	193	193
Deferred income taxes	198	216
Other assets (Note 9)	159	206
Total assets	\$ 2,155	\$ 2,527
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 896	\$ 1,074
Current maturities of long-term debt (Note 14)	7	7
Accrued liabilities (Note 11)	319	293
Total current liabilities	1,222	1,374
Long-term debt (Note 14)	1,464	1,643
Deferred income taxes	25	27
Other liabilities (Note 12)	222	218
Total liabilities	\$ 2,933	\$ 3,262
COMMITMENTS AND CONTINGENCIES (Note 19)		
EQUITY (DEFICIT)		
Common Stock, par value \$0.001; 1,000,000,000 and 1,000,000,000 shares authorized, 240,937,724 and 238,543,624 issued and 214,694,934 and 238,249,056 outstanding as of September 30, 2024 and December 31, 2023, respectively	—	—
Additional paid-in capital	1,207	1,190
Retained deficit	(1,740)	(1,922)
Accumulated other comprehensive loss (Note 17)	(10)	(3)
Treasury Stock, at cost; 26,242,790 and 0 shares as of September 30, 2024 and December 31, 2023, respectively (Note 15)	(235)	—
Total deficit	(778)	(735)
Total liabilities and deficit	\$ 2,155	\$ 2,527

The Notes to the Consolidated Interim Financial Statements are an integral part of this statement.

GARRETT MOTION INC.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
(Dollars in millions)		
Cash flows from operating activities:		
Net income	\$ 182	\$ 2
Adjustments to reconcile net income to net cash provided by operating activities		
Deferred income taxes	16	
Depreciation	67	
Amortization of deferred issuance costs	35	
Loss on remeasurement of forward purchase contract	—	
Gain on sale of equity investment	(27)	
Foreign exchange gain	(10)	
Stock compensation expense	17	
Pension expense	1	
Unrealized loss on derivatives	39	
Other	2	
Changes in assets and liabilities:		
Accounts, notes and other receivables	110	(
Inventories	(10)	(
Other assets	2	
Accounts payable	(154)	
Accrued liabilities	8	
Other liabilities	(1)	
Net cash provided by operating activities	<u>\$ 277</u>	<u>\$ 3</u>
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(69)	(
Proceeds from cross-currency swap contracts	24	
Proceeds from sale of equity investment	46	\$
Net cash provided by (used for) investing activities	<u>\$ 1</u>	<u>\$ (</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt, net of debt financing costs	794	6
Payments of long-term debt	(991)	(2
Repurchases of Series A Preferred Stock	—	(5
Repurchases of Common Stock	(226)	(1
Payments of Additional Amounts for conversion of Series A Preferred Stock	—	(
Payments for preference dividends	—	(
Payments for debt and revolving facility financing costs	(7)	
Other	(9)	
Net cash used for financing activities	<u>\$ (439)</u>	<u>\$ (3</u>
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(2)	
Net decrease in cash, cash equivalents and restricted cash	(163)	(
Cash, cash equivalents and restricted cash at beginning of the period	260	2
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 97</u>	<u>\$ 1</u>
Supplemental cash flow disclosure:		
Income taxes paid (net of refunds)	\$ 43	\$
Interest paid	49	

The Notes to the Consolidated Interim Financial Statements are an integral part of this statement

GARRETT MOTION INC.
CONSOLIDATED INTERIM STATEMENTS OF EQUITY (DEFICIT)
(Unaudited)

	Series A Preferred Stock		Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive (Loss) / Income	Total Deficit
	Shares	Amount	Shares ⁽¹⁾	Amount	Shares	Amount				
	(in millions)									
Balance at December 31, 2023	—	\$ —	238	\$ —	—	\$ —	\$ 1,190	\$ (1,922)	\$ (3)	\$ (735)
Net income	—	—	—	—	—	—	—	66	—	66
Share repurchases	—	—	—	—	12	(109)	—	—	—	(109)
Excise tax on share repurchases	—	—	—	—	—	(1)	—	—	—	(1)
Shares issued under stock plan, net of shares withheld for employee taxes	—	—	2	—	1	(5)	—	—	—	(5)
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—	41	41
Stock-based compensation	—	—	—	—	—	—	8	—	—	8
Balance at March 31, 2024	—	\$ —	240	\$ —	13	\$ (115)	\$ 1,198	\$ (1,856)	\$ 38	\$ (735)
Net income	—	—	—	—	—	—	—	64	—	64
Share repurchases	—	—	—	—	7	(65)	—	—	—	(65)
Excise tax on share repurchases	—	—	—	—	—	(1)	—	—	—	(1)
Shares issued under stock plan, net of shares withheld for employee taxes	—	—	1	—	—	(1)	—	—	—	(1)
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—	8	8
Stock-based compensation	—	—	—	—	—	—	5	—	—	5
Balance at June 30, 2024	—	\$ —	241	\$ —	20	\$ (182)	\$ 1,203	\$ (1,792)	\$ 46	\$ (725)
Net income	—	—	—	—	—	—	—	52	—	52
Share repurchases	—	—	—	—	6	(52)	—	—	—	(52)
Excise tax on share repurchases	—	—	—	—	—	—	—	—	—	—
Shares issued under stock plan, net of shares withheld for employee taxes	—	—	—	—	—	(1)	—	—	—	(1)
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	—	(56)	(56)
Stock-based compensation	—	—	—	—	—	—	4	—	—	4
Balance at September 30, 2024	—	\$ —	241	\$ —	26	\$ (235)	\$ 1,207	\$ (1,740)	\$ (10)	\$ (778)

	Series A Preferred Stock		Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Income	Total Deficit
	Shares	Amount	Shares ⁽¹⁾	Amount	Shares	Amount				
	(in millions)									
Balance at December 31, 2022	246	\$ —	64	\$ —	—	\$ —	\$ 1,333	\$ (1,485)	\$ 36	\$ (116)
Net income	—	—	—	—	—	—	—	81	—	81
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	—	(6)	(6)
Dividends	—	—	—	—	—	—	—	(42)	—	(42)
Stock-based compensation	—	—	—	—	—	—	3	—	—	3
Balance at March 31, 2023	246	\$ —	64	\$ —	—	\$ —	\$ 1,336	\$ (1,446)	\$ 30	\$ (80)
Net income	—	—	—	—	—	—	—	71	—	71
Repurchases of Series A Preferred Stock	(70)	—	—	—	—	—	(366)	(201)	—	(567)
Repurchases of Common Stock	—	—	(2)	—	—	—	—	(18)	—	(18)
Excise tax on share repurchases	—	—	—	—	—	—	—	(6)	—	(6)
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	—	(3)	(3)
Issuance of Common Stock for preference dividends	—	—	26	—	—	—	209	(209)	—	—
Conversion of Series A Preferred Stock	(176)	—	176	—	—	—	—	(25)	—	(25)
Stock-based compensation	—	—	—	—	—	—	5	—	—	5
Balance at June 30, 2023	—	\$ —	264	\$ —	—	\$ —	\$ 1,184	\$ (1,834)	\$ 27	\$ (623)
Net income	—	—	—	—	—	—	—	57	—	57
Repurchases of Common Stock	—	—	(21)	—	—	—	—	(161)	—	(161)
Excise tax on share repurchases	—	—	—	—	—	—	—	(1)	—	(1)
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—	32	32
Stock-based compensation	—	—	—	—	—	—	4	—	—	4
Balance at September 30, 2023	—	\$ —	243	\$ —	—	\$ —	\$ 1,188	\$ (1,939)	\$ 59	\$ (692)

1) Common shares issued less treasury shares equals common shares outstanding

The Notes to the Consolidated Interim Financial Statements are an integral part of this statement.

GARRETT MOTION INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Dollars in millions, except per share amounts)

Note 1. Background and Basis of Presentation

Background

Garrett Motion Inc. (the “Company” or “Garrett”) is a cutting-edge technology leader delivering differentiated solutions for emission reduction and energy efficiency. We design, manufacture, and sell highly engineered turbocharging, air and fluid compression, and high-speed electric motor technologies to original equipment manufacturers (“OEMs”) and distributors within the mobility and industrial space. We have significant expertise in delivering products at scale for internal combustion engines using gasoline, diesel, natural gas, and hydrogen, as well as for zero emission technologies using hydrogen fuel cell systems, both for mobility and industrial use. As our customers continue to progress on electrification, we are applying our technological pillars to develop highly engineered E-Powertrain and E-Cooling compressor products to support their ambition. These products are key enablers for fuel economy, energy efficiency, thermal management, and compliance with emissions standards and overall greenhouse gas and other emission reduction targets.

Basis of Presentation

The accompanying unaudited Consolidated Interim Financial Statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission applicable to interim financial statements. While these statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by United States generally accepted accounting principles (“GAAP”) for complete financial statements. The unaudited Consolidated Interim Financial Statements should therefore be read in conjunction with the Consolidated Financial Statements and accompanying notes for the year ended December 31, 2023 included in our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on February 15, 2024 (our “2023 Form 10-K”). The results of operations for the three and nine months ended September 30, 2024 and cash flows for the nine months ended September 30, 2024 should not necessarily be taken as indicative of the entire year. All amounts presented are in millions, except per share amounts.

We report our quarterly financial information using a calendar convention: the first, second, and third quarters are consistently reported as ending on March 31, June 30 and September 30. It has been our practice to establish actual quarterly closing dates using a predetermined fiscal calendar, which requires our businesses to close their books on a Saturday to minimize the potentially disruptive effects of quarterly closing on our business processes. For differences in actual closing dates that are material to year-over-year comparisons of quarterly or year-to-date results, such differences have been adjusted for the three months ended September 30, 2024. Our actual closing date for the three months ended September 30, 2024 was September 28, 2024. There was no difference in actual closing date for the three months ended September 30, 2023.

We evaluate segment reporting in accordance with ASC 280, *Segment Reporting*. We concluded that Garrett operates in a single operating segment and a single reportable segment based on the operating results available and evaluated regularly by the chief operating decision maker (“CODM”), which is our Chief Executive Officer, to make decisions about resource allocation and performance assessment. The CODM makes operational performance assessments and resource allocation decisions on a consolidated basis, inclusive of all of the Company’s products across channels and geographies.

The preparation of the financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management bases these estimates on assumptions that it believes to be reasonable under the circumstances. Actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Note 2. Summary of Significant Accounting Policies

The accounting policies of the Company are set forth in Note 3 to the Consolidated Financial Statements for the year ended December 31, 2023 included in our 2023 Form 10-K.

Accounting Standards Issued But Not Yet Adopted

In November 2023, the Financial Accounting Standards Board (“FASB”) issued accounting standards update (“ASU”) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments in this update require companies with a single reportable segment to provide all existing segment disclosures, as well as requires incremental segment information to be disclosed. The guidance is effective for fiscal years beginning after December 15, 2023 on a retrospective basis, and interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating the guidance to determine the impact on its disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in this update increase the transparency around income tax information through improvements to disclosures primarily related to the rate reconciliation and income taxes paid information. The guidance is effective for fiscal years beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. The Company is currently evaluating the guidance to determine the impact on its disclosures.

There are no other recently issued, but not yet adopted, accounting pronouncements that are expected to have a material impact on the Company's Consolidated Interim Financial Statements and related disclosures.

Note 3. Revenue Recognition and Contracts with Customers

Disaggregated Revenue

Net sales by region (determined based on country of shipment) and channel are as follows:

	Three Months Ended September 30, 2024				Three Months Ended September 30, 2023			
	OEM	Aftermarket	Other	Total	OEM	Aftermarket	Other	Total
	(Dollars in millions)							
United States	\$ 129	\$ 46	\$ 3	\$ 178	\$ 147	\$ 54	\$ 2	\$ 203
Europe	318	53	5	376	382	45	9	436
Asia	233	13	6	252	287	13	5	305
Other	15	5	—	20	9	6	1	16
	<u>\$ 695</u>	<u>\$ 117</u>	<u>\$ 14</u>	<u>\$ 826</u>	<u>\$ 825</u>	<u>\$ 118</u>	<u>\$ 17</u>	<u>\$ 960</u>
	Nine Months Ended September 30, 2024				Nine Months Ended September 30, 2023			
	OEM	Aftermarket	Other	Total	OEM	Aftermarket	Other	Total
	(Dollars in millions)							
United States	\$ 374	\$ 150	\$ 6	\$ 530	\$ 412	\$ 150	\$ 4	\$ 566
Europe	1,114	145	20	1,279	1,265	136	26	1,427
Asia	714	39	14	767	846	38	12	896
Other	39	16	—	55	33	18	1	52
	<u>\$ 2,241</u>	<u>\$ 350</u>	<u>\$ 40</u>	<u>\$ 2,631</u>	<u>\$ 2,556</u>	<u>\$ 342</u>	<u>\$ 43</u>	<u>\$ 2,941</u>

Contract Balances

The following table summarizes our contract assets and liabilities balances:

	2024		2023	
	(Dollars in millions)			
Contract assets—January 1	\$	38	\$	46
Contract assets—September 30		53		44
Change in contract assets—Increase/(Decrease)	\$	15	\$	(2)
Contract liabilities—January 1	\$	(11)	\$	(8)
Contract liabilities—September 30		(9)		(12)
Change in contract liabilities—Decrease/(Increase)	\$	2	\$	(4)

Note 4. Research, Development and Engineering

Garrett conducts research, development, and engineering (“RD&E”) activities, which consist primarily of the development of new products and product applications. RD&E costs are charged to expense as incurred unless the Company has a contractual guarantee for reimbursement from the customer. Customer reimbursements are netted against gross RD&E expenditures as they are considered a recovery of cost. Such costs are included in Cost of goods sold as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Research and development costs	\$ 49	\$ 42	\$ 138	\$ 128
Engineering-related expenses, net of customer (reimbursements) ⁽¹⁾	(6)	(3)	(10)	(8)
	<u>\$ 43</u>	<u>\$ 39</u>	<u>\$ 128</u>	<u>\$ 120</u>

(1) Engineering-related expenses include customer reimbursements of \$17 million and \$10 million for the three months ended September 30, 2024 and 2023, respectively, and \$41 million and \$34 million for the nine months ended September 30, 2024 and 2023, respectively.

Certain engineering expenses related to long-term supply arrangements are capitalized when defined criteria, such as the existence of a contractual guarantee for reimbursement, are met. As of September 30, 2024 and December 31, 2023, \$30 million and \$12 million, respectively, of such contractually reimbursable costs were capitalized. These amounts are recorded within Other current assets in the Consolidated Interim Balance Sheet.

Note 5. Income Taxes

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Tax expense	\$ 24	\$ 13	\$ 62	\$ 70
Effective tax rate	31.6 %	18.6 %	25.4 %	25.1 %

The effective tax rates for the three months ended September 30, 2024 and 2023 were 31.6% and 18.6%, respectively. The effective tax rates for the nine months ended September 30, 2024 and 2023 were 25.4% and 25.1%, respectively.

The change in the effective tax rate for the three months ended September 30, 2024 compared to the prior period is primarily related to global mix of earnings, partially offset by adjustments to tax reserves due to expiration of statute of limitations.

The change in the effective tax rate for the nine months ended September 30, 2024 compared to the prior period is primarily related to global mix of earnings and tax expense related to the sale of an equity interest in an unconsolidated joint venture, partially offset by reversal of tax reserves and lower non-deductible transaction costs.

The effective tax rate for the three months ended September 30, 2024 was higher than the U.S. federal statutory rate of 21% primarily because of U.S. taxes on international operations and withholding taxes, partially offset by adjustments to tax reserves due to expiration of statute of limitations, lower taxes on non-U.S. earnings, and global research and development benefits.

The effective tax rate for the nine months ended September 30, 2024 was higher than the U.S. federal statutory rate of 21% primarily because of U.S. taxes on international operations, withholding taxes, and tax expense related to the sale of an equity interest in an unconsolidated joint venture, partially offset by reversal of tax reserves, lower taxes on non-U.S. earnings, and global research and development benefits.

Note 6. Accounts, Notes and Other Receivables—Net

	September 30, 2024	December 31, 2023
	(Dollars in millions)	
Trade receivables	\$ 576	\$ 614
Notes receivable	46	101
Other receivables	82	99
	704	814
Less—Allowance for expected credit losses	(6)	(6)
	<u>\$ 698</u>	<u>\$ 808</u>

Trade receivables include \$53 million and \$38 million of unbilled customer contract asset balances as of September 30, 2024 and December 31, 2023, respectively. These amounts are billed in accordance with the terms of customer contracts to which they relate. See Note 3, *Revenue Recognition and Contracts with Customers*.

Notes receivable is related to guaranteed bank notes without recourse that the Company receives in settlement of accounts receivables, primarily in the Asia Pacific region. See Note 7, *Factoring and Notes Receivable*.

Other receivables includes VAT receivables of \$59 million and \$76 million as of September 30, 2024 and December 31, 2023, respectively.

Note 7. Factoring and Notes Receivable

The Company enters into arrangements with financial institutions to sell eligible trade receivables. The receivables are sold without recourse and the Company accounts for these arrangements as true sales. The Company also receives guaranteed bank notes without recourse, in settlement of accounts receivables, primarily in the Asia Pacific region. The Company can hold the bank notes until maturity, exchange them with suppliers to settle liabilities, or sell them to third-party financial institutions in exchange for cash. Bank notes sold to third-party financial institutions without recourse are likewise accounted for as true sales.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Eligible receivables sold without recourse	\$ 140	\$ 184	\$ 542	\$ 584
Guaranteed bank notes sold without recourse	95	41	147	41

The expenses related to the sale of trade receivables and guaranteed bank notes are recognized within Other expense, net in the Consolidated Interim Statements of Operations, and were \$1 million and \$1 million for the three months ended September 30, 2024 and 2023, respectively, and \$3 million and \$3 million for the nine months ended September 30, 2024 and 2023, respectively.

	September 30, 2024	December 31, 2023
	(Dollars in millions)	
Receivables sold but not yet collected by the bank from the customer	\$ 4	\$ 7
Guaranteed bank notes sold but not yet collected by the bank from the customer	41	—

As of September 30, 2024 and December 31, 2023, the Company had no guaranteed bank notes pledged as collateral.

Note 8. Inventories—Net

	September 30, 2024	December 31, 2023
(Dollars in millions)		
Raw materials	\$ 196	\$ 198
Work in process	21	21
Finished products	93	85
	310	304
Less—Reserves	(43)	(41)
	<u>\$ 267</u>	<u>\$ 263</u>

Note 9. Other Assets

	September 30, 2024	December 31, 2023
(Dollars in millions)		
Advanced discounts to customers, non-current	\$ 34	\$ 41
Operating right-of-use assets (Note 13)	48	40
Income tax receivable	20	20
Pension and other employee related	11	11
Derivatives designated as net investment hedges (Note 16)	24	37
Designated and undesignated derivatives (Note 16)	13	46
Other	9	11
	<u>\$ 159</u>	<u>\$ 206</u>

Note 10. Supplier Financing

The Company has supplier financing arrangements with two third-party financial institutions under which certain suppliers may factor their receivables from Garrett. The Company also enters into arrangements with banking institutions to issue bankers acceptance drafts in settlement of accounts payables, primarily in the Asia Pacific region. The bankers acceptance drafts, or guaranteed bank notes, have a contractual maturity of six months or less, and may be held by suppliers until maturity, transferred to their suppliers, or discounted with financial institutions in exchange for cash. The supplier financing obligations and guaranteed bank notes outstanding are recorded within Accounts payable in our Consolidated Interim Balance Sheet.

	September 30, 2024	December 31, 2023
(Dollars in millions)		
Supplier financing obligations outstanding with financial institutions	\$ 66	\$ 68
Guaranteed bank notes outstanding	161	193

Note 11. Accrued Liabilities

	September 30, 2024	December 31, 2023
(Dollars in millions)		
Customer pricing reserve	\$ 85	\$ 57
Compensation, benefit and other employee related	76	80
Repositioning	10	9
Product warranties and performance guarantees - short-term (Note 19)	17	18
Income and other taxes	31	42
Customer advances and deferred income ⁽¹⁾	18	15

Accrued interest	32	26
Short-term lease liability (Note 13)	11	9
Accrued freight	8	9
Designated and undesignated derivatives (Note 16)	13	12
Other (primarily operating expenses) ⁽²⁾	18	16
	<u>319</u>	<u>293</u>

(1) Customer advances and deferred income include \$9 million and \$9 million of contract liabilities as of September 30, 2024 and December 31, 2023, respectively. See Note 3, *Revenue Recognition and Contracts with Customers*.

(2) Includes \$6 million and \$5 million of environmental liabilities as of September 30, 2024 and December 31, 2023, respectively.

The Company accrues repositioning costs related to projects to optimize its product costs and right-size our organizational structure. Expenses related to the repositioning accruals are included in Cost of goods sold and Selling, general and administrative expenses in our Consolidated Interim Statements of Operations.

The following tables summarize the activity in our repositioning accrual:

	Severance Costs	Other Costs	Total
	(Dollars in millions)		
Balance at December 31, 2023	\$ 9	\$ —	\$ 9
Charges	16	—	16
Usage—cash	(15)	—	(15)
Balance at September 30, 2024	<u>\$ 10</u>	<u>\$ —</u>	<u>\$ 10</u>

	Severance Costs	Other Costs	Total
	(Dollars in millions)		
Balance at December 31, 2022	\$ 9	\$ —	\$ 9
Charges	13	2	15
Usage—cash	(10)	—	(10)
Non-cash asset write-offs	—	(2)	(2)
Balance at September 30, 2023	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ 12</u>

Note 12. Other Liabilities

	September 30, 2024	December 31, 2023
	(Dollars in millions)	
Income taxes	\$ 100	\$ 99
Designated and undesignated derivatives (Note 16)	27	20
Pension and other employee related	20	23
Long-term lease liability (Note 13)	39	33
Advanced discounts from suppliers	2	3
Product warranties and performance guarantees – long-term (Note 19)	9	9
Environmental remediation – long term	11	13
Long-term accounts payable	6	7
Other	8	11
	<u>222</u>	<u>218</u>

Note 13. Leases

We have operating leases that primarily consist of real estate, machinery, and equipment. As of September 30, 2024, the Company has not identified any material finance leases. Our leases have remaining lease terms of up to 15 years, some of which include options to extend the leases for up to two years, and some of which include options to terminate the leases within the year.

The components of lease expense are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Operating lease cost	\$ 4	\$ 4	\$ 11	\$ 12

Supplemental cash flow information related to operating leases is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash outflows from operating leases	\$ 4	\$ 3	\$ 10	\$ 10
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	1	—	10	2

Supplemental balance sheet information related to operating leases is as follows:

	September 30, 2024	December 31, 2023
		(Dollars in millions)
Other assets	\$ 48	\$ 40
Accrued liabilities	11	9
Other liabilities	39	33
	September 30, 2024	December 31, 2023
Weighted-average remaining lease term (in years)	7.18	8.08
Weighted-average discount rate	6.11 %	5.69 %

Maturities of operating lease liabilities as of September 30, 2024 were as follows:

	(Dollars in millions)
2024	\$ 5
2025	12
2026	10
2027	8
2028	7
Thereafter	20
Total lease payments	62
Less imputed interest	(12)
	<u>\$ 50</u>

Note 14. Long-term Debt and Credit Agreements

Long Term Debt

Senior Notes

On May 21, 2024, Garrett Motion Holdings Inc. and Garrett LX I S.à.r.l. (the "Issuers"), wholly owned subsidiaries of the Company, completed an offering of \$800 million in aggregate principal amount of 7.75% Senior Unsecured Notes due 2032 (the "2032 Senior Notes"). The 2032 Senior Notes mature on May 31, 2032. The Company incurred \$12 million of debt issuance costs, which have been capitalized and will be amortized on a straight-line basis.

The 2032 Senior Notes are guaranteed by the Company and each of the Company's wholly owned subsidiaries that guarantee obligations under the existing Credit Agreement (as defined below), subject to certain exceptions. The proceeds from the sale of the 2032 Senior Notes, together with cash on hand, were used to repay approximately \$800 million of term loan indebtedness, as described below, and to pay related fees and expenses.

Term Loans

On April 30, 2021, the Company entered into a credit agreement (as amended from time to time, the "Credit Agreement") with JPMorgan Chase Bank, N.A. as administrative agent. The Credit Agreement provided for the following long-term senior secured financing (collectively, the "Term Loan Facilities"):

- *2021 Dollar Term Facility*: a seven-year secured first-lien U.S. Dollar term loan facility for \$715 million;
- *2023 Dollar Term Facility*: a five-year secured first-lien U.S. Dollar term loan facility for \$500 million; and
- *Euro Term Facility*: a seven-year secured first-lien Euro term loan facility for €450 million.

In the nine months ended September 30, 2024, we made early debt repayments totaling \$985 million on our Euro Term Facility and our 2023 Dollar Term Facility. Both term loans were fully repaid as of September 30, 2024. The early repayments resulted in incremental amortization of debt issuance costs of \$27 million, included within Interest expense in the Consolidated Interim Statement of Operations.

On May 21, 2024, in addition to the above transactions, the Company entered into Amendment No. 4 (the "Fourth Amendment") and Amendment No. 5 (the "Fifth Amendment" and, together with the Fourth Amendment, the "Amendments") to the Credit Agreement (as amended by the Amendments, the "Amended Credit Agreement"). The Fourth Amendment (i) removed the credit spread adjustment with respect to certain US dollar denominated term loan borrowings that are Term Benchmark Loans (as defined in the Amended Credit Agreement) and (ii) reduced the Applicable Rate (as defined in the Amended Credit Agreement) on certain US dollar denominated term loans to 2.75% for Term Benchmark Loans and 1.75% for ABR Loans (as defined in the Amended Credit Agreement).

The Fifth Amendment increased the amount of revolving loan commitments available to the Company under the Credit Agreement by \$30 million ("Incremental Revolving Commitment") to an aggregate amount of \$600 million, as discussed below. The Incremental Revolving Commitment has the same terms and is subject to the same conditions applicable to revolving loans generally under the Amended Credit Agreement.

The principal outstanding and carrying amounts of our long-term debt as of September 30, 2024 and December 31, 2023 are as follows:

	Due	Interest Rate	September 30, 2024	December 31, 2023
2021 Dollar Term Facility	4/30/2028	SOFR plus 275 bps	\$ 693	\$ 693
2023 Dollar Term Facility	4/30/2028	SOFR plus 450 bps	—	500
Euro Term Facility	4/30/2028	EURIBOR plus 350 bps	—	497
2032 Senior Notes	5/31/2032	7.75%	800	—
Other			2	—
Total principal outstanding			1,495	1,690
Less: unamortized deferred financing costs			(24)	(46)
Less: current portion of long-term debt			(7)	(7)
Total long-term debt			\$ 1,464	\$ 1,637

Revolving Facility and Letters of Credit

The Amended Credit Agreement also provides for a senior secured first-lien revolving credit facility providing for multi-currency revolving loans (the “Revolving Facility”). The Revolving Facility matures on April 30, 2028 and has a maximum borrowing amount available of \$600 million.

Under the Revolving Facility, the Company may use up to \$125 million for the issuance of letters of credit to its subsidiaries. Letters of credit are available for issuance under the Amended Credit Agreement on terms and conditions customary for financings of this kind, which issuances reduce availability under the Revolving Facility. As of September 30, 2024, the Company had no loans outstanding under the Revolving Facility, no outstanding letters of credit, and available borrowing capacity of \$600 million.

Separate from the Revolving Facility, the Company has a bilateral letter of credit facility in the amount of \$15 million, which matures on April 30, 2026. As of September 30, 2024, the Company had \$12 million utilized and \$3 million of remaining available capacity under such facility.

Minimum scheduled principal repayments of long-term debt as of September 30, 2024 are as follow:

	September 30, 2024
	(Dollars in millions)
2024	\$ 2
2025	7
2026	7
2027	7
2028	672
Thereafter	800
Total debt payments	\$ 1,495

Interest Rates and Fees

The 2032 Senior Notes bear interest at a rate of 7.75% per annum. Interest on the 2032 Senior Notes is payable semi-annually in arrears on May 31 and November 30 of each year, commencing on November 30, 2024.

The 2021 Dollar Term Facility is subject to an interest rate, at our option, of either (a) an alternate base rate (“ABR”) (which shall not be less than 1.50%) or (b) an adjusted SOFR rate (“SOFR”) (which shall not be less than 0.50%), in each case, plus an applicable margin equal to 2.75% in the case of SOFR loans and 1.75% in the case of ABR loans.

The Revolving Facility is subject to an interest rate comprised of an applicable benchmark rate as provided under the Credit Agreement (which shall not be less than 1.00% if such benchmark is the ABR rate and not less than 0.00% in the case of other applicable benchmark rates) that is selected based on the currency in which borrowings are outstanding thereunder, in each case, plus an applicable margin that may vary based on our leverage ratio.

In addition to paying interest on outstanding borrowings under the Revolving Facility, we are also required to pay a quarterly commitment fee based on the average daily unused portion of the Revolving Facility during such quarter, which is determined by our leverage ratio and ranges from 0.25% to 0.50% per annum.

Certain Covenants

2032 Senior Notes

The 2032 Senior Notes contain certain covenants that limit the ability of the Company and its restricted subsidiaries to incur certain additional debt, incur certain liens securing debt, pay certain dividends or make other restricted payments, make certain investments, make certain asset sales, and enter into certain transactions with affiliates. These covenants are subject to a number of exceptions, limitations, and qualifications as set forth in the 2032 Senior Notes indenture. Additionally, the indenture contains certain change of control provisions that, under certain conditions, would require the Company to make an offer to repurchase all of the outstanding 2032 Senior Notes at a price equal to 101% of the aggregate principal amount, plus accrued and unpaid interest. The indenture also contains customary events of default.

Term Loans

The Amended Credit Agreement contains certain affirmative and negative covenants customary for financings of this type. The Revolving Facility also contains a financial covenant requiring the maintenance of a consolidated total leverage ratio of not greater than 4.7 times as of the end of each fiscal quarter if, on the last day of any such fiscal quarter, the aggregate amount of loans and letters of credit (excluding backstopped or cash collateralized letters of credit and other letters of credit with an aggregate face amount not exceeding \$30 million) outstanding under the Revolving Facility exceeds 35% of the aggregate commitments in effect thereunder on such date.

As of September 30, 2024, the Company was in compliance with all covenants under the 2032 Senior Notes indenture and Amended Credit Agreement.

Note 15. Equity

Preferred Stock

On April 12, 2023, the Company entered into separate definitive agreements with each of Centerbridge Partners, L.P. and funds managed by Oaktree Capital Management, L.P. to effect a series of integrated transactions (collectively, the "Transaction") designed to simplify the Company's capital structure by converting all outstanding Series A Preferred Stock into a single class of Common Stock, subject to certain conditions.

On June 6, 2023, the Company completed all steps of the Transaction and had no remaining shares of Series A Preferred Stock outstanding as of that date. Please refer to Note 21, *Equity*, to the Consolidated Financial Statements for the year ended December 31, 2023 included in our 2023 Form 10-K.

Treasury Stock

Treasury stock represents shares of the Company's Common Stock that have been issued and subsequently repurchased by the Company or withheld to satisfy withholding tax obligations in connection with equity award vestings, and that have not been retired or cancelled. The Company accounts for treasury stock under the cost method and includes treasury stock as a component of Equity (Deficit) on the Consolidated Interim Balance Sheet. The Company accounts for the reissuance of treasury stock using the average cost method. The Company did not reissue or retire any shares of treasury stock during the three and nine months ended September 30, 2024.

Share Repurchase Program

On February 12, 2024, the Board of Directors authorized a \$350 million share repurchase program valid until December 31, 2024. The Company may repurchase shares from time to time under the program through various methods, including in open market transactions, block trades, privately negotiated transactions, and otherwise. The timing, as well as the number and value of shares repurchased under the program, will depend on a variety of factors. The Company is not obligated to purchase any shares under the repurchase program, and the program may be suspended, modified, or discontinued at any time without prior notice. During the nine months ended September 30, 2024, the Company repurchased \$226 million of Common Stock, and had \$124 million remaining under the share repurchase program. The repurchased shares are held as treasury stock.

Note 16. Financial Instruments and Fair Value Measures

Our credit, market, and foreign currency risk management policies are described in Note 19, *Financial Instruments and Fair Value Measures*, to the Consolidated Financial Statements for the year ended December 31, 2023 included in our 2023 Form 10-K. As of September 30, 2024 and December 31, 2023, we had contracts with aggregate gross notional amounts of \$790 million and \$1,171 million, respectively, to hedge foreign currencies, principally the U.S. Dollar, Swiss Franc, British Pound, Euro, Chinese Yuan, Japanese Yen, Mexican Peso, New Romanian Leu, Czech Koruna, Australian Dollar, and Korean Won.

Fair Value of Financial Instruments

The FASB's accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Financial and nonfinancial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following table sets forth the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2024 and December 31, 2023:

	Notional Amounts		Fair Value			
			Assets		Liabilities	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
<i>Designated instruments:</i>						
Designated forward currency exchange contracts	\$ 369	\$ 456	\$ 3	\$ 11 ^(a)	\$ 10	\$ 6 ^(c)
Designated cross-currency swaps	1,515	1,015	24	37 ^(b)	24	17 ^(d)
Designated interest-rate swaps	—	200	—	—	—	—
Total designated instruments	1,884	1,671	27	48	34	23
<i>Undesignated instruments:</i>						
Undesignated interest rate swaps	502	917	13	46 ^(b)	3	3 ^(d)
Undesignated forward currency exchange contracts	421	715	1	1 ^(a)	2	6 ^(c)
Total undesignated instruments	923	1,632	14	47	5	9
Total designated and undesignated instruments	\$ 2,807	\$ 3,303	\$ 41	\$ 95	\$ 39	\$ 32

(a) Recorded within Other current assets

(b) Recorded within Other assets

(c) Recorded within Accrued liabilities

(d) Recorded within Other liabilities

Cash Flow Hedges

During 2023, the Company entered into float-to-fixed interest rate swap contracts with an aggregate notional amount of \$200 million and maturities in July 2024 and October 2024. The Company also entered into a float-to-fixed cross-currency swap contract comprised of an amortizing swap with an aggregate notional amount of €280 million (\$300 million) and notional exchanges in June 2026, June 2027, and June 2028. The interest rate swap and cross-currency swap contracts were early settled in 2024, resulting in net gains of \$18 million recorded to Interest expense and a \$4 million loss recorded to Non-operating expense in the Consolidated Interim Statement of Operations.

The Company also has outstanding forward currency exchange contracts with maturities up to 18 months and an aggregate notional amount of \$369 million and \$456 million as of September 30, 2024 and December 31, 2023, respectively. These forward currency exchange contracts have been designated as cash flow hedges to mitigate foreign currency exposures primarily on our inventory purchases and manufacturing costs. The gains and losses on the forward currency exchange contracts are recorded in Accumulated Other Comprehensive Income ("AOCI") and reclassified to Cost

of goods sold in the Consolidated Interim Statement of Operations when the underlying transactions are recognized in earnings.

In order to mitigate foreign currency risk on its 2032 Senior Notes, the Company entered into fixed-to-fixed cross-currency swap contracts with an aggregate notional amount of €507 million (\$550 million) and notional exchanges in May 2027, May 2028, May 2029, and May 2030. Changes in the fair value of the cross-currency swap contracts are recognized in AOCI and reclassified to Non-operating (income) expense in the Consolidated Interim Statement of Operations, based upon changes in the spot rate remeasurement of the underlying debt. The net interest settlements on the cross-currency swap contracts are recorded in Interest expense in the Consolidated Interim Statements of Operations.

All of the Company's cash flow hedges are assessed as highly effective. For the three months ended September 30, 2024 and 2023, the Company recorded a gain of \$4 million, net of tax, and a loss of \$2 million, net of tax, respectively, in Other comprehensive income. For the nine months ended September 30, 2024 and 2023, the Company recorded a gain of \$5 million, net of tax, and a loss of \$3 million, net of tax, respectively, in Other comprehensive income.

Net Investment Hedges

The Company has designated cross-currency swaps with aggregate notional amounts of €858 million (\$965 million) and €615 million (\$715 million) as of September 30, 2024 and December 31, 2023, respectively, as net investment hedges of its Euro-denominated operations. In April 2024, the Company re-coupled the cross-currency swap contracts and received a cash settlement of \$13 million. The fair values of the net investment hedges were net assets of \$10 million and \$37 million as of September 30, 2024 and December 31, 2023, respectively. Our Consolidated Interim Statements of Comprehensive Income include Changes in fair value of net investment hedges, net of tax, of a \$31 million loss and a \$20 million gain for the three months ended September 30, 2024 and 2023, respectively, and of a \$4 million loss and a \$18 million gain for the nine months ended September 30, 2024 and 2023, respectively. No ineffectiveness has been recorded on the net investment hedges.

Non-Designated Derivatives

As of September 30, 2024 and December 31, 2023, the Company has outstanding float-to-fixed interest rate swap contracts with an aggregate notional amount of €450 million (\$502 million) and €830 million (\$917 million), respectively, and maturities of October 2024, April 2025, April 2026, April 2027, and April 2028. Changes in the fair value of the undesignated interest rate swap contracts are recorded in Interest expense in the Consolidated Interim Statements of Operations. For the three months ended September 30, 2024 and 2023, the Company recorded losses of \$9 million and \$5 million, net of tax, respectively, in Non-operating (income) expense. For the nine months ended September 30, 2024 and 2023, the Company recorded losses of \$33 million and \$11 million, respectively, in Non-operating (income) expense.

The Company also has outstanding forward currency exchange contracts with maturities generally up to 3 months and an aggregate notional amount of \$421 million and \$715 million as of September 30, 2024 and December 31, 2023, respectively. These derivatives are not designated as hedging instruments and are adjusted to fair value through Non-operating (income) expense in the Consolidated Interim Statements of Operations. For the three months ended September 30, 2024 and 2023, the Company recorded a loss of \$5 million, net of tax, and a gain of \$4 million, respectively, in Interest expense. For the nine months ended September 30, 2024 and 2023, the Company recorded a gain of \$4 million, net of tax, and a loss of \$1 million, respectively, in Interest Expense.

Fair Value Measurement

The foreign currency exchange, interest rate swap and cross-currency swap contracts are valued using market observable inputs. As such, these derivative instruments are classified within Level 2. The assumptions used in measuring the fair value of the cross-currency swap are considered Level 2 inputs, which are based upon market-observable interest rate curves, cross-currency basis curves, credit default swap curves, and foreign exchange rates.

The carrying value of Cash, cash equivalents, and restricted cash, Account receivables and Notes and Other receivables contained in the Consolidated Interim Balance Sheet approximates fair value.

The following table sets forth the Company's financial assets and liabilities that were not carried at fair value:

	September 30, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(Dollars in millions)			
Term Loan Facilities	\$ 680	\$ 694	\$ 1,650	\$ 1,692
2032 Senior Notes	789	818	—	—

The Company determined the fair value of its Term Loan Facilities and related current maturities utilizing transactions in the listed markets for similar liabilities. As such, the fair value of the Term Loan Facilities and related current maturities is considered Level 2. The fair value of the 2032 Senior Notes was determined using quoted prices from daily exchange traded markets and is classified as a Level 1 measurement.

Note 17. Accumulated Other Comprehensive Income

The changes in AOCI by component are set forth below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Foreign Exchange Translation Adjustment				
Balance at beginning of period	\$ (39)	\$ (50)	\$ (57)	\$ (44)
Other comprehensive (loss) income before reclassifications	(30)	14	(7)	8
Amounts reclassified from AOCI	—	—	(5)	—
Balance at end of period	(69)	(36)	(69)	(36)
Pension Adjustments				
Balance at beginning of period	(17)	(18)	(20)	(18)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	1	—	4	—
Balance at end of period	(16)	(18)	(16)	(18)
Changes in Fair Value of Effective Cash Flow Hedges				
Balance at beginning of period	(1)	12	(2)	13
Other comprehensive (loss) income before reclassifications ⁽²⁾	(19)	3	(1)	17
Amounts reclassified from AOCI, net	23	(5)	6	(20)
Balance at end of period	3	10	3	10
Changes in Fair Value of Net Investment Hedges				
Balance at beginning of period	103	83	76	85
Other comprehensive (loss) income before reclassifications, net ⁽³⁾	(31)	20	(4)	18
Balance at end of period	72	103	72	103
Accumulated other comprehensive income, end of period	\$ (10)	\$ 59	\$ (10)	\$ 59

(1) There were no income tax effects for the three and nine months ended September 30, 2024 and 2023.

- (2) Net of tax expense (benefit) of \$(14) million and \$2 million for the three months ended September 30, 2024 and 2023, respectively and \$(8) million and \$4 million for the nine months ended September 30, 2024 and 2023, respectively.
- (3) Net of tax expense (benefit) of \$(4) million and \$4 million for the three months ended September 30, 2024 and 2023, respectively, and \$2 million and \$(2) million for the nine months ended September 30, 2024 and 2023, respectively.

Reclassifications from AOCI to income were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(Dollars in millions)				
Foreign Exchange Translation Adjustment				
Reclassification adjustments recognized in income ⁽¹⁾	\$ —	\$ —	\$ (5)	\$ —
Amounts reclassified from AOCI	—	—	(5)	—
Changes in Fair Value of Effective Cash Flow Hedges				
Reclassification forward currency exchange contracts to Cost of goods sold	\$ 1	\$ (6)	\$ (3)	\$ (21)
Reclassification cross-currency swaps to Interest expense	1	(1)	—	(1)
Reclassification cross-currency swaps to Non-operating (income) expense	23	(1)	10	3
Tax effect on reclassification to income	(2)	3	(1)	(1)
Amounts reclassified from AOCI, net	23	(5)	6	(20)
Total reclassifications for the period	\$ 23	\$ (5)	\$ 1	\$ (20)

(1) Cumulative translation losses reclassified to Net income related to the sale of an equity interest in an unconsolidated joint venture. See Note 21 for discussion.

Note 18. Earnings Per Share

For the three and nine months ended September 30, 2024, as well as the three months ended September 30, 2023, basic earnings per share ("EPS") is computed using the weighted-average number of common shares outstanding during the period.

For the nine months ended September 30, 2023, basic earnings per share was calculated using the two-class method because our Series A Preferred Stock was considered a participating security prior to its conversion into Common Stock and cancellation pursuant to the Transaction. The two-class method requires an allocation of earnings to all securities that participate in dividends with common shares, which included our Series A Preferred Stock, to the extent that each such security may share in the entity's earnings. Basic earnings per share are then calculated by dividing undistributed earnings allocated to common stock by the weighted average number of common shares outstanding for the period.

Diluted earnings per share for the three and nine months ended September 30, 2024, as well as the three months ended September 30, 2023, is calculated based on the weighted-average number of common shares outstanding for the period plus the dilutive effect of common stock equivalents using the treasury stock method. Diluted earnings per share for the nine months ended September 30, 2023 is calculated using the more dilutive of the two-class or if-converted methods. The two-class method uses net income available to common shareholders and assumes conversion of all potential shares other than the participating securities. The if-converted method uses net income and assumes conversion of all potential shares including the participating securities.

The details of the EPS calculations for the three and nine months ended September 30, 2024 and 2023 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(Dollars in millions except per share)				
Basic earnings per share:				
Net income	\$ 52	\$ 57	\$ 182	\$ 209
Less: preferred stock dividend	—	—	—	(80)
Less: preferred stock deemed dividends	—	—	—	(232)
Net income (loss) available to common shareholders	\$ 52	\$ 57	\$ 182	\$ (103)
Weighted average common shares outstanding - Basic	217,283,749	250,888,716	226,057,803	141,745,701
EPS – Basic	\$ 0.24	\$ 0.23	\$ 0.80	\$ (0.73)
Diluted earnings per share:				
<i>Method used:</i>				<i>Two-class</i>
Weighted average common shares outstanding - Basic	217,283,749	250,888,716	226,057,803	141,745,701
Dilutive effect of unvested RSUs and other contingently issuable shares	1,119,932	1,493,003	1,591,944	—
Weighted average common shares outstanding – Diluted	218,403,681	252,381,719	227,649,747	141,745,701
EPS – Diluted	\$ 0.24	\$ 0.23	\$ 0.80	\$ (0.73)

For the periods where a net loss attributable to common shareholders is present, dilutive securities have been excluded from the calculation of diluted net loss per share attributable to common stockholders as including them would have been anti-dilutive. For the nine months ended September 30, 2023, the weighted-average number of unvested RSUs and other contingently issuable shares excluded from the computations was 1,349,442 shares.

Note 19. Commitments and Contingencies

Securities Litigation

In 2020, various securities class action complaints were filed against Garrett Motion Inc. and certain current and former Garrett officers and directors in the United States District Court for the Southern District of New York asserting claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, for alleged securities fraud and control person liability. In March 2022, the trial court dismissed with prejudice the claims against certain of the defendants, and in March 2023, the trial court dismissed with prejudice all remaining claims. In April 2023, the plaintiffs appealed the trial court's decision to the United States Court of Appeals for the Second Circuit. In April 2024, the Second Circuit affirmed dismissal of the claims, and the deadline for further appeals has passed.

Brazilian Tax Matter

In September 2020, the Brazilian tax authorities issued an infraction notice against Garrett Motion Industria Automotiva Brasil Ltda, challenging the use of certain tax credits ("Beflex Credits") between January 2017 and February 2020. The infraction notice results in a loss contingency that may or may not ultimately be incurred by the Company. The estimated total amount of the contingency as of September 30, 2024 was \$24 million, including penalties and interest. The Company believes, based on management's assessment and the advice of external legal counsel, that it has meritorious arguments in connection with the infraction notice and any liability for the infraction notice is currently not probable. Accordingly, no accrual is required at this time.

Warranties and Guarantees

In the normal course of business, we issue product warranties and product performance guarantees. We accrue for the estimated cost of product warranties and performance guarantees based on contract terms and historical experience at the

time of sale to the customer. Adjustments to initial obligations for warranties and guarantees are made as changes to the obligations become reasonably estimable. Product warranties and product performance guarantees are included in Accrued liabilities and Other liabilities. The following table summarizes information concerning our recorded obligations for product warranties and product performance guarantees.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Warranty and product performance guarantees at beginning of period	\$ 25	\$ 27	\$ 27	\$ 28
Accruals for warranties/guarantees issued during the period	3	2	8	8
Settlement of warranty/guarantee claims	(4)	(2)	(10)	(9)
Foreign currency translation	1	(1)	—	(1)
Warranty and product performance guarantees at end of period	<u>\$ 25</u>	<u>\$ 26</u>	<u>\$ 25</u>	<u>\$ 26</u>

Other Commitments and Contingencies

We are subject to other lawsuits, investigations, and disputes arising out of the conduct of our business, including matters relating to commercial transactions, government contracts, product liability, prior acquisitions and divestitures, employee benefit plans, intellectual property, and environmental, health and safety matters. We recognize a liability for any contingency that is probable of occurring and reasonably estimable. We continually assess the likelihood of adverse judgments of outcomes in these matters, as well as potential ranges of possible losses (taking into consideration any insurance recoveries), based on a careful analysis of each matter with the assistance of outside legal counsel and, if applicable, other experts.

Note 20. Pension Benefits

We sponsor several funded U.S. and non-U.S. defined benefit pension plans. Significant plans outside the U.S. are in Switzerland and Ireland. Other pension plans outside the U.S. are not material to the Company, either individually or in the aggregate.

Our general funding policy for qualified defined benefit pension plans is to contribute amounts at least sufficient to satisfy regulatory funding standards. We are not required to make any contributions to our U.S. pension plan in 2024. We expect to make contributions of cash and/or marketable securities of approximately \$7 million to our non-U.S. pension plans to satisfy regulatory funding standards in 2024, of which \$5 million has been contributed as of September 30, 2024.

Net periodic benefit costs for our significant defined benefit plans include the following components:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	U.S. Plans		Non-U.S. Plan		U.S. Plans		Non-U.S. Plan	
	2024	2023	2024	2023	2024	2023	2024	2023
	(Dollars in millions)							
Service cost	\$ —	\$ —	\$ 2	\$ 1	\$ —	\$ —	\$ 5	\$ 4
Interest cost	2	2	1	1	6	6	3	4
Expected return on plan assets	(2)	(2)	(2)	(2)	(6)	(6)	(6)	(6)
Amortization of prior service (credit)	—	—	—	—	—	—	(1)	(1)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 1</u>

For both our U.S. and non-U.S. defined benefit pension plans, we estimate the service and interest cost components of net periodic benefit (income) cost by utilizing a full yield curve approach in the estimation of these cost components by applying the specific spot rates along the yield curve used in the determination of the pension benefit obligation to their underlying projected cash flows. This approach provides a more precise measurement of service and interest costs by improving the correlation between projected cash flows and their corresponding spot rates.

Note 21. Acquisitions and Divestitures

On April 3, 2024, the Company divested its equity interest in an unconsolidated joint venture for approximately \$58 million, subject to customary debt and working capital adjustments. We received cash consideration on the divestiture date of \$46 million, with an additional \$7 million to be received in two equal installments due twelve months and thirty-six months from the divestiture date. A pre-tax gain of \$27 million was recognized related to this divestiture, including \$5 million of cumulative translation losses reclassified from AOCI to Net income. Transaction fees of \$1 million were incurred in connection with the divestiture and are included in Selling, general, and administrative expenses in our Consolidated Interim Statement of Operations.

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

The following discussion and analysis of our financial condition and results of operations, which we refer to as our "MD&A," should be read in conjunction with our Consolidated Interim Financial Statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q as well as the audited annual Consolidated Financial Statements for the year ended December 31, 2023, included in our 2023 Form 10-K. Some of the information contained in this MD&A or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve various risks and uncertainties. Please refer to the "Special Note Regarding Forward-Looking Statements" below.

The following MD&A is intended to help you understand the results of operations and financial condition of Garrett Motion Inc. for the three and nine months ended September 30, 2024.

Executive Summary

During the third quarter of 2024, we were exposed to challenges within the light vehicle (diesel and gasoline) vertical, including industry softness in Europe and China, competitive pressure faced by global OEMs and short-term headwinds from customer vehicle platform mix. In response, we efficiently adjusted our variable cost structure and proactively implemented sustainable cost actions to drive operational performance. This enabled us to achieve Net income of \$52 million and Adjusted EBITDA of \$144 million for the quarter.

We continue to achieve success in our turbocharging, hybrid, and zero-emission technology applications. This quarter, we secured significant industrial contracts in the marine and power generation sectors with our large-size turbochargers. Additionally, we received a letter of intent for our E-Powertrain from a major truck manufacturer in the commercial vehicle industry. Our E-Cooling technology won further pre-development awards from an electric bus manufacturer and we were awarded new series production awards for use of our Fuel Cell technologies for commercial vehicle application.

For the three and nine months ended September 30, 2024, we repurchased \$52 million and \$226 million, respectively, of Common Stock under our share repurchase program. As of September 30, 2024, we had \$124 million of the authorized amount remaining under our share repurchase program.

As previously disclosed, on April 3, 2024, we divested our equity interest in an unconsolidated joint venture for approximately \$58 million, subject to customary debt and working capital adjustments. We received cash consideration on the divestiture date of \$46 million, with an additional \$7 million still to be received, and recognized a gain of \$27 million related to this divestiture.

Also as previously disclosed, during the second quarter, we completed an offering of \$800 million in aggregate principal amount of 7.75% 2032 Senior Notes and made early debt repayments totaling \$985 million on our Euro Term Facility and 2023 Dollar Term Facility, both of which were fully repaid as of June 30, 2024.

Disaggregated Revenue

The following tables show our revenues by geographic region and product line for the three and nine months ended September 30, 2024 and 2023, respectively.

By Region

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	(Dollars in millions)							
United States	\$ 178	22%	\$ 203	21%	\$ 530	20%	\$ 566	19%
Europe	376	46%	436	45%	1,279	49%	1,427	49%
Asia	252	30%	305	32%	767	29%	896	30%
Other	20	2%	16	2%	55	2%	52	2%
Total	<u>\$ 826</u>		<u>\$ 960</u>		<u>\$ 2,631</u>		<u>\$ 2,941</u>	

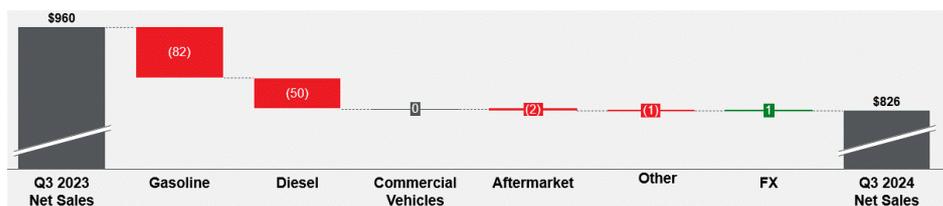
By Product Line

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	(Dollars in millions)							
Diesel	\$ 180	22%	\$ 229	24%	\$ 641	24%	\$ 751	26%
Gas	360	43%	441	46%	1,123	43%	1,299	44%
Commercial Vehicle	155	19%	156	16%	477	18%	507	17%
Aftermarket	117	14%	118	12%	350	13%	342	12%
Other	14	2%	16	2%	40	2%	42	1%
Total	<u>\$ 826</u>		<u>\$ 960</u>		<u>\$ 2,631</u>		<u>\$ 2,941</u>	

Results of Operations for the Three and Nine Months Ended September 30, 2024

Net Sales

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Net sales	\$ 826	\$ 960	\$ 2,631	\$ 2,941
% change compared with prior period	(14.0)%		(10.5)%	



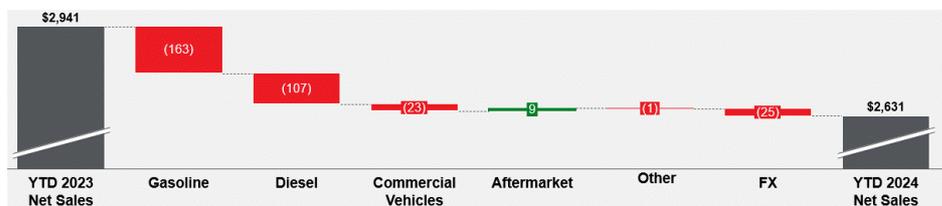
For the three months ended September 30, 2024, net sales compared to prior year decreased by \$134 million or 14% (including a favorable impact of \$1 million or 0% due to foreign currency translation primarily driven by higher Euro-to-US dollar). This decrease was primarily driven by lower sales in gasoline and diesel applications due to industry softness in Europe and China, competitive pressure on global OEMs and short-term customer vehicle platform mix impacts. Net sales also decreased due to pricing, net of inflation pass-through, driven by commodity deflation, partially offset by favorable product mix.

Gasoline product sales decreased by \$81 million or 19% (including a favorable impact of \$1 million or 0% due to foreign currency translation), primarily driven by lower demand in China and North America, partially offset by sustained demand in the rest of Asia and South America.

Diesel product sales decreased by \$49 million or 21% (including a favorable impact of \$1 million or 1% due to foreign currency translation), primarily driven by lower passenger vehicle sales in Europe, partially offset by sustained demand for pickup truck in South America.

Commercial vehicle sales are consistent year over year (with no foreign currency translation impact), primarily driven by construction and agriculture industry softness, offset by strong demand and favorable product mix in China with natural gas programs applications.

Aftermarket sales decreased by \$1 million or 1% (including a favorable impact of \$1 million or 0% due to foreign currency translation), primarily due to softer sales in North America, partially offset by favorable aftermarket conditions and demand for replacement parts in Asia and Europe.



For the nine months ended September 30, 2024, net sales compared to prior year decreased by \$310 million or 11% (including an unfavorable impact of \$25 million or 1% due to foreign currency translation primarily driven by lower Chinese Yuan-to-US dollar and Japanese Yen-to-US dollar exchange rates, partially offset by higher Euro-to-US dollar exchange rates) primarily due to demand softness in gasoline, diesel, and commercial vehicle applications across all regions and pricing decreases, net of inflation pass-through, driven by commodity deflation, partially offset by higher demand for replacement parts on aftermarket sales and favorable product mix.

Gasoline product sales decreased by \$176 million or 14% (including an unfavorable impact of \$13 million or 1% due to foreign currency translation), primarily driven by soft demand in China and North America partially offset by program ramp-ups in Europe, Japan, and India.

Diesel product sales decreased by \$110 million or 15% (including an unfavorable impact of \$3 million or 1% due to foreign currency translation), primarily driven by passenger vehicles in Europe, partially offset by sustained demand for pickup trucks in North and South America.

Commercial vehicle sales decreased by \$30 million or 6% (including an unfavorable impact of \$7 million or 1% due to foreign currency translation), primarily driven by construction and agriculture industry softness due to high interest rates and lower crop prices, partially offset by sustained demand in the on-highway industry, especially in China, with natural gas programs applications.

Aftermarket sales increased by \$8 million or 2% (including an unfavorable impact of \$1 million or 1% due to foreign currency translation), primarily due to favorable aftermarket conditions and continued high demand for replacement parts in Europe, China, and North America, partially offset by softer sales in other Asian countries.

Cost of Goods Sold and Gross Profit

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Cost of goods sold	\$ 660	\$ 784	\$ 2,108	\$ 2,374
% change compared with prior period	(15.8)%		(11.2)%	
Gross profit percentage	20.1 %	18.3 %	19.9 %	19.3 %

	Cost of Goods Sold		Gross Profit	
	(Dollars in millions)			
Cost of Goods Sold / Gross Profit for the three months ended September 30, 2023	\$	784	\$	176
<i>Increase/(decrease) due to:</i>				
Volume		(113)		(46)
Product mix		32		10
Price, net of inflation pass-through		—		(13)
Commodity, transportation & energy inflation		(16)		16
Productivity, net		(38)		33
Research & development		6		(6)
Foreign exchange rate impacts		5		(4)
Cost of Goods Sold / Gross Profit for the three months ended September 30, 2024	\$	660	\$	166

For the three months ended September 30, 2024, cost of goods sold decreased by \$124 million, primarily driven by \$113 million of lower sales volumes, \$16 million of commodity, transportation, and energy deflation, and \$38 million of productivity, net of labor inflation. These decreases were partially offset by \$32 million of unfavorable product mix, \$6 million of higher R&D costs, reflecting Garrett's continued investment in new technologies, and \$5 million from foreign currency impacts.

For the three months ended September 30, 2024, gross profit decreased by \$10 million, primarily driven by \$46 million of lower sales volumes, \$13 million from commodity deflation impacts on pricing, net of inflation pass-through, \$6 million of higher R&D costs, and \$4 million from foreign currency impacts. These decreases were partially offset by \$16 million of commodity, transportation, and energy deflation, \$33 million of productivity, net of labor inflation, and \$10 million of favorable product mix.

	Cost of Goods Sold		Gross Profit	
	(Dollars in millions)			
Cost of Goods Sold / Gross Profit for the nine months ended September 30, 2023	\$	2,374	\$	567
<i>Increase/(decrease) due to:</i>				
Volume		(220)		(92)
Product mix		75		1
Price, net of inflation pass-through		—		(51)
Commodity, transportation & energy inflation		(60)		60
Productivity, net		(67)		69
Research & development		10		(10)
Foreign exchange rate impacts		(4)		(21)
Cost of Goods Sold / Gross Profit for the nine months ended September 30, 2024	\$	2,108	\$	523

For the nine months ended September 30, 2024, cost of goods sold decreased by \$266 million, primarily driven by lower sales volumes of \$220 million, \$60 million of commodity, transportation, and energy deflation, \$67 million of productivity, net of labor inflation and repositioning costs, and \$4 million from foreign currency impacts. These decreases were partially offset by \$75 million unfavorable product mix and \$10 million of higher R&D costs, reflecting Garrett's continued investment in new technologies.

For the nine months ended September 30, 2024, gross profit decreased by \$44 million, primarily driven by \$92 million of lower sales volumes, \$51 million from commodity deflation impact on pricing net of inflation pass-through, \$21 million favorable foreign currency impact, and \$10 million of higher R&D costs. These decreases were partially offset by \$60 million of commodity, transportation, and energy deflation and \$69 million of higher productivity, net of labor inflation and repositioning costs and \$1 million of favorable product mix.

Selling, General and Administrative Expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Selling, general and administrative expense	\$ 53	\$ 59	\$ 178	\$ 178
% of sales	6.4 %	6.1 %	6.8 %	6.1 %

Selling, general and administrative (“SG&A”) expenses for the three months ended September 30, 2024 decreased by \$6 million compared with the prior year, mainly driven by \$5 million of lower professional service and legal fees, \$2 million of lower bad debt expense and \$2 million of lower IT-related costs. These decreases were partially offset by \$2 million of higher repositioning costs and \$1 million of unfavorable foreign exchange impact.

SG&A expenses for the nine months ended September 30, 2024 were consistent with the prior year. Year over year variances are primarily related to \$5 million of higher stock-based compensation expense and \$2 million of higher repositioning costs. These increases were offset by \$6 million of lower professional service and legal fees and \$2 million of lower IT-related costs. SG&A expenses also increased due to \$1 million of unfavorable exchange impact.

Interest Expense

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Interest expense	\$ 37	\$ 48	\$ 130	\$ 104

For the three months ended September 30, 2024, interest expense decreased by \$11 million compared to the prior year, primarily driven by \$10 million lower of debt issuance cost amortization and \$9 million of lower interest expense due to a different notional amount of debt outstanding during the period. In addition, we recorded \$4 million of gains on our interest derivatives in the current year, in comparison to \$7 million of gains in the prior year. We also recognized \$9 million of marked-to-market remeasurement losses during the three months ended September 30, 2024 on our undesignated interest rate swap contracts, in comparison to \$5 million of marked-to-market remeasurement losses in the prior year.

For the nine months ended September 30, 2024, interest expense increased by \$26 million compared to the prior year, primarily driven by \$17 million of higher accelerated debt issuance cost amortization, and \$10 million of higher interest expense related to our 2032 Senior Notes partially offset by lower interest expense related to our 2023 Dollar Term Facility. In addition, we recorded \$23 million of gains, net of settlements of \$18 million, on our interest derivatives in the current year, in comparison to \$18 million of gains in the prior year. We also recognized \$33 million of marked-to-market remeasurement losses during the nine months ended September 30, 2024 on our undesignated interest rate swap contracts, in comparison to \$12 million of marked-to-market remeasurement losses in the prior year.

Non-operating (income) expense

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Non-operating (income) expense	\$ (1)	\$ (2)	\$ (7)	\$ 3

For the three months ended September 30, 2024, we had non-operating income of \$1 million versus \$2 million in the prior year, primarily driven by lower equity income due to the sale of an equity interest in an unconsolidated joint venture.

For the nine months ended September 30, 2024, we had non-operating income of \$7 million versus an expense of \$3 million in the prior year, primarily driven by foreign exchange transactional gains, partially offset by \$2 million of lower equity income due to the sale of an equity interest in an unconsolidated joint venture.

Tax Expense

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Tax expense	\$ 24	\$ 13	\$ 62	\$ 70
Effective tax rate	31.6 %	18.6 %	25.4 %	25.1 %

The effective tax rates for the three months ended September 30, 2024 and 2023 were 31.6% and 18.6%, respectively. The effective tax rates for the nine months ended September 30, 2024 and 2023 were 25.4% and 25.1%, respectively.

The change in the effective tax rate for the three months ended September 30, 2024 compared to the prior period is primarily related to global mix of earnings, partially offset by adjustments to tax reserves due to expiration of statute of limitations.

The change in the effective tax rate for the nine months ended September 30, 2024 compared to the prior period is primarily related to global mix of earnings and tax expense related to the sale of an equity interest in an unconsolidated joint venture, partially offset by reversal of tax reserves and lower non-deductible transaction costs.

In January 2019, the Organization for Economic Co-operation and Development (“OECD”) announced further work in continuation of its Base Erosion and Profit Shifting project, focusing on two “pillars.” Pillar One provides a framework for the reallocation of certain residual profits of multinational enterprises to market jurisdictions where goods or services are used or consumed. Pillar Two consists of two interrelated rules referred to as Global Anti-Base Erosion (“GloBE”) Rules, which operate to impose a minimum tax rate of 15% calculated on a jurisdictional basis. On December 20, 2021, the OECD published GloBE model rules and released multiple rounds of commentary on those rules over the subsequent months. More than 135 OECD member countries have agreed to the key parameters of the model rules, which allow those OECD member countries to begin implementing the GloBE rules in a manner consistent with the agreement reached. The rules were adopted by a number of countries, with an effective date for fiscal years beginning after December 31, 2023.

We do not expect that Pillar One will have an impact on our operations or effective tax rate. Based on currently enacted legislation, we do not expect Pillar Two to have a material impact to our 2024 effective tax rate. However, further enactment of legislation by countries in which we do business could have an impact on our 2024 effective tax rate.

The effective tax rate can vary from quarter to quarter due to changes in the Company’s global mix of earnings, the resolution of income tax audits, changes in tax laws (including updated guidance on U.S. tax reform), deductions related to employee share-based payments, internal restructurings, and pension mark-to-market adjustments.

Net Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Net income	\$ 52	\$ 57	\$ 182	\$ 209
Net income margin	6.3 %	5.9 %	6.9 %	7.1 %

Net income for the three months ended September 30, 2024 decreased by \$5 million compared with the prior year, primarily due to \$10 million of decreased gross profit and \$11 million of higher tax expense. These decreases were partially offset by \$11 million of lower interest expense and \$6 million of lower SG&A expense.

Net income for the nine months ended September 30, 2024 decreased by \$27 million compared with the prior year, primarily due to \$44 million of decreased gross profit and \$26 million of higher interest expense. These decreases were partially offset by a \$27 million gain on the sale of an equity interest in an unconsolidated joint venture, \$10 million of higher non-operating income, and \$8 million of lower tax expense.

Non-GAAP Measures

It is management's intent to provide non-GAAP financial information to supplement the understanding of our business operations and performance, and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the most directly comparable GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. The non-GAAP financial information presented may be determined or calculated differently by other companies and may not be comparable to other similarly titled measures used by other companies. Additionally, the non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, an analysis of the Company's operating results as reported under GAAP.

EBITDA and Adjusted EBITDA

We evaluate performance on the basis of EBITDA and Adjusted EBITDA. We define "EBITDA" as our net income calculated in accordance with U.S. GAAP, plus the sum of interest expense net of interest income, tax expense and depreciation. We define "Adjusted EBITDA" as EBITDA, plus the sum of stock compensation expense, repositioning costs, foreign exchange (gain) loss on debt net of related hedging gains, discounting costs on factoring, gain on sale of equity investment, acquisition and divestiture expenses, other non-operating income, capital structure transformation expenses, debt refinancing and redemption costs, net reorganization items and loss on extinguishment of debt (if any). Adjusted EBITDA now also adjusts for acquisition and divestiture expenses, and debt refinancing and redemption costs, but no adjustments were made to the prior period as there were no similar adjustments in the prior periods. We believe that EBITDA and Adjusted EBITDA are important indicators of operating performance and provide useful information for investors because:

- EBITDA and Adjusted EBITDA exclude the effects of income taxes, as well as the effects of financing and investing activities by eliminating the effects of interest and depreciation expenses and therefore more closely measure our operational performance; and
- certain adjustment items, while periodically affecting our results, may vary significantly from period to period and have disproportionate effect in a given period, which affects the comparability of our results.

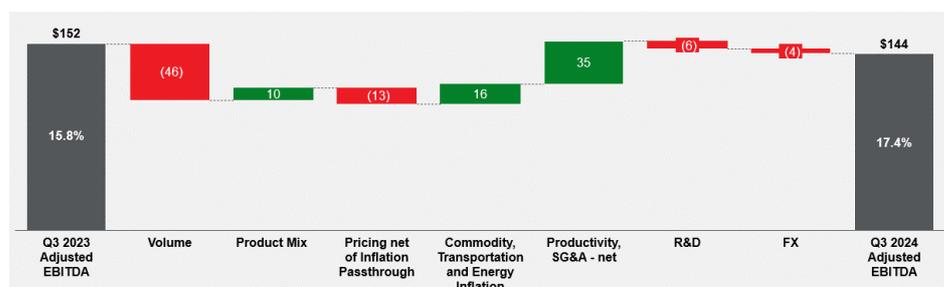
In addition, our management may use Adjusted EBITDA in setting performance incentive targets to align performance measurement with operational performance.

The following table reconciles Net income under GAAP to EBITDA and Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)			
Net income	\$ 52	\$ 57	\$ 182	\$ 209
Interest expense, net of interest income ⁽¹⁾	37	47	127	98
Tax expense	24	13	62	70
Depreciation	23	23	67	66
EBITDA	136	140	438	443
Stock compensation expense ⁽²⁾	4	4	17	12
Repositioning costs ⁽³⁾	4	6	16	14
Foreign exchange gain on debt, net of related hedging loss	—	—	(1)	—
Discounting costs on factoring	1	1	3	3
Gain on sale of equity investment	—	—	(27)	—
Other non-operating income ⁽⁴⁾	(1)	(1)	(4)	(4)
Acquisition and divestiture expenses ⁽⁵⁾	—	—	1	—
Capital structure transformation expenses ⁽⁶⁾	—	2	—	22
Debt refinancing and redemption costs ⁽⁷⁾	—	—	2	—
Adjusted EBITDA	\$ 144	\$ 152	\$ 445	\$ 490

- (1) Reflects interest income of \$0 million and \$1 million for the three months ended September 30, 2024 and 2023, respectively, and \$3 million and \$6 million for the nine months ended September 30, 2024 and 2023, respectively.
- (2) Stock compensation expense includes only non-cash expenses.
- (3) Repositioning costs includes severance costs related to restructuring projects to improve future productivity.
- (4) Reflects the non-service component of net periodic pension income.
- (5) Reflects the incremental third-party costs incurred for the sale of an equity interest in an unconsolidated joint venture.
- (6) Reflects the third-party incremental costs that were directly attributable to the transformation of the Company's capital structure through the partial repurchase and subsequent conversion of the remaining outstanding Series A Preferred Stock into a single class of common stock in June 2023.
- (7) Reflects the third-party costs directly attributable to the repricing of our 2021 Dollar Term Facility.

Adjusted EBITDA for the Three Months Ended September 30, 2024



For the three months ended September 30, 2024, net income decreased by \$5 million versus the prior year as discussed above within *Results of Operations for Three and Nine Months Ended September 30, 2024*.

Adjusted EBITDA decreased by \$8 million compared to the prior year, mainly due to lower volumes, as discussed above, commodity deflation impact on pricing net of inflation pass-through as well as unfavorable foreign exchange impacts. These decreases were partially offset by strong operational performance through productivity, net of labor inflation, as well as commodity, transportation, and energy deflation, and a favorable product mix.

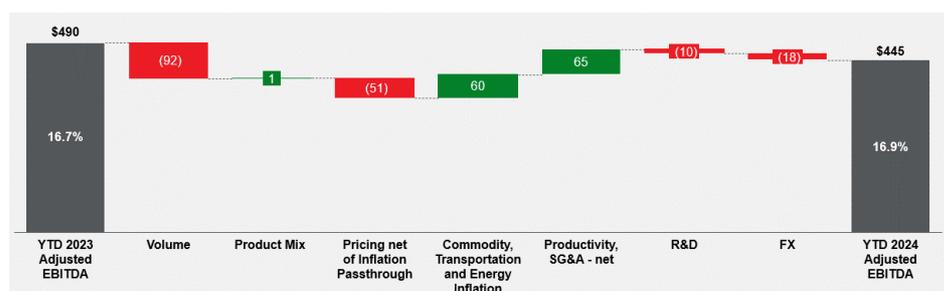
During the three months ended September 30, 2024, we saw soft demand for gasoline and diesel, driven by regional industry and customer mix headwinds, partially offset by favorable demand in aftermarket for replacement parts. Net sales also decreased due to pricing, net of inflation pass-through, driven by commodity deflation.

The increased productivity from our ability to flex our variable cost structure, while driving sustained fixed cost productivity, was partially offset by year-over-year labor inflation and lower equity income following prior quarter's sale of an equity interest in an unconsolidated joint venture.

R&D expenses increased \$6 million, reflecting our continued investment in new technologies and increased hiring to accelerate growth in the zero emission technologies.

Losses in foreign currency from translational, transactional, and hedging effects in the three months ended September 30, 2024, primarily driven by lower Euro-to-US dollar, Chinese Yuan-to-US dollar and Japanese Yen-to-US dollar exchange rates versus the prior year period, accounted for a \$4 million decrease in Adjusted EBITDA.

Adjusted EBITDA for the Nine Months Ended September 30, 2024



For the nine months ended September 30, 2024, net income decreased by \$27 million versus the prior year as discussed above within *Results of Operations for Three and Nine Months Ended September 30, 2024*.

Adjusted EBITDA decreased by \$45 million compared to the prior year, mainly due to soft demand across all product lines except aftermarket, pricing net of inflation pass-through, and unfavorable foreign exchange impacts. These decreases were partially offset by strong operational performance through productivity, net of labor inflation, as well as commodity, transportation, and energy deflation.

During the nine months ended September 30, 2024, we saw demand softness for gasoline, diesel, and commercial vehicle applications, driven by challenging regional dynamics and customer mix headwinds, partially offset by favorable demand in aftermarket for replacement parts. Net sales also decreased due to pricing decreases, net of inflation pass-through, driven by commodity price decreases.

The increased productivity from our ability to flex our variable cost structure while driving sustained fixed cost productivity was partially offset by year-over-year labor inflation.

R&D expenses increased \$10 million, reflecting our continued investment in new technologies and increased hiring to accelerate growth in the zero emission technologies.

Losses in foreign currency from translational, transactional, and hedging effects in the nine months ended September 30, 2024, primarily driven by lower Chinese Yuan-to-US dollar and Japanese Yen-to-US dollar exchange rates and partially offset by higher Euro-to-US dollar exchange rates versus the prior year period, accounted for a \$18 million decrease in Adjusted EBITDA.

Liquidity and Capital Resources

Overview

	September 30, 2024	December 31, 2023
	(Dollars in millions)	
Cash and cash equivalents	\$ 96	\$ 259
Restricted cash	1	1
Revolving Facility - available borrowing capacity	600	570
Revolving Facility - borrowings or letters of credit outstanding	—	—
Term Loan Facilities - principal outstanding	693	1,696
Senior Notes - principal outstanding	800	—
Bilateral letter of credit facility - available capacity	3	3
Bilateral letter of credit facility - utilized capacity	12	12

On May 21, 2024, our wholly owned subsidiaries, Garrett Motion Holdings Inc. and Garrett LX I S.a.r.l., completed an offering of \$800 million in aggregate principal amount of the 2032 Senior Notes. The 2032 Senior Notes mature on May 31, 2032 and bear interest at a rate of 7.75% per annum. We incurred \$12 million of debt issuance costs, which have been capitalized and will be amortized on a straight-line basis.

On May 21, 2024, we also entered into the Fourth and Fifth Amendments to the Credit Agreement, which (i) removed the credit spread adjustment with respect to certain US dollar denominated term loan borrowings that are Term Benchmark Loans, (ii) reduced the Applicable Rate on certain US dollar denominated term loans to 2.75% for Term Benchmark Loans and 1.75% for ABR Loans, and (iii) increased the maximum borrowings available under the Revolving Facility by \$30 million. During the nine months ended September 30, 2024, we repaid \$500 million on our 2023 Dollar Term Facility, \$485 million (€450 million) on our Euro Term Facility and \$6 million on our 2021 Dollar Term Facility.

We employ several means to manage our liquidity, and our sources of financing include cash flows from operations, cash and cash equivalents, the 2032 Senior Notes, our Term Loan Facilities, and our Revolving Facility. We expect to continue investing in our facilities as we expand our manufacturing capacity for new product launches and invest in new technologies and strategic growth opportunities, in particular in the electrification of drivetrains. We believe the combination of expected cash flows, the term loan borrowings, the 2032 Senior Notes, and the Revolving Facility being committed until 2028, will provide us with adequate liquidity to support the Company's operations.

Share Repurchase Program

On February 13, 2024, the Board of Directors authorized a \$350 million share repurchase program valid until December 31, 2024. During the nine months ended September 30, 2024, the Company repurchased \$226 million of Common Stock, with \$124 million remaining under the share repurchase program as of that date. The Company may repurchase shares from time to time under the program through various methods, including in open market transactions, block trades, privately negotiated transactions, and otherwise. The timing, as well as the number and value of shares repurchased under the program, will depend on a variety of factors. The Company is not obligated to purchase any shares under the repurchase program, and the program may be suspended, modified, or discontinued at any time without prior notice. For more information, see Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*.

Cash Flow Summary for the Nine Months Ended September 30, 2024

	Nine Months Ended September 30,	
	2024	2023
(Dollars in millions)		
Cash provided by (used for):		
Operating activities	\$ 277	\$ 330
Investing activities	1	(48)
Financing activities	(439)	(366)
Effect of exchange rate changes on cash and restricted cash	(2)	(1)
Net decrease in cash, cash equivalents and restricted cash	<u>\$ (163)</u>	<u>\$ (85)</u>

Cash provided by operating activities decreased by \$53 million for the nine months ended September 30, 2024 versus the prior year. The decrease was primarily driven by a decrease of \$37 million in net income, excluding the effects of non-cash items, as well as \$11 million of unfavorable impacts from changes in other assets and liabilities and \$5 million of unfavorable impacts from working capital changes.

Cash flow from investing activities increased by \$49 million for the nine months ended September 30, 2024 versus the prior year, mainly due to \$46 million of proceeds from the sale of equity interest in an unconsolidated joint venture and a \$15 million increase in proceeds on our cross currency swap contracts which have been designated as net investment hedges of our Euro-denominated operations. This was partially offset by \$12 million of increased expenditures for property, plant and equipment.

Cash used for financing activities was \$439 million for the nine months ended September 30, 2024 compared with \$366 million in the prior year. During 2024, we made an aggregate of \$991 million in debt repayments on our term loan facilities. We also made payments of \$226 million for Common Stock repurchases, \$7 million for debt issuance costs and \$9 million for other financing activities. These payments were partially offset by proceeds of \$794 million, net of deferred financing costs, from the issuance of our 2032 Senior Notes.

In comparison, cash used for financing activities for the nine months ended September 30, 2023 was primarily driven by payments of \$605 million in aggregate to holders of the Series A Preferred Stock related to the Transaction, including conversion of the Series A Preferred Stock, and \$42 million for dividends declared on our Series A Preferred Stock. We also made payments of \$178 million for the repurchase of Common Stock under our share repurchase program and debt repayments of \$205 million including a \$200 million early debt repayment on the 2023 Dollar Term Facility and quarterly payments for our 2021 Dollar Term Facility. These uses of cash were partially offset by proceeds of \$667 million from the 2023 Dollar Term Facility net of debt financing costs.

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet financial arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Critical Accounting Policies

The preparation of our Consolidated Interim Financial Statements in accordance with generally accepted accounting principles is based on the selection and application of accounting policies that require us to make significant estimates and assumptions about the effects of matters that are inherently uncertain. Actual results could differ from our estimates and assumptions, and any such differences could be material to our financial statements. Our critical accounting policies are summarized in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of our 2023 Form 10-K.

Recent Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies* of the Notes to the Consolidated Interim Financial Statements for further discussion of recent accounting pronouncements.

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q, including without limitation statements regarding the following, are forward-looking statements: statements regarding our future results of operations and financial position, expectations regarding the growth of the turbocharger and electric vehicle markets and other industry trends, the sufficiency of our liquidity and capital resources, anticipated impacts of changes in legislation and government policy relating to taxation or otherwise, anticipated sources and uses of cash, anticipated investments in our business, our business strategy, pending litigation, anticipated interest expense, and the plans and objectives of management for future operations and capital expenditures are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential,” or “continue” or the negative of these terms or other similar expressions. The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are subject to a number of important factors that could cause actual results to differ materially from those in the forward-looking statements, including:

- increases in the costs and availability of raw materials, components, energy and transportation and our ability to offset inflation;

- sales to major customers as well as a network of independent dealers to manage the distribution of our products, and we could be adversely impacted by the loss of any of our such major customers or dealers, changes in their requirements for our products or changes in their financial condition.
- the negotiating positions of our customers and our ability to negotiate favorable pricing terms;
- risks associated with changes in the automotive industry and our inability, or a perception that we are unable, to respond appropriately to such changes, our financial condition and results of operations could be adversely impacted;
- risks associated with any program launch difficulties and inaccuracies in estimates of volumes of awarded business;
- changes in the automotive industry and economic or competitive conditions;
- risks related to economic, political, regulatory and foreign exchange;
- geopolitical conditions, catastrophic events and pandemics;
- risks related to international operations and our investment in foreign markets;
- risks of increased scrutiny from customers, investors, regulators and others regarding sustainability/ESG practices, as well as the climate-related risks we may face, each of which could expose us to liabilities, including reputational harm, impact demand for our products, lead to increased costs and have other adverse effects on our business, supply chain and results of operations;
- risks associated with joint venture partnerships and joint development projects;
- any failure to protect our intellectual property or allegations that we have infringed the intellectual property of others, and our ability to license necessary intellectual property from third parties;
- work stoppages, other disruptions or the need to relocate any of our facilities;
- inability to recruit and retain qualified personnel;
- any failure to increase productivity or successfully execute repositioning projects or manage our workforce;
- potential material losses and costs as a result of any warranty claims and product liability actions brought against us;
- the commencement of any lawsuits, investigations and disputes arising out of our current and historical businesses, and the consequences thereof;
- potential material environmental liabilities and hazards;
- risks of changes in the effective tax rates;
- the effects of any deterioration on industry, economic or financial conditions on our ability to access the capital markets on favorable terms;
- quality control and creditworthiness of the suppliers on which we rely;
- risks for system or service failures, including cyber or other security incidents, each of which could disrupt business operations, result in loss of critical and confidential information and adversely impact our reputation and results of operations; and
- the other factors described under the caption “Risk Factors” in our 2023 Form 10-K, as updated in this Quarterly Report on Form 10-Q and our other filings with the SEC.

You should read this Quarterly Report on Form 10-Q and the documents that we reference herein completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of September 30, 2024, the net fair value of all financial instruments with exposure to currency risk was a \$8 million liability. The potential loss or gain in fair value for such financial instruments from a hypothetical 10% adverse or favorable change in quoted currency exchange rates would be \$213 million and \$(187) million, respectively, at September 30, 2024 exchange rates. The model assumes a parallel shift in currency exchange rates; however, currency exchange rates rarely move in the same direction. The assumption that currency exchange rates change in a parallel fashion may overstate the impact of changing currency exchange rates on assets and liabilities denominated in currencies other than the U.S. dollar.

There have been no other material changes to the Company's quantitative and qualitative disclosures about interest rate or commodity price risks as disclosed in Part II, Item 7A, *Quantitative and Qualitative Disclosures About Market Risks*, in our 2023 Form 10-K.

Item 4. Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act. Based on management's evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2024.

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in various lawsuits, claims and proceedings incident to the operation of our businesses, including those pertaining to product liability, product safety, environmental, safety and health, intellectual property, employment, commercial and contractual matters and various other matters. Although the outcome of any such lawsuit, claim or proceeding cannot be predicted with certainty and some may be disposed of unfavorably to us, we do not currently believe that such lawsuits, claims or proceedings will have a material adverse effect on our financial position, results of operations or cash flows. We accrue for potential liabilities in a manner consistent with accounting principles generally accepted in the United States. Accordingly, we accrue for a liability when it is probable that a liability has been incurred and the amount of the liability is reasonably estimable.

For additional information regarding our legal proceedings, see the discussion under Note 19, *Commitments and Contingencies* of the Notes to the Consolidated Interim Financial Statements, which is incorporated by reference into this Part II, Item 1.

Item 1A. Risk Factors

There have been no material changes to the risks described under "Risk Factors" in our 2023 Form 10-K. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed under "Risk Factors" in our 2023 Form 10-K. These factors could materially adversely affect our business, financial condition, or results of operations, and could cause our actual results to differ materially from our historical results or the results contemplated by any forward-looking statements contained in this report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On February 15, 2024, the Company announced that the Board of Directors had authorized a \$350 million share repurchase program valid from February 13, 2024 until December 31, 2024. The Company may repurchase shares from time to time under the program through various methods, including in open market transactions, block trades, privately negotiated transactions, and otherwise. The timing, as well as the number and value of shares repurchased under the program, will depend on a variety of factors. The Company is not obligated to purchase any shares under the repurchase program, and the program may be suspended, modified, or discontinued at any time without prior notice. The following table summarizes our share repurchase activity for the three months ended September 30, 2024 and additional information regarding our share repurchase program:

Period	Total Number of Common Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan or Program
July 1, 2024 - July 31, 2024	2,946,890	9.03	2,946,890	\$ 149,003,868
August 1, 2024 - August 31, 2024	1,495,122	8.18	1,495,122	136,767,452
September 1, 2024 - September 30, 2024	1,544,534	8.02	1,544,534	124,377,974
Total	<u>5,986,546</u>	<u>\$ 8.56</u>	<u>5,986,546</u>	<u>\$ 124,377,974</u>

(1) Excludes shares withheld to satisfy tax withholding obligations in connection with equity award vestings.

Other than the repurchases reflected in the table above, there were no purchases of equity securities by the issuer or affiliated purchasers during the quarter ended September 30, 2024.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Trading Agreements

During the three months ended September 30, 2024, no director or Section 16 officer of the Company adopted or terminated a "Rule 10b5-1 trading agreement" or "non-Rule 10b5-1 trading agreement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Third Amended and Restated Certificate of Incorporation of Garrett Motion Inc., dated May 29, 2024	10-Q	001-38636	3.1	07/25/2024	
3.2	Fifth Amended and Restated By-Laws of Garrett Motion Inc., dated May 29, 2024	10-Q	001-38636	3.2	07/25/2024	
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline Extensible Business Reporting Language (iXBRL) includes: (i) the Consolidated Interim Statements of Operations, (ii) the Consolidated Interim Statements of Comprehensive Income, (iii) the Consolidated Interim Balance Sheets, (iv) the Consolidated Interim Statements of Cash Flows, (v) the Consolidated Interim Statements of Equity (Deficit) and (vi) Notes to the Consolidated Interim Financial Statements					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.

** Furnished herewith.

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.

Garrett Motion Inc.

Date: October 24, 2024

By: _____
Olivier Rabiller
President and Chief Executive Officer

Date: October 24, 2024

By: _____
Sean Deason
Senior Vice President and Chief Financial Officer

CERTIFICATION

I, Olivier Rabiller, certify that:

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

Date: October 24, 2024

By: _____
/s/ Olivier Rabiller
Olivier Rabiller
President and Chief Executive Officer
(principal executive officer)

CERTIFICATION

I, Sean Deason, certify that:

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

Date: October 24, 2024

By: _____
/s/ Sean Deason
Sean Deason
Senior Vice President and Chief Financial Officer
(principal financial officer)

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

In connection with the Quarterly Report on Form 10-Q of Garrett Motion Inc. (the "Company") for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: October 24, 2024

By: _____
/s/ Olivier Rabiller
Olivier Rabiller
President and Chief Executive Officer
(*principal executive officer*)

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

In connection with the Quarterly Report on Form 10-Q of Garrett Motion Inc. (the "Company") for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: October 24, 2024

By: _____ /s/ Sean Deason
Sean Deason
Senior Vice President and Chief Financial Officer
(principal financial officer)