

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**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: 001-35159

**THERMON GROUP HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**27-2228185**

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

**7171 Southwest Parkway, Building 300, Suite 200, Austin, Texas 78735**

(Address of principal executive offices) (zip code)

**(512) 690-0600**

(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 | THR               | New York Stock Exchange                   |

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

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

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

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

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

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

As of November 6, 2024, the registrant had 33,685,142 shares of common stock, par value \$0.001 per share, outstanding.

---

---

**THERMON GROUP HOLDINGS, INC.**  
**QUARTERLY REPORT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

**TABLE OF CONTENTS**

|  | <u>Page</u>               |
|--|---------------------------|
| PART I — FINANCIAL INFORMATION   |                           |
| <a href="#"><u>Item 1. Financial Statements (Unaudited)</u></a>  |                           |
| <a href="#"><u>Condensed Consolidated Balance Sheets as of September 30, 2024 and March 31, 2024</u></a>   | <a href="#"><u>2</u></a>  |
| <a href="#"><u>Condensed Consolidated Statements of Operations and Comprehensive Income for the three and six months ended September 30, 2024 and 2023</u></a> | <a href="#"><u>3</u></a>  |
| <a href="#"><u>Condensed Consolidated Statements of Equity for the three and six months ended September 30, 2024 and 2023</u></a>                              | <a href="#"><u>4</u></a>  |
| <a href="#"><u>Condensed Consolidated Statements of Cash Flows for the six months ended September 30, 2024 and 2023</u></a>                                    | <a href="#"><u>6</u></a>  |
| <a href="#"><u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u></a>  | <a href="#"><u>7</u></a>  |
| <a href="#"><u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u></a>   | <a href="#"><u>19</u></a> |
| <a href="#"><u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u></a>  | <a href="#"><u>29</u></a> |
| <a href="#"><u>Item 4. Controls and Procedures</u></a>   | <a href="#"><u>30</u></a> |
| PART II — OTHER INFORMATION  |                           |
| <a href="#"><u>Item 1. Legal Proceedings</u></a>   | <a href="#"><u>31</u></a> |
| <a href="#"><u>Item 1A. Risk Factors</u></a>   | <a href="#"><u>31</u></a> |
| <a href="#"><u>Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities</u></a>                              | <a href="#"><u>31</u></a> |
| <a href="#"><u>Item 3. Defaults Upon Senior Securities</u></a>   | <a href="#"><u>31</u></a> |
| <a href="#"><u>Item 4. Mine Safety Disclosures</u></a>   | <a href="#"><u>31</u></a> |
| <a href="#"><u>Item 5. Other Information</u></a>   | <a href="#"><u>31</u></a> |
| <a href="#"><u>Item 6. Exhibits</u></a>  | <a href="#"><u>31</u></a> |
| <a href="#"><u>EXHIBIT INDEX</u></a>   | <a href="#"><u>33</u></a> |
| <a href="#"><u>SIGNATURE</u></a>   | <a href="#"><u>34</u></a> |

**PART I — FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Thermon Group Holdings, Inc.**

Condensed Consolidated Balance Sheets

(Dollars in thousands, except share and per share data)

|   | September 30, 2024<br>(Unaudited) | March 31, 2024    |
|---|-----------------------------------|-------------------|
| <b>Assets</b>   |                                   |                   |
| Current assets:   |                                   |                   |
| Cash and cash equivalents   | \$ 37,000                         | \$ 48,631         |
| Accounts receivable, net of allowances of \$851 and \$1,428 as of September 30, 2024 and March 31, 2024, respectively   | 93,504                            | 107,318           |
| Inventories, net  | 93,596                            | 86,321            |
| Contract assets   | 15,582                            | 16,690            |
| Prepaid expenses and other current assets   | 33,463                            | 14,010            |
| Income tax receivable   | 1,874                             | 1,630             |
| Total current assets  | <u>\$ 275,019</u>                 | <u>\$ 274,600</u> |
| Property, plant and equipment, net of depreciation and amortization of \$76,417 and \$73,422 as of September 30, 2024 and March 31, 2024, respectively  | 67,412                            | 68,335            |
| Goodwill  | 269,513                           | 270,786           |
| Intangible assets, net  | 120,726                           | 127,092           |
| Operating lease right-of-use assets   | 11,808                            | 13,613            |
| Deferred income taxes   | 1,760                             | 1,074             |
| Other non-current assets  | 15,294                            | 12,240            |
| Total assets  | <u>\$ 761,532</u>                 | <u>\$ 767,740</u> |
| <b>Liabilities</b>  |                                   |                   |
| Current liabilities:  |                                   |                   |
| Accounts payable  | \$ 30,421                         | \$ 31,396         |
| Accrued liabilities   | 27,436                            | 31,624            |
| Current portion of long-term debt   | 16,875                            | 14,625            |
| Borrowings under revolving credit facility  | 5,000                             | 5,000             |
| Contract liabilities  | 13,402                            | 20,531            |
| Lease liabilities   | 3,322                             | 3,273             |
| Income taxes payable  | 1,813                             | 2,820             |
| Total current liabilities   | <u>\$ 98,269</u>                  | <u>\$ 109,269</u> |
| Long-term debt, net   | 143,169                           | 151,957           |
| Deferred income taxes   | 8,726                             | 9,439             |
| Non-current lease liabilities   | 10,855                            | 12,635            |
| Other non-current liabilities   | 10,226                            | 9,553             |
| Total liabilities   | <u>\$ 271,245</u>                 | <u>\$ 292,853</u> |
| Commitments and contingencies (Note 10)   |                                   |                   |
| <b>Equity</b>   |                                   |                   |
| Common stock: \$0.001 par value; 150,000,000 shares authorized; 33,888,390 issued and 33,755,279 outstanding, and 33,730,243 issued and 33,722,225 outstanding at September 30, 2024 and March 31, 2024, respectively | \$ 34                             | \$ 34             |
| Preferred stock: \$0.001 par value; 10,000,000 authorized; no shares issued and outstanding   | —                                 | —                 |
| Additional paid in capital  | 243,119                           | 243,555           |
| Treasury Stock  | (4,089)                           | (250)             |
| Accumulated other comprehensive loss  | (55,565)                          | (57,235)          |
| Retained earnings   | 306,788                           | 288,783           |
| Total equity  | <u>\$ 490,287</u>                 | <u>\$ 474,887</u> |
| Total liabilities and equity  | <u>\$ 761,532</u>                 | <u>\$ 767,740</u> |

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

**Thermon Group Holdings, Inc.**

Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited)

*(Dollars in thousands, except share and per share data)*

|  | Three Months Ended<br>September 30, 2024 | Three Months Ended<br>September 30, 2023 | Six Months Ended<br>September 30, 2024 | Six Months Ended<br>September 30, 2023 |
|--|--|--|--|--|
| Sales  | \$ 114,648                               | \$ 123,659                               | \$ 229,774                             | \$ 230,548                             |
| Cost of sales  | 63,736                                   | 69,201                                   | 128,430                                | 128,781                                |
| Gross profit   | 50,912                                   | 54,458                                   | 101,344                                | 101,767                                |
| Operating expenses:  |  |  |  |  |
| Selling, general and administrative expenses                           | 31,259                                   | 30,490                                   | 62,347                                 | 59,144                                 |
| Deferred compensation plan expense/(income)                            | 434                                      | (247)                                    | 537                                    | 26                                     |
| Amortization of intangible assets                                      | 3,402                                    | 2,227                                    | 6,799                                  | 4,614                                  |
| Restructuring and other charges  | 614                                      | 304                                      | 2,723                                  | 885                                    |
| Income from operations   | 15,203                                   | 21,684                                   | 28,938                                 | 37,098                                 |
| Other income/(expenses):   |  |  |  |  |
| Interest expense, net  | (2,790)                                  | (1,925)                                  | (5,637)                                | (3,509)                                |
| Other income/(expense)   | 563                                      | (267)                                    | 706                                    | 74                                     |
| Income before provision for income taxes                               | 12,976                                   | 19,492                                   | 24,007                                 | 33,663                                 |
| Income tax expense   | 3,482                                    | 4,762                                    | 6,002                                  | 7,995                                  |
| Net income   | <u>\$ 9,494</u>                          | <u>\$ 14,730</u>                         | <u>\$ 18,005</u>                       | <u>\$ 25,668</u>                       |
| Comprehensive income:  |  |  |  |  |
| Net income   | \$ 9,494                                 | \$ 14,730                                | \$ 18,005                              | \$ 25,668                              |
| Foreign currency translation adjustment                                | 5,587                                    | (7,845)                                  | 1,708                                  | (3,388)                                |
| Other miscellaneous income/(expense)                                   | (7)                                      | 51                                       | (38)                                   | 64                                     |
| Comprehensive income   | <u>\$ 15,074</u>                         | <u>\$ 6,936</u>                          | <u>\$ 19,675</u>                       | <u>\$ 22,344</u>                       |
| Net income per common share:   |  |  |  |  |
| Basic  | \$ 0.28                                  | \$ 0.44                                  | \$ 0.53                                | \$ 0.76                                |
| Diluted  | \$ 0.28                                  | \$ 0.43                                  | \$ 0.53                                | \$ 0.75                                |
| Weighted-average shares used in computing net income per common share: |  |  |  |  |
| Basic  | 33,793,583                               | 33,688,514                               | 33,775,253                             | 33,748,425                             |
| Diluted  | 34,143,403                               | 34,126,884                               | 34,096,049                             | 34,093,791                             |

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

**Thermon Group Holdings, Inc.**  
Condensed Consolidated Statements of Equity (Unaudited)  
(Dollars in thousands)

|   | Common Stock<br>Outstanding | Common Stock | Additional Paid-in<br>Capital | Treasury Stock    | Retained Earnings | Accumulated Other<br>Comprehensive<br>Income/(Loss) | Total             |
|---|-----------------------------|--------------|-------------------------------|-------------------|-------------------|---|-------------------|
| Balances at March 31, 2024  | 33,722,225                  | \$ 34        | \$ 243,555                    | \$ (250)          | \$ 288,783        | \$ (57,235)   | \$ 474,887        |
| Issuance of common stock as deferred compensation to employees          | 56,614                      | —            | —                             | —                 | —                 | —   | —                 |
| Issuance of common stock as deferred compensation to executive officers | 87,782                      | —            | —                             | —                 | —                 | —   | —                 |
| Issuance of common stock as deferred compensation to directors          | 7,241                       | —            | —                             | —                 | —                 | —   | —                 |
| Stock compensation expense  | —                           | —            | 1,065                         | —                 | —                 | —   | 1,065             |
| Repurchase of employee stock units on vesting                           | —                           | —            | (2,995)                       | —                 | —                 | —   | (2,995)           |
| Repurchase of shares under authorized program                           | (49,341)                    | —            | —                             | (1,579)           | —                 | —   | (1,579)           |
| Net income  | —                           | —            | —                             | —                 | 8,511             | —   | 8,511             |
| Foreign currency translation adjustment                                 | —                           | —            | —                             | —                 | —                 | (3,879)   | (3,879)           |
| Other   | —                           | —            | 1                             | —                 | —                 | (31)  | (30)              |
| Balances at June 30, 2024   | <u>33,824,521</u>           | <u>\$ 34</u> | <u>\$ 241,626</u>             | <u>\$ (1,829)</u> | <u>\$ 297,294</u> | <u>\$ (61,145)</u>                                  | <u>\$ 475,980</u> |
| Issuance of common stock as deferred compensation to employees          | 924                         | —            | —                             | —                 | —                 | —   | —                 |
| Issuance of common stock as deferred compensation to directors          | 5,586                       | —            | —                             | —                 | —                 | —   | —                 |
| Stock compensation expense  | —                           | —            | 1,511                         | —                 | —                 | —   | 1,511             |
| Repurchase of employee stock units on vesting                           | —                           | —            | (18)                          | —                 | —                 | —   | (18)              |
| Repurchase of shares under authorized program                           | (75,752)                    | —            | —                             | (2,260)           | —                 | —   | (2,260)           |
| Net income  | —                           | —            | —                             | —                 | 9,494             | —   | 9,494             |
| Foreign currency translation adjustment                                 | —                           | —            | —                             | —                 | —                 | 5,587   | 5,587             |
| Other   | —                           | —            | —                             | —                 | —                 | (7)   | (7)               |
| Balances at September 30, 2024  | <u>33,755,279</u>           | <u>\$ 34</u> | <u>\$ 243,119</u>             | <u>\$ (4,089)</u> | <u>\$ 306,788</u> | <u>\$ (55,565)</u>                                  | <u>\$ 490,287</u> |

|   | Common Stock<br>Outstanding | Common Stock | Additional Paid-in<br>Capital | Retained<br>Earnings | Accumulated Other<br>Comprehensive<br>Income/(Loss) | Total             |
|---|-----------------------------|--------------|-------------------------------|----------------------|---|-------------------|
| Balances at March 31, 2023  | 33,508,076                  | \$ 33        | \$ 239,860                    | \$ 237,195           | \$ (58,100)   | \$ 418,988        |
| Issuance of common stock as deferred compensation to employees          | 73,345                      | —            | —                             | —                    | —   | —                 |
| Issuance of common stock as deferred compensation to executive officers | 93,826                      | —            | —                             | —                    | —   | —                 |
| Issuance of common stock as deferred compensation to directors          | 5,718                       | —            | —                             | —                    | —   | —                 |
| Stock compensation expense  | —                           | —            | 1,238                         | —                    | —   | 1,238             |
| Repurchase of employee stock units on vesting                           | —                           | —            | (1,685)                       | —                    | —   | (1,685)           |
| Net income  | —                           | —            | —                             | 10,938               | —   | 10,938            |
| Foreign currency translation adjustment                                 | —                           | —            | —                             | —                    | 4,457   | 4,457             |
| Other   | —                           | —            | —                             | —                    | 13  | 13                |
| Balances at June 30, 2023   | <u>33,680,965</u>           | <u>\$ 33</u> | <u>\$ 239,413</u>             | <u>\$ 248,133</u>    | <u>\$ (53,630)</u>                                  | <u>\$ 433,949</u> |
| Issuance of common stock as deferred compensation to employees          | 2,550                       | —            | —                             | —                    | —   | —                 |
| Issuance of common stock as deferred compensation to directors          | 7,197                       | —            | —                             | —                    | —   | —                 |
| Stock compensation expense  | —                           | —            | 1,450                         | —                    | —   | 1,450             |
| Repurchase of employee stock units on vesting                           | —                           | —            | (30)                          | —                    | —   | (30)              |
| Net income  | —                           | —            | —                             | 14,730               | —   | 14,730            |
| Foreign currency translation adjustment                                 | —                           | —            | —                             | —                    | (7,845)   | (7,845)           |
| Other   | —                           | 1            | —                             | —                    | 51  | 52                |
| Balances at September 30, 2023  | <u>33,690,712</u>           | <u>\$ 34</u> | <u>\$ 240,833</u>             | <u>\$ 262,863</u>    | <u>\$ (61,424)</u>                                  | <u>\$ 442,306</u> |

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

**Thermon Group Holdings, Inc.**  
Condensed Consolidated Statements of Cash Flows (Unaudited)  
(Dollars in thousands)

|   | Six Months Ended<br>September 30, 2024 | Six Months Ended<br>September 30, 2023 |
|---|--|--|
| <b>Operating activities</b>   |  |  |
| Net income  | \$ 18,005                              | \$ 25,668                              |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |  |
| Depreciation and amortization   | 11,137                                 | 8,802                                  |
| Amortization of deferred debt issuance costs                                      | 250                                    | 174                                    |
| Stock compensation expense  | 2,576                                  | 2,688                                  |
| Deferred income taxes   | (1,507)                                | (1,562)                                |
| Reserve for uncertain tax positions, net  | —                                      | 39                                     |
| Remeasurement (gain)/loss on intercompany balances                                | 327                                    | (226)                                  |
| Changes in operating assets and liabilities:                                      |  |  |
| Accounts receivable   | 13,097                                 | (4,157)                                |
| Inventories   | (6,985)                                | (11,569)                               |
| Contract assets and liabilities   | (6,277)                                | (12,103)                               |
| Other current and non-current assets  | (5,230)                                | (3,023)                                |
| Accounts payable  | (685)                                  | 7,536                                  |
| Accrued liabilities and non-current liabilities                                   | (2,338)                                | (7,607)                                |
| Income taxes payable and receivable   | (1,149)                                | (400)                                  |
| Net cash provided by operating activities   | \$ 21,221                              | \$ 4,260                               |
| <b>Investing activities</b>   |  |  |
| Purchases of property, plant and equipment  | (5,785)                                | (5,608)                                |
| Sale of rental equipment  | 36                                     | 34                                     |
| Net cash used in investing activities   | \$ (5,749)                             | \$ (5,574)                             |
| <b>Financing activities</b>   |  |  |
| Proceeds from revolving credit facility   | —                                      | 13,000                                 |
| Payments on long-term debt  | (6,750)                                | (15,381)                               |
| Repurchase of employee stock units on vesting                                     | (3,012)                                | (1,715)                                |
| Repurchase of shares under authorized program                                     | (3,838)                                | —                                      |
| Payments on finance leases  | (59)                                   | (500)                                  |
| Net cash used in financing activities   | \$ (13,659)                            | \$ (4,596)                             |
| Less: Net change in cash balances classified as assets held-for-sale              | —                                      | 905                                    |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash     | 454                                    | (583)                                  |
| Change in cash, cash equivalents and restricted cash                              | 2,267                                  | (5,588)                                |
| Cash, cash equivalents and restricted cash at beginning of period                 | 50,431                                 | 38,520                                 |
| Cash, cash equivalents and restricted cash at end of period                       | \$ 52,698                              | \$ 32,932                              |

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

## Thermon Group Holdings, Inc.

Notes to Condensed Consolidated Financial Statements (Unaudited)  
(Dollars in thousands, except share and per share data)

### 1. Basis of Presentation

Thermon Group Holdings, Inc. and its subsidiaries are referred to collectively as “we,” “our,” or the “Company” herein. We are one of the largest providers of highly engineered industrial process heating solutions for process industries. We offer a full suite of products (heating units, electrode and gas-fired boilers, heating cables, industrial heating blankets and related products, temporary power solutions and tubing bundles), services (engineering, installation and maintenance services) and software (design optimization and wireless and network control systems) required to deliver comprehensive solutions to some of the world's largest and most complex projects.

Our condensed consolidated financial statements are prepared in conformity with generally accepted accounting principles in the United States (“GAAP”) and the requirements of the United States Securities and Exchange Commission (“SEC”) for interim financial information. Accordingly, the accompanying condensed consolidated financial statements do not include all disclosures required for full annual financial statements and should be read in conjunction with our audited consolidated financial statements and notes thereto for the fiscal year ended March 31, 2024 (“fiscal 2024”). In our opinion, the accompanying condensed consolidated financial statements reflect all adjustments considered necessary to present fairly our financial position at September 30, 2024 and March 31, 2024, and the results of our operations for the three and six months ended September 30, 2024 and 2023. Certain reclassifications have been made to these condensed consolidated financial statements and accompanying footnotes to conform to the presentation to the current fiscal year.

#### *Summary of Significant Accounting Policies*

Please refer to Note 1, “Summary of Significant Accounting Policies” in our consolidated financial statements from our fiscal 2024 Form 10-K, as filed with the SEC on May 29, 2024, for the discussion on our significant accounting policies.

#### *Use of Estimates*

Generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. While management has based its assumptions and estimates on the facts and circumstances existing at September 30, 2024, actual results could differ from those estimates and affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the corresponding revenues and expenses as of the date of the financial statements. The operating results for the three and six months ended September 30, 2024, are not necessarily indicative of the results that may be achieved for the fiscal year ended March 31, 2025 (“fiscal 2025”).

#### *Restricted Cash and Cash Equivalents*

The Company maintains restricted cash related to certain letter of credit guarantees and performance bonds securing performance obligations. At September 30, 2024 and March 31, 2024, our restricted cash balance totaled \$15,698 and \$1,800, respectively. Of the \$15,698, \$13,950 relates to restricted cash held in anticipation of our recently announced acquisition in our EMEA (as defined below) segment. Refer to Note 14, “Subsequent Events.”

Amounts included in restricted cash are included in prepaid expenses and other current assets and represent amounts required to be set aside by a contractual agreement, which generally contain cash deposits pledged as collateral on performance bonds and letters of credit.

#### *Recent Accounting Pronouncements*

Please refer to Note 1, “Summary of Significant Accounting Policies” of our Consolidated Financial Statements, from our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, filed with the SEC on May 29, 2024, for the discussion on accounting pronouncements that have been issued but not yet effective for the interim periods presented that are not expected to have a material impact on our financial position or results of operations.

### 2. Acquisition

#### **Vapor Power**

On January 2, 2024, we announced our acquisition (the “Vapor Power Acquisition”) of 100% of the issued and outstanding equity interests of Vapor Power International, LLC and its affiliates, (“Vapor Power”), a leading provider of high-quality industrial process heating solutions, including electric, electrode and gas fired boilers. The acquisition was

consummated on December 29, 2023 (the "Vapor Power Acquisition Date") and the seller was Stone Pointe, LLC. We have integrated Vapor Power into our United States and Latin America ("US-LAM") reportable segment.

The initial purchase price for Vapor Power was \$107,523, with cash acquired of \$7,051, for a net closing purchase price of \$100,472. The initial purchase price is subject to customary adjustments for cash acquired, preliminary working capital adjustments, outstanding indebtedness, and transaction expenses. During the three months ended September 30, 2024, we adjusted the preliminary purchase price allocation by \$1,566 for customary working capital adjustments for a total purchase price of \$105,957. The Vapor Power Acquisition was funded with cash on hand, the existing revolving credit facility, and an expanded term loan amended on December 29, 2023, in connection with the transaction.

#### Acquisition Costs

In accordance with GAAP, costs to complete an acquisition are expensed as incurred. Total acquisition costs recognized in the Vapor Power Acquisition were approximately \$1,766, recognized primarily in fiscal 2024. These fees represent legal, advisory, and other professional fees paid by the Company to complete the acquisition.

#### Preliminary Purchase Price Allocation

We have accounted for the Vapor Power Acquisition according to the business combinations guidance found in ASC 805, *Business Combinations*, henceforth referred to as acquisition accounting. Acquisition accounting requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. We used primarily Level 2 and 3 inputs to allocate the purchase price to the major categories of assets and liabilities shown below. For valuing the customer-related intangible assets, we used a common income-based approach called the multi-period excess earnings method; for the marketing-related and developed technology intangible assets, we used a relief-from-royalty method. The carrying values of inventories and property, plant, and equipment, and leases were adjusted to fair value, while the carrying value of any other asset or liability acquired approximated the respective fair value at time of closing.

The allocation of the purchase price to the assets acquired and liabilities assumed, including the residual amount allocated to goodwill, is based upon preliminary information and is subject to change within the measurement period (up to one year from the Vapor Power Acquisition Date) as additional information concerning final asset and liability valuations is obtained. Additionally, we are still evaluating Vapor Power's customer contracts and related revenue recognition policies, and as such, the value of contract assets and/or contract liabilities is subject to change. During the measurement period, if new information is obtained about facts and circumstances that existed as of the Vapor Power Acquisition Date that, if known, would have resulted in revised estimated values of those assets or liabilities as of that date, we will revise the preliminary purchase price allocation. The effect of any measurement period adjustments to the estimated fair values will be reflected in future updates to our purchase price allocation. Goodwill will be deductible for tax purposes and generally represents expected synergies from the combination of efforts of the acquired business and the Company.

#### Preliminary Purchase Price Allocation - Vapor Power

|   | Amortization Period (years) | Fair Value         |
|---|-----------------------------|--------------------|
| Cash  |                             | \$ 7,051           |
| Accounts receivable                             |                             | 8,683              |
| Inventories                                     |                             | 8,254              |
| Other current assets                            |                             | 1,693              |
| Property, plant and equipment                   |                             | 2,576              |
| Operating lease right-of-use assets             |                             | 2,700              |
| Intangibles:                                    |                             |                    |
| Customer relationships <sup>(1)</sup>           | 2 - 15                      | 22,953             |
| Trademarks                                      | 10                          | 7,879              |
| Developed technology                            | 15                          | 13,689             |
| Goodwill  |                             | 49,429             |
| <b>Total fair value of assets acquired</b>      |                             | <b>\$ 124,907</b>  |
| Current liabilities                             |                             | (16,401)           |
| Operating lease liability                       |                             | (2,549)            |
| <b>Total fair value of liabilities acquired</b> |                             | <b>\$ (18,950)</b> |
| <b>Total purchase price</b>                     |                             | <b>\$ 105,957</b>  |

(1) Included in the customer relationships intangible assets is \$4,407 related to customer backlog with an estimated useful life of 2 years.

*Unaudited Pro Forma Financial Information*

The following unaudited pro forma results of operations assume that the Vapor Power Acquisition occurred at the beginning of the periods presented. These unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations would have been if the Vapor Power Acquisition had occurred at the beginning of the periods presented, nor are they indicative of future results of operations.

|            | Three Months Ended<br>September 30, 2024 | Three Months Ended<br>September 30, 2023 | Six Months Ended<br>September 30, 2024 | Six Months Ended<br>September 30, 2023 |
|------------|--|--|--|--|
| Sales      | \$ 114,649                               | \$ 136,557                               | \$ 229,774                             | \$ 252,417                             |
| Net income | 9,624                                    | 16,726                                   | 18,187                                 | 28,073                                 |

### 3. Fair Value Measurements

#### *Fair Value*

We measure fair value based on authoritative accounting guidance, which defines fair value, establishes a framework for measuring fair value, and expands on required disclosures regarding fair value measurements.

Inputs are referred to as assumptions that market participants would use in pricing the asset or liability. The use of inputs in the valuation process are categorized into a three-level fair value hierarchy.

- Level 1 — uses quoted prices in active markets for identical assets or liabilities we have the ability to access.
- Level 2 — uses observable inputs other than quoted prices in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — uses one or more significant inputs that are unobservable and supported by little or no market activity, and that reflect the use of significant management judgment.

Financial assets and liabilities with carrying amounts approximating fair value include cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other current liabilities. The carrying amount of these financial assets and liabilities approximates fair value because of their short maturities. At September 30, 2024 and March 31, 2024, no assets or liabilities were valued using Level 3 criteria, except for those acquired in our acquisition of Vapor Power, as discussed in Note 2, "Acquisition."

Information about our financial assets and liabilities is as follows:

|  | September 30, 2024 |            | March 31, 2024 |            | Valuation Technique       |
|--|--------------------|------------|----------------|------------|---------------------------|
|  | Carrying Value     | Fair Value | Carrying Value | Fair Value |                           |
| <b>Financial Assets:</b>                                       |                    |            |                |            |                           |
| Deferred compensation plan assets                              | \$ 8,998           | \$ 8,998   | \$ 8,384       | \$ 8,384   | Level 1 - Active Markets  |
| Foreign currency contract forwards assets                      | 49                 | 49         | 7              | 7          | Level 2 - Market Approach |
| <b>Financial Liabilities:</b>                                  |                    |            |                |            |                           |
| Outstanding borrowings from revolving line of credit           | \$ 5,000           | \$ 5,000   | \$ 5,000       | \$ 5,000   | Level 2 - Market Approach |
| Outstanding principal amount of senior secured credit facility | 160,750            | 159,946    | 167,500        | 167,081    | Level 2 - Market Approach |
| Deferred compensation plan liabilities                         | 8,197              | 8,197      | 7,574          | 7,574      | Level 1 - Active Markets  |
| Foreign currency contract forwards liabilities                 | (15)               | (15)       | 23             | 23         | Level 2 - Market Approach |

At September 30, 2024 and March 31, 2024, the fair value of our long-term debt is based on market quotes available for issuance of debt with similar terms. As the quoted price is only available for similar financial assets, the Company concluded the pricing is indirectly observable through dealers and has been classified as Level 2.

Additionally, we acquired certain assets and liabilities as disclosed in Note 2, "Acquisition" at fair value according to acquisition accounting.

### ***Deferred Compensation Plan***

The Company provides a non-qualified deferred compensation plan for certain highly compensated employees where payroll contributions are made by the employees on a pre-tax basis. Included in "Other non-current assets" in the condensed consolidated balance sheets at September 30, 2024 and March 31, 2024 were \$8,998 and \$8,384, respectively, of deferred compensation plan assets held by the Company. Deferred compensation plan assets (mutual funds) are measured at fair value on a recurring basis based on quoted market prices in active markets (Level 1). The Company has a corresponding liability to participants of \$8,197 and \$7,574 included in "Other non-current liabilities" in the condensed consolidated balance sheets at September 30, 2024 and March 31, 2024, respectively. Deferred compensation plan expense/(income) is included as such in the condensed consolidated statements of operations and comprehensive income, and therefore is excluded from "Selling, general and administrative expenses." Deferred compensation plan expense/(income) was \$434 and \$(247) for the three months ended September 30, 2024 and 2023, respectively, and \$537 and \$26 for the six months ended September 30, 2024 and 2023, respectively. Expenses and income from our deferred compensation plan were offset by unrealized gains and losses for the deferred compensation plan included in "Other income/expense" on our condensed consolidated statements of operations and comprehensive income. Our unrealized losses/(gains) on investments were \$(435) and \$234, for the three months ended September 30, 2024 and 2023, respectively, and \$(528) and \$(50) for the six months ended September 30, 2024 and 2023, respectively.

### ***Trade Related Foreign Currency Forward Contracts***

We transact business in various foreign currencies and have established a program that primarily utilizes foreign currency forward contracts to address the risk associated with the effects of certain foreign currency exposures. Under this program, increases or decreases in our foreign currency exposures are offset by gains or losses on the forward contracts to mitigate foreign currency transaction gains or losses. These foreign currency exposures arise from intercompany transactions as well as third party accounts receivable or payable that are denominated in foreign currencies. Our forward contracts generally have terms of 30 days. We do not use forward contracts for trading purposes or designate these forward contracts as hedging instruments pursuant to ASC 815. We adjust the carrying amount of all contracts to their fair value at the end of each reporting period and unrealized gains and losses are included in "Other income/(expense)" on our condensed consolidated statements of operations and comprehensive income. These gains and losses are designed to offset gains and losses resulting from settlement of receivables or payables by our foreign operations which are settled in currency other than the local transactional currency. The fair value is determined by quoted prices from active foreign currency markets (Level 2). Fair value amounts for such forward contracts on our condensed consolidated balance sheets are either classified as accounts receivable, net or accrued liabilities depending on whether the forward contract is in a gain (accounts receivable, net) or loss (accrued liabilities) position. Our ultimate realized gain or loss with respect to currency fluctuations will depend on the currency exchange rates and other factors in effect as the contracts mature. As of September 30, 2024 and March 31, 2024, the notional amounts of forward contracts were as follows:

#### **Notional amount of foreign currency forward contracts by currency**

|                        | September 30, 2024 | March 31, 2024  |
|------------------------|--------------------|-----------------|
| Euro                   | \$ 10,044          | \$ —            |
| Canadian Dollar        | 1,000              | 2,500           |
| Mexican Peso           | —                  | 3,000           |
| Australian Dollar      | —                  | 500             |
| British Pound Sterling | 700                | 1,000           |
| Total notional amounts | <u>\$ 11,744</u>   | <u>\$ 7,000</u> |

In the three months ended September 30, 2024 and 2023, foreign currency gains or losses related to our forward contracts in the accompanying condensed consolidated statements of operations and comprehensive income were gains of \$32 and losses of \$(148), respectively. For the six months ended September 30, 2024 and 2023, losses were \$(56) and gains were \$28, respectively. Gains and losses from our forward contracts were offset by transaction gains or losses incurred with the settlement of transactions denominated in foreign currencies. In the three months ended September 30, 2024 and 2023, our net foreign currency transactions resulted in gains of \$130 and losses \$(38), respectively. In the six months ended September 30, 2024 and 2023, our net foreign currency transactions resulted in gains of \$158 and losses of \$(13).

#### **4. Restructuring and Other Charges**

##### *Fiscal 2025 charges*

On April 8, 2024, we enacted certain cost-cutting measures, including a reduction-in-force plan, as well as a facility consolidation, that together affected 68 employees across our US-LAM and Canada reportable segments. Pursuant to the

foregoing, we are moving certain operations and equipment associated with our rail & transit business from our Denver, Colorado location to San Marcos, Texas, where we have an existing manufacturing and back-office presence. These efforts, in part, will allow us to streamline certain operations, reduce our manufacturing footprint, and position us for more profitable growth. As a result, we recorded \$614 and \$2,723 in Restructuring and other charges, for the three and six months ended September 30, 2024, respectively. Additionally, \$2,115 of related land and building net book value qualified as assets held-for-sale in the three months ended September 30, 2024. As a result, we reclassified this amount to Prepaid expenses and other current assets from Property, plant and equipment, net at September 30, 2024.

#### *Fiscal 2024 charges*

As a result of the continued impact of the Russo-Ukrainian war, including the sanctions related thereto, the Company commenced a strategic assessment of its operations in its Russian subsidiary. On January 31, 2023, our board of directors authorized the Company to withdraw from its operations in the Russian Federation (the "Russia Exit"), through a planned disposition of its Russian subsidiary. In fiscal 2023, we moved the assets related to our Russian subsidiary into a separate asset group deemed as "assets held-for-sale," and wrote down the related net assets to a nominal value. In the three and six month ended September 30, 2023, we recognized total charges related to the Russia Exit of \$304 and \$885, recorded to "Restructuring and other charges" on our condensed consolidated statements of operations and comprehensive income.

Restructuring and other charges by reportable segment is as follows:

|                                 | Three Months Ended<br>September 30, 2024 | Three Months Ended<br>September 30, 2023 | Six Months Ended September<br>30, 2024 | Six Months Ended September<br>30, 2023 |
|---------------------------------|--|--|--|--|
| United States and Latin America | \$ 614                                   | \$ —                                     | \$ 1,329                               | \$ —                                   |
| Canada                          | —  | —  | 1,394                                  | —                                      |
| Europe, Middle East and Africa  | —  | 304                                      | —                                      | 885                                    |
| Asia-Pacific                    | —  | —  | —                                      | —                                      |
| Restructuring and other charges | <u>\$ 614</u>                            | <u>\$ 304</u>                            | <u>\$ 2,723</u>                        | <u>\$ 885</u>                          |

#### **5. Net Income per Common Share**

The reconciliations of the denominators used to calculate basic and diluted net income per common share for the three and six months ended September 30, 2024 and 2023, respectively, are as follows:

|   | Three Months Ended<br>September 30, 2024 | Three Months Ended<br>September 30, 2023 | Six Months Ended<br>September 30, 2024 | Six Months Ended<br>September 30, 2023 |
|---|--|--|--|--|
| <b><i>Basic net income per common share</i></b>               |  |  |  |  |
| Net income  | \$ 9,494                                 | \$ 14,730                                | \$ 18,005                              | \$ 25,668                              |
| Weighted-average common shares outstanding                    | 33,793,583                               | 33,688,514                               | 33,775,253                             | 33,748,425                             |
| Basic net income per common share                             | <u>\$ 0.28</u>                           | <u>\$ 0.44</u>                           | <u>\$ 0.53</u>                         | <u>\$ 0.76</u>                         |
| <b><i>Diluted net income per common share</i></b>             |  |  |  |  |
| Net income  | \$ 9,494                                 | \$ 14,730                                | \$ 18,005                              | \$ 25,668                              |
| Weighted-average common shares outstanding                    | 33,793,583                               | 33,688,514                               | 33,775,253                             | 33,748,425                             |
| Common share equivalents:                                     |  |  |  |  |
| Stock options   | 34,090                                   | 29,108                                   | 34,090                                 | 25,209                                 |
| Restricted and performance stock units                        | 315,730                                  | 409,262                                  | 286,706                                | 320,157                                |
| Weighted average shares outstanding – dilutive <sup>(1)</sup> | <u>34,143,403</u>                        | <u>34,126,884</u>                        | <u>34,096,049</u>                      | <u>34,093,791</u>                      |
| Diluted net income per common share                           | <u>\$ 0.28</u>                           | <u>\$ 0.43</u>                           | <u>\$ 0.53</u>                         | <u>\$ 0.75</u>                         |

(1) For the three months ended September 30, 2024 and 2023, zero and zero, respectively, were not included in the calculation of diluted net income per common share, as they would have had an anti-dilutive effect. For the six months ended September 30, 2024 and 2023, zero and 1,633 were not included in the calculation of diluted net income per common share, as they would have had an anti-dilutive effect.

The number of common share equivalents, which includes options and both restricted and performance stock units, is computed using the treasury stock method. With regard to the performance stock units, we assume that the associated

performance targets will be met at the target level of performance for purposes of calculating diluted net income per common share until such time that it is probable that actual performance will be above or below target.

## 6. Inventories

Inventories consisted of the following:

|                    | September 30, 2024 | March 31, 2024   |
|--------------------|--------------------|------------------|
| Raw materials      | \$ 60,519          | \$ 58,197        |
| Work in process    | 9,256              | 5,339            |
| Finished goods     | 27,220             | 26,552           |
| Inventories, gross | 96,995             | 90,088           |
| Valuation reserves | (3,399)            | (3,767)          |
| Inventories, net   | <u>\$ 93,596</u>   | <u>\$ 86,321</u> |

## 7. Goodwill and Other Intangible Assets

The carrying amount of goodwill by operating segment as of September 30, 2024, is as follows:

|                                     | United States and Latin<br>America | Canada            | Europe, Middle East and<br>Africa | Asia-Pacific    | Total             |
|-------------------------------------|------------------------------------|-------------------|-----------------------------------|-----------------|-------------------|
| Balance as of March 31, 2024        | \$ 133,095                         | \$ 112,846        | \$ 18,532                         | \$ 6,313        | \$ 270,786        |
| Goodwill acquired <sup>(1)</sup>    | (2,320)                            | —                 | —                                 | —               | (2,320)           |
| Foreign currency translation impact | —                                  | 235               | 633                               | 179             | 1,047             |
| Balance as of September 30, 2024    | <u>\$ 130,775</u>                  | <u>\$ 113,081</u> | <u>\$ 19,165</u>                  | <u>\$ 6,492</u> | <u>\$ 269,513</u> |

(1) Refer to Note 2, "Acquisition," for more information on the goodwill acquired and the related measurement period adjustment regarding our acquisition of Vapor Power.

Goodwill is tested for impairment on an annual basis and between annual tests if indicators of potential impairment exist. We perform a qualitative analysis to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If required, we also perform a quantitative analysis using the income approach, based on discounted future cash flows, which are derived from internal forecasts and economic expectations, and the market approach, which is based on market multiples of guideline public companies. The most significant inputs in the Company's quantitative goodwill impairment tests are projected financial information, the weighted average cost of capital and market multiples for similar transactions. Our annual impairment test is performed during the fourth quarter of our fiscal year. To date, there have been no indicators of impairment.

Our total intangible assets consisted of the following:

|                        | Gross Carrying<br>Amount at September<br>30, 2024 | Accumulated<br>Amortization | Net Carrying Amount<br>at September 30, 2024 | Gross Carrying Amount<br>at March 31, 2024 | Accumulated<br>Amortization | Net Carrying Amount at<br>March 31, 2024 |
|------------------------|---|-----------------------------|--|--|-----------------------------|--|
| Products               | \$ 61,634   | \$ (42,630)                 | \$ 19,004                                    | \$ 61,505                                  | \$ (39,466)                 | \$ 22,039                                |
| Trademarks             | 54,533  | (3,217)                     | 51,316                                       | 54,158                                     | (2,650)                     | 51,508                                   |
| Developed technology   | 28,374  | (8,286)                     | 20,088                                       | 28,288                                     | (7,372)                     | 20,916                                   |
| Customer relationships | 136,553   | (107,351)                   | 29,202                                       | 136,088                                    | (104,699)                   | 31,389                                   |
| Certifications         | 433   | —                           | 433  | 429  | —                           | 429                                      |
| Other                  | 1,280   | (597)                       | 683  | 1,280                                      | (469)                       | 811                                      |
| Total                  | <u>\$ 282,807</u>                                 | <u>\$ (162,081)</u>         | <u>\$ 120,726</u>                            | <u>\$ 281,748</u>                          | <u>\$ (154,656)</u>         | <u>\$ 127,092</u>                        |

## 8. Accrued Liabilities

Accrued current liabilities consisted of the following:

|  | September 30, 2024 | March 31, 2024   |
|--|--------------------|------------------|
| Accrued employee compensation and related expenses | \$ 13,773          | \$ 17,319        |
| Accrued interest                                   | 847                | 494              |
| Warranty reserves                                  | 1,885              | 978              |
| Professional fees                                  | 3,010              | 2,912            |
| Sales taxes payable                                | 3,594              | 3,564            |
| Accrued litigation payable                         | 983                | 1,356            |
| Other  | 3,344              | 5,001            |
| Total accrued current liabilities                  | <u>\$ 27,436</u>   | <u>\$ 31,624</u> |

## 9. Debt

Long-term debt consisted of the following:

|   | September 30, 2024 | March 31, 2024    |
|---|--------------------|-------------------|
| U.S. Term Loan Facility due September 2026, net of deferred debt issuance costs of \$175 and \$226 as of September 30, 2024, and March 31, 2024, respectively | \$ 64,325          | \$ 67,274         |
| Incremental Term Loan A due September 2026, net of deferred debt issuance costs of \$531 and \$692 of September 30, 2024, and March 31, 2024, respectively    | 95,719             | 99,308            |
| Total term debt   | <u>\$ 160,044</u>  | <u>\$ 166,582</u> |
| Less current portion  | (16,875)           | (14,625)          |
| Total long-term debt  | <u>\$ 143,169</u>  | <u>\$ 151,957</u> |

### Senior Secured Credit Facilities

On September 29, 2021, Thermon Group Holdings, Inc. as a credit party and a guarantor, Thermon Holding Corp. (the “US Borrower”) and Thermon Canada Inc. (the “Canadian Borrower” and together with the US Borrower, the “Borrowers”), entered into an Amended and Restated Credit Agreement with several banks and other financial institutions or entities from time to time and JPMorgan Chase Bank, N.A., as Administrative Agent, (“the Agent”) which was further amended on November 19, 2021, and March 7, 2023.

The Credit Agreement is an amendment and restatement of that certain Credit Agreement dated October 30, 2017, by and among Borrowers, the lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent (the “Prior Credit Agreement”), and provides for the following credit facilities described below (collectively, the “Facilities”).

- Revolving Credit Facility: A USD \$100,000 five-year secured revolving credit facility made available to the U.S. Borrower. The Revolving Credit Facility includes sub-limits for letters of credit and swing-line loans (the “Revolving Credit Facility”).
- U.S. Term Loan Facility: A USD \$80,000 five-year secured term loan A (the “U.S. Term Loan”) made available to the U.S. Borrower (the “U.S. Term Loan Facility”); and
- Canadian Term Loan Facility: A CAD \$76,182 five-year term loan A (the “Canadian Term Loan” and, together with the U.S. Term Loan, the “Term Loans”) made available to the Canadian Borrower (the “Canadian Term Loan Facility,” and together with the U.S. Term Loan Facility, the “Term Loan Facilities”).

Proceeds of the Facilities were used at closing to repay and refinance the Borrowers’ existing indebtedness under the Prior Credit Agreement and pay all interest, fees and expenses related thereto, and thereafter are expected to be used for working capital and general corporate purposes.

On December 29, 2023, the Company and the Borrowers entered into an Amendment No. 3 to Credit Agreement, Amendment No. 2 to the Guarantee and Collateral Agreement and Amendment No. 2 to the Canadian Guarantee and Collateral Agreement (collectively, the “Amendment”) with the Lenders and the Agent.

The Amendment provides for, among other things, changes to the Credit Agreement to (a) provide the US Borrower with a new incremental term loan facility as further described below (the “2023 Incremental U.S. Term Loan Facility”), (b) reset the accordion feature in the Credit Agreement for the incurrence of additional incremental term loans and incremental revolving commitments to an amount not to exceed USD \$100,000, (c) permit the Canadian Borrower to borrow under the existing Revolver Facility (as defined in the Credit Agreement) in Canadian dollars, (d) permit Letters of Credit (as defined in the Credit Agreement) to be issued for the account of the Canadian Borrower, (e) replace the Canadian Dollar Offered Rate

with the Canadian Overnight Repo Rate Average as the benchmark rate applicable to Term Benchmark Loans (each as defined in the Credit Agreement) denominated in Canadian dollars and implementing corresponding technical changes, and (f) expand the definitions of “Specified Cash Management Agreement” and “Specified Swap Agreement” (each as defined in the Credit Agreement) to provide for the inclusion of obligations arising under Swap Agreements (as defined in the Credit Agreement) and cash management agreements between any subsidiary of the US Borrower to be included in the Obligations (as defined in the Credit Agreement) that are secured and guaranteed under the Loan Documents (as defined in the Credit Agreement).

Certain principal terms of the 2023 Incremental U.S. Term Loan Facility are as follows:

- A USD \$100,000 secured term loan A made available to the US Borrower on substantially the same terms as the existing U.S. Term A Loans (as defined in the Credit Agreement), but with a pricing increase across the grid of 0.375% above the pricing applicable to the existing U.S. Term A Loans.
- Loans made to the US Borrower under the 2023 Incremental U.S. Term Loan Facility (the “2023 Incremental U.S. Term Loans”) shall rank pari passu in right of payment and security with the existing U.S. Term A Loans and shall be secured and guaranteed under the Loan Documents on a pro rata basis with the existing U.S. Term A Loans.
- The 2023 Incremental U.S. Term Loans shall mature on September 29, 2026 (same as the existing U.S. Term A Loans) and shall amortize with installment payments due on the first day of each fiscal quarter (commencing with the fiscal quarter commencing on April 1, 2024) with the same percentage of principal being due on each payment date as the percentage of principal of the existing U.S. Term A Loans due on such date.
- Proceeds of the 2023 Incremental U.S. Term Loans were used at the closing of the transactions contemplated by the Amendment to (a) finance the Vapor Acquisition (as defined in the Amendment), (b) refinance certain indebtedness of the Target (as defined in the Amendment), and (c) pay fees and expenses incurred by the US Borrower in connection with the foregoing.

The Amendment also provides for certain conforming changes relating to the expanded definitions of Specified Cash Management Agreement and Specified Swap Agreement in the Credit Agreement to (x) the Guarantee and Collateral Agreement, dated as of October 30, 2017, by and among the Company, the US Borrower and the Agent (the “US Security Agreement”) and (y) the Canadian Guarantee and Collateral Agreement, dated as of October 30, 2017, by and between the Canadian Borrower and the Agent (the “Canadian Security Agreement”, and together with the US Security Agreement, the “Security Agreements”), and also provides for changes in each Security Agreement to the waterfall for application of proceeds of collateral set forth therein so that Obligations (as defined in such Security Agreement) arising under Specified Cash Management Agreements and Specified Swap Agreements (other than indemnities, fees and similar obligations and liabilities) are paid pro rata with principal Obligations arising under Loans, Reimbursement Obligations and the cash collateralization of Letters of Credit (each as defined in such Security Agreement).

The foregoing summary of the Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Amendment, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 10-Q and incorporated herein by reference.

*Maturity and Repayment*

Each of the Facilities terminates on September 29, 2026. Each of the Term Loans will amortize as set forth in the table below, with payments on the first day of each January, April, July and October, with the balance of each Term Loan Facility due at maturity.

| Installment Dates                       | Original Principal Amount |
|---|---------------------------|
| January 1, 2023 through October 1, 2024 | 1.88 %                    |
| January 1, 2025 through July 1, 2026    | 2.50 %                    |

*Guarantees*

The U.S. Term Loan and 2023 Incremental U.S. Term Loan Facility and the obligations of the U.S. Borrower under the Revolving Credit Facility are guaranteed by the Company and all of the U.S. Borrower’s current and future wholly owned domestic material subsidiaries (the “U.S. Subsidiary Guarantors”), subject to certain exceptions. The Canadian Term Loan is guaranteed by the Company, the U.S. Borrower, the U.S. Subsidiary Guarantors and each of the wholly owned Canadian material subsidiaries of the Canadian Borrower, subject to certain exceptions.

*Security*

The U.S. Term Loan and 2023 Incremental U.S. Term Loan Facility and the obligations of the U.S. Borrower under the Revolving Credit Facility are secured by a first lien on all of the assets of the Company, the U.S. Borrower and the U.S. Subsidiary Guarantors, including 100% of the capital stock of the U.S. Subsidiary Guarantors and 65% of the capital stock of the first tier material foreign subsidiaries of the Company, the U.S. Borrower and the U.S. Subsidiary Guarantors, subject to certain exceptions. The Canadian Term Loan is secured by a first lien on all of the assets of the Company, the U.S. Borrower, the U.S. Subsidiary Guarantors, the Canadian Borrower and the material Canadian subsidiaries of the Canadian Borrower, including 100% of the capital stock of the Canadian Borrower's material Canadian subsidiaries.

#### *Financial Covenants*

In connection with the Credit Agreement, the Company is required, on a consolidated basis, to maintain certain financial covenant ratios. On the last day of any period of four fiscal quarters ended during a period set forth below, the Company must maintain a consolidated leverage ratio that does not exceed the ratios for such period set forth below (each of which ratios may be increased by 0.50:1.00 for each of the four fiscal quarters following certain acquisitions at the election of the U.S. Borrower):

| Fiscal Quarter Ended                                  | Consolidated Leverage Ratio |
|---|-----------------------------|
| December 31, 2022, and each fiscal quarter thereafter | 3.50:1.00                   |

In addition, on the last day of any period of four fiscal quarters ended on or after September 30, 2021, the Company must maintain a consolidated fixed charge coverage ratio of not less than 1.25:1.00. As of September 30, 2024, we were in compliance with all financial covenants of the Credit Agreement.

#### *Other Covenants*

The Credit Agreement contains restrictive covenants (in each case, subject to certain exclusions) that limit, among other things, the ability of the Company and its subsidiaries (including the Borrowers) to incur additional indebtedness, grant liens, make fundamental changes, sell assets, make restricted payments, enter into sales and leasebacks, make investments, prepay certain indebtedness, enter into transactions with affiliates, and enter into restrictive agreements.

The covenants are subject to various baskets and materiality thresholds, with certain of the baskets to the restrictions on the repayment of subordinated or unsecured indebtedness, restricted payments and investments being available only when the Company's pro forma leverage ratios are less than a certain level.

The Credit Agreement contains certain customary representations and warranties, affirmative covenants and events of default, including, among other things, payment defaults, breach of representations and warranties, covenant defaults, cross-defaults to certain indebtedness, certain events of bankruptcy, certain events under ERISA, judgment defaults, actual or asserted failure of any guaranty or security documents to be in full force and effect and change of control. If such an event of default occurs, the Agent will be entitled to take various actions, including the termination of the commitment for the Revolving Credit Facility, the acceleration of amounts due under the Credit Agreement and certain other actions that a secured creditor is customarily permitted to take following a default.

At September 30, 2024, we had \$5,000 in outstanding borrowings under the Revolving Credit Facility. We had \$92,774 of available borrowing capacity thereunder after taking into account the borrowing base and \$2,226 of outstanding letters of credit and the outstanding borrowings under the Revolving Credit Facility as of September 30, 2024. The Term Loans bear interest at the Secured Overnight Financing Rate ("SOFR") plus an applicable margin dictated by our leverage ratio (as described above). The interest rates on the Term Loan Facilities on September 30, 2024 were 6.55% for the U.S. Term Loan Facility, 6.93% for the 2023 Incremental U.S. Term Loan Facility, and 6.60% for the U.S. Revolving Credit Facility. Interest expense has been presented net of interest income on our condensed consolidated statements of operations and comprehensive income.

## **10. Commitments and Contingencies**

#### *Legal Proceedings and Other Contingencies*

We are involved in various legal and administrative proceedings that arise from time to time in the ordinary course of doing business. Some of these proceedings may result in fines, penalties or judgments being assessed against us, which may adversely affect our financial results. In addition, from time to time, we are involved in various disputes, which may or may not be settled prior to legal proceedings being instituted and which may result in losses in excess of accrued liabilities, if any, relating to such unresolved disputes. As of September 30, 2024, we have established an estimated liability associated with the aforementioned disputes. Expenses related to litigation reduce operating income. We do not believe that the outcome of any of these proceedings or disputes would have a material adverse effect on our financial position, long-term results of operations, or cash flows. It is possible, however, that charges related to these matters could be significant to our results of operations or cash

flows in any one reporting period. Refer to Note 8, "Accrued Liabilities" for more information regarding our accruals related to these proceedings.

#### *Letters of Credit and Bank Guarantees*

At September 30, 2024, the Company had in place letter of credit guarantees and performance bonds securing certain performance obligations of the Company. These arrangements totaled \$13,683. Of this amount, \$831 is secured by cash deposits at the Company's financial institutions and an additional \$2,226 represents a reduction of the available amount of the Company's revolving credit facility. In addition to the arrangements totaling \$13,683, our Indian subsidiary also has \$4,332 in non-collateralized customs bonds outstanding to secure the Company's customs and duties obligations in India.

### **11. Revenue**

#### *Disaggregation of Revenue*

We disaggregate our revenue from contracts with customers by geographic location as well as revenue recognized at a point-in-time and revenues recognized over time, as we believe these best depict the nature of our sales and the regions in which those sales are earned and managed.

Revenue recognized at a point-in-time occurs based on when control transfers to the customer and is generally related to our product sales. Moreover, point-in-time revenue does not typically require engineering or installation services. Revenue recognized over time occurs on our projects where engineering or installation services, or a combination of the two, are required. We recognize revenue related to such projects in a systematic way that reflects the transfer of service to the customer.

Disaggregation of revenues from contracts with customers for the three and six months ended September 30, 2024 and 2023 are as follows:

|                                 | Three months ended September 30, 2024 |                               |                   | Three months ended September 30, 2023 |                               |                   |
|---------------------------------|---------------------------------------|-------------------------------|-------------------|---------------------------------------|-------------------------------|-------------------|
|                                 | Revenues recognized at point in time  | Revenues recognized over time | Total             | Revenues recognized at point in time  | Revenues recognized over time | Total             |
| United States and Latin America | \$ 44,606                             | \$ 14,258                     | \$ 58,864         | \$ 31,744                             | \$ 32,053                     | \$ 63,797         |
| Canada                          | 26,433                                | 10,438                        | 36,871            | 25,625                                | 10,524                        | 36,149            |
| Europe, Middle East and Africa  | 4,954                                 | 4,074                         | 9,028             | 7,819                                 | 5,588                         | 13,407            |
| Asia-Pacific                    | 6,286                                 | 3,599                         | 9,885             | 7,447                                 | 2,859                         | 10,306            |
| Total revenues                  | <u>\$ 82,279</u>                      | <u>\$ 32,369</u>              | <u>\$ 114,648</u> | <u>\$ 72,635</u>                      | <u>\$ 51,024</u>              | <u>\$ 123,659</u> |

  

|                                 | Six months ended September 30, 2024  |                               |                   | Six months ended September 30, 2023  |                               |                   |
|---------------------------------|--------------------------------------|-------------------------------|-------------------|--------------------------------------|-------------------------------|-------------------|
|                                 | Revenues recognized at point in time | Revenues recognized over time | Total             | Revenues recognized at point in time | Revenues recognized over time | Total             |
| United States and Latin America | \$ 89,014                            | \$ 29,834                     | \$ 118,848        | \$ 61,635                            | \$ 55,659                     | \$ 117,294        |
| Canada                          | 48,041                               | 27,175                        | 75,216            | 50,147                               | 21,325                        | 71,472            |
| Europe, Middle East and Africa  | 9,567                                | 7,303                         | 16,870            | 13,212                               | 9,876                         | 23,088            |
| Asia-Pacific                    | 12,423                               | 6,417                         | 18,840            | 12,786                               | 5,908                         | 18,694            |
| Total revenues                  | <u>\$ 159,045</u>                    | <u>\$ 70,729</u>              | <u>\$ 229,774</u> | <u>\$ 137,780</u>                    | <u>\$ 92,768</u>              | <u>\$ 230,548</u> |

#### *Performance Obligations*

We have elected the practical expedient to disclose only the value of performance obligations for contracts with an original expected length of one year or more, which was \$19,834 as of September 30, 2024. We expect to recognize the remaining revenues associated with unsatisfied or partially satisfied performance obligations within the next 12 months.

#### *Contract Assets and Liabilities*

As of September 30, 2024 and March 31, 2024, contract assets were \$15,582 and \$16,690, respectively. As of September 30, 2024 and March 31, 2024, contract liabilities were \$13,402 and \$20,531, respectively. We typically recognize revenue associated with our contract liabilities within 12 months.

## 12. Income Taxes

Our effective income tax rate was 25.0% and 23.8% for the six months ended September 30, 2024 and 2023, respectively. The effective income tax rate for the six months ended September 30, 2024 includes an accrual for withholding tax on expected repatriations of earnings from our Canadian subsidiary. Previously, our Canadian earnings were deemed to be permanently reinvested.

Our effective tax rate varies from period to period due to factors including changes in total pre-tax income or loss, the jurisdictions in which our income is earned, the tax laws in those jurisdictions and in our operating structure. During the year, we estimate income taxes based on the laws and rates in effect in the countries in which operations are conducted. Our income tax provisions are primarily driven by income in certain jurisdictions and withholding taxes on intercompany and third-party transactions that do not directly correlate to ordinary income or loss. During interim periods, certain charges or benefits may be recognized as discrete tax expense or benefit when previous estimates or knowledge were unavailable.

As of September 30, 2024, we anticipate that it is reasonably possible that our uncertain tax positions of \$1,093, including interest and penalties, may be released in the next twelve months due to expiration of statutes of limitations, settlements and/or conclusions of tax examinations. As of September 30, 2024, the tax years for the fiscal years ended March 31, 2019 through March 31, 2024, remain open to examination by the major taxing jurisdictions.

## 13. Segment Information

We maintain four reportable segments based on four geographic countries or regions in which we operate: (i) United States and Latin America ("US-LAM"), (ii) Canada, (iii) Europe, Middle East and Africa ("EMEA") and (iv) Asia-Pacific ("APAC"). Within our four reportable segments, our core products and services are focused on the following markets: chemical and petrochemical, oil, gas, power generation, commercial, rail and transit, energy transition/decarbonization and general industries and other, which we refer to as our "key end markets." We offer a full suite of products (heating units, electrode and gas-fired boilers, heating cables, industrial heating blankets and related products, temporary power solutions and tubing bundles), services (engineering, installation and maintenance services) and software (design optimization and wireless and network control systems) required to deliver comprehensive solutions to some of the world's largest and most complex projects. Profitability within our segments is measured by operating income. Profitability can vary in each of our reportable segments based on the competitive environment within the region, the level of including interest and penalties maybe released in the next twelve months due to expiration of statutes of limitations, settlements and/or conclusions of tax examinations overhead, such as the salaries of our senior executives, and the level of research and development and marketing activities in the region, as well as the mix of products and services. For purposes of this note, revenue is attributed to individual countries or regions on the basis of the physical location and jurisdiction of organization of the subsidiary that invoices the material and services.

Total sales to external customers, inter-segment sales, depreciation expense, amortization expense, and income from operations for each of our four reportable segments are as follows:

|                                     | Three Months Ended<br>September 30, 2024 | Three Months Ended<br>September 30, 2023 | Six Months Ended<br>September 30, 2024 | Six Months Ended<br>September 30, 2023 |
|-------------------------------------|--|--|--|--|
| <b>Sales to external customers:</b> |  |  |  |  |
| United States and Latin America     | \$ 58,864                                | \$ 63,797                                | \$ 118,848                             | \$ 117,294                             |
| Canada                              | 36,871                                   | 36,149                                   | 75,216                                 | 71,472                                 |
| Europe, Middle East and Africa      | 9,028                                    | 13,407                                   | 16,870                                 | 23,088                                 |
| Asia-Pacific                        | 9,885                                    | 10,306                                   | 18,840                                 | 18,694                                 |
|                                     | <u>\$ 114,648</u>                        | <u>\$ 123,659</u>                        | <u>\$ 229,774</u>                      | <u>\$ 230,548</u>                      |
| <b>Inter-Segment sales:</b>         |  |  |  |  |
| United States and Latin America     | \$ 12,302                                | \$ 11,269                                | \$ 23,410                              | \$ 19,650                              |
| Canada                              | 3,520                                    | 3,851                                    | 7,068                                  | 8,583                                  |
| Europe, Middle East and Africa      | 480                                      | 286                                      | 897                                    | 675                                    |
| Asia-Pacific                        | 384                                      | 422                                      | 815                                    | 1,533                                  |
|                                     | <u>\$ 16,686</u>                         | <u>\$ 15,828</u>                         | <u>\$ 32,190</u>                       | <u>\$ 30,441</u>                       |
| <b>Depreciation expense:</b>        |  |  |  |  |
| United States and Latin America     | \$ 1,232                                 | \$ 1,108                                 | \$ 2,467                               | \$ 2,164                               |
| Canada                              | 834                                      | 937                                      | 1,668                                  | 1,848                                  |
| Europe, Middle East and Africa      | 49                                       | 51                                       | 98                                     | 98                                     |
| Asia-Pacific                        | 56                                       | 40                                       | 105                                    | 78                                     |
|                                     | <u>\$ 2,171</u>                          | <u>\$ 2,136</u>                          | <u>\$ 4,338</u>                        | <u>\$ 4,188</u>                        |
| <b>Amortization expense:</b>        |  |  |  |  |
| United States and Latin America     | \$ 1,653                                 | \$ 449                                   | \$ 3,306                               | \$ 1,060                               |
| Canada                              | 1,716                                    | 1,745                                    | 3,427                                  | 3,488                                  |
| Europe, Middle East and Africa      | 22                                       | 22                                       | 44                                     | 44                                     |
| Asia-Pacific                        | 11                                       | 11                                       | 22                                     | 22                                     |
|                                     | <u>\$ 3,402</u>                          | <u>\$ 2,227</u>                          | <u>\$ 6,799</u>                        | <u>\$ 4,614</u>                        |
| <b>Income from operations:</b>      |  |  |  |  |
| United States and Latin America     | \$ 6,578                                 | \$ 12,009                                | \$ 13,042                              | \$ 24,290                              |
| Canada                              | 8,670                                    | 7,520                                    | 15,938                                 | 11,058                                 |
| Europe, Middle East and Africa      | 1,367                                    | 2,333                                    | 1,709                                  | 2,667                                  |
| Asia-Pacific                        | 622                                      | 1,769                                    | 1,836                                  | 2,676                                  |
| Unallocated:                        |  |  |  |  |
| Stock compensation                  | (1,511)                                  | (1,450)                                  | (2,576)                                | (2,688)                                |
| Public company costs                | (523)                                    | (497)                                    | (1,011)                                | (905)                                  |
|                                     | <u>\$ 15,203</u>                         | <u>\$ 21,684</u>                         | <u>\$ 28,938</u>                       | <u>\$ 37,098</u>                       |

The following table presents a reconciliation of Income from operations to Income before provision for income taxes:

|  | Three Months Ended<br>September 30, 2024 | Three Months Ended<br>September 30, 2023 | Six Months Ended<br>September 30, 2024 | Six Months Ended<br>September 30, 2023 |
|--|--|--|--|--|
| Income from operations                   | \$ 15,203                                | \$ 21,684                                | \$ 28,938                              | \$ 37,098                              |
| Other income/(expenses):                 |  |  |  |  |
| Interest expense, net                    | (2,790)                                  | (1,925)                                  | (5,637)                                | (3,509)                                |
| Other income/(expense)                   | 563                                      | (267)                                    | 706                                    | 74                                     |
| Income before provision for income taxes | <u>\$ 12,976</u>                         | <u>\$ 19,492</u>                         | <u>\$ 24,007</u>                       | <u>\$ 33,663</u>                       |

## 14. Subsequent Events

On October 2, 2024, we acquired Fabbrica Apparecchiature Termoelettriche Industriali S.r.L. ("F.A.T.I."), an Italian-based manufacturer of electric heaters for industrial use. F.A.T.I. has been a prominent player in the electric heating industry for nearly 80 years, serving diverse sectors like oil & gas, pharmaceuticals, and renewables.

The acquisition expands our product portfolio and geographical reach, particularly in Europe and Asia, aligning with the company's goals of growth through decarbonization and electrification. The purchase price of €12,500, or approximately \$13,800, was funded with cash on hand and includes F.A.T.I.'s manufacturing facility in Milan, which enhances our global production capabilities. The acquisition is expected to strengthen our market position worldwide.

On October 21, 2024, we signed a sale agreement with a third party buyer to sell our facility in Denver, Colorado, pursuant to our cost-cutting and operational excellence efforts previously disclosed. Refer to Note 4, "Restructuring and Other Charges" for more information. The agreed-upon sale price of the facility, which includes manufacturing and back-office space as well as land, is approximately \$6,000. The net book value of the related assets are \$2,000. As of September 30, 2024, the relevant assets were classified as assets held-for-sale and included in Prepaid expenses and other current assets. We expect the closing of the transaction will occur in December 2024, subject to customary closing conditions.

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

### Introduction and Special Note Regarding Forward-Looking Statements

Management's discussion and analysis of our financial condition and results of operations is provided as a supplement to the unaudited condensed consolidated financial statements and accompanying notes thereto for the three and six months ended September 30, 2024 and 2023 to help provide an understanding of our financial condition, changes in our financial condition, and results of our operations. In this quarterly report, we refer to the three month periods ended September 30, 2024 and 2023 as "Interim 2025" and "Interim 2024," respectively and the six month periods ended September 30, 2024 and 2023 as "YTD 2025" and "YTD 2024." The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, our unaudited condensed consolidated financial statements and related notes included in Item 1 above.

This quarterly report includes forward-looking statements within the meaning of the U.S. federal securities laws in addition to historical information. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements regarding our industry, business strategy, plans, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. When used in this discussion, the words "anticipate," "assume," "believe," "budget," "continue," "contemplate," "could," "should," "estimate," "expect," "intend," "may," "plan," "possible," "potential," "predict," "project," "will," "would," "future," and similar terms and phrases are intended to identify forward-looking statements in this quarterly report.

Forward-looking statements reflect our current expectations regarding future events, results or outcomes. These expectations may or may not be realized. Some of these expectations may be based upon assumptions, data or judgments that prove to be incorrect. In addition, our business and operations involve numerous risks and uncertainties, many of which are beyond our control, which could result in our expectations not being realized or otherwise materially affect our financial condition, results of operations and cash flows. These forward-looking statements include, but are not limited to, statements regarding: (i) our plans to strategically pursue emerging growth opportunities, including strategic acquisitions, in diverse regions and across industry sectors; (ii) our plans to secure more new facility project bids; (iii) our ability to generate more facility maintenance, repair and operations or upgrades or expansions revenue, from our existing and future installed base; (iv) our ability to timely deliver backlog; (v) our ability to respond to new market developments and technological advances; (vi) our expectations regarding energy consumption and demand in the future and its impact on our future results of operations; (vii) our plans to develop strategic alliances with major customers and suppliers; (viii) our expectations that our revenues will increase; (ix) our belief in the sufficiency of our cash flows to meet our needs for the next year; (x) our ability to integrate acquired companies and successfully divest certain businesses, including our Russia business; (xi) our ability to successfully achieve synergies from acquisitions; and (xii) our ability to make required debt repayments.

Actual events, results and outcomes may differ materially from our expectations due to a variety of factors. Although it is not possible to identify all of these factors, they include, among others, (i) general economic conditions and cyclicity in the markets we serve; (ii) future growth of our key end markets and related capital investments; (iii) our ability to operate successfully in foreign countries; (iv) the outbreak of a global pandemic; (v) our ability to successfully develop and improve our products and successfully implement new technologies; (vi) competition from various other sources providing similar heat tracing and process heating products and services, or alternative technologies, to customers; (vii) our ability to deliver existing orders within our backlog; (viii) our ability to bid and win new contracts; (ix) the imposition of certain operating and financial

restrictions contained in our debt agreements; (x) our revenue mix; (xi) our ability to grow through strategic acquisitions; (xii) our ability to manage risk through insurance against potential liabilities (xiii) changes in relevant currency exchange rates; (xiv) tax liabilities and changes to tax policy; (xv) impairment of goodwill and other intangible assets; (xvi) our ability to attract and retain qualified management and employees, particularly in our overseas markets; (xvii) our ability to protect our trade secrets; (xviii) our ability to protect our intellectual property; (xix) our ability to protect data and thwart potential cyber-attacks and incidents; (xx) a material disruption at any of our manufacturing facilities; (xxi) our dependence on subcontractors and third-party suppliers; (xxii) our ability to profit on fixed-price contracts; (xxiii) the credit risk associated to our extension of credit to customers; (xxiv) our ability to achieve our operational initiatives; (xxv) unforeseen difficulties with expansions, relocations, or consolidations of existing facilities; (xxvi) potential liability related to our products as well as the delivery of products and services; (xxvii) our ability to comply with foreign anti-corruption laws; (xxviii) export control regulations or sanctions; (xxix) changes in government administrative policy; (xxx) environmental and health and safety laws and regulations as well as environmental liabilities; (xxxi) climate change and related regulation of greenhouse gases; and (xxxii) those factors listed under Item 1A, "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, filed with the Securities and Exchange Commission (the "SEC") on May 29, 2024, and in any subsequent Quarterly Reports on Form 10-Q, Current Reports on Form 8-K or other filings that we have filed or may file with the SEC. Any one of these factors or a combination of these factors could materially affect our future results of operations and could influence whether any forward-looking statements contained or incorporated by reference in this quarterly report ultimately prove to be accurate.

Our forward-looking statements are not guarantees of future performance, and actual results and future performance may differ materially from those suggested in any forward-looking statements. We do not intend to update these statements unless we are required to do so under applicable securities laws.

### **Business Overview and Company History**

We are one of the largest providers of highly engineered industrial process heating solutions for process industries. For 70 years, we have served a diverse base of thousands of customers around the world in attractive and growing markets, including chemical and petrochemical, oil, gas, power generation, commercial, food and beverage, rail and transit, and other, which we refer to as our "key end markets." We offer a full suite of products (heating units, electrode and gas-fired boilers, heating cables, industrial heating blankets and related products, temporary power solutions and tubing bundles), services (engineering, installation and maintenance services) and software (design optimization and wireless and network control systems) required to deliver comprehensive solutions to some of the world's largest and most complex projects. With a legacy of innovation and continued investment in research and development, Thermon has established itself as a technology leader in hazardous or classified areas, and we are committed to developing sustainable solutions for our customers. We serve our customers through a global network of sales and service professionals and distributors in more than 30 countries and through our 11 manufacturing facilities on two continents. These global capabilities and longstanding relationships with some of the largest multinational oil, gas, chemical processing, power and engineering, procurement and construction ("EPC") companies in the world have enabled us to diversify our revenue streams and opportunistically access high growth markets worldwide. During YTD 2025 and YTD 2024., approximately 50% and 52%, respectively, of our revenues were generated from outside of the United States.

**Revenue.** Our revenues are derived from providing customers with a full suite of innovative and reliable process heating solutions, including advanced heating and filtration solutions for industrial and hazardous area applications. Revenue recognized at a point in time based on when control transitions to the customer is generally related to our product sales. Point in time revenue does not typically require engineering or installation services. Revenue recognized over time generally occurs on our projects where engineering or installation services, or a combination of the two, are required. We recognize revenue related to such projects in a systematic way that reflects the transfer of goods or services, or a combination of goods and services, to the customer.

We maintain four reportable segments based on four geographic countries or regions in which we operate: (i) United States and Latin America ("US-LAM"), (ii) Canada, (iii) Europe, Middle East and Africa ("EMEA"), and (iv) Asia-Pacific ("APAC").

We believe that our pipeline of planned projects, in addition to our backlog of written contractual commitments received from customers, provides us with visibility into our future revenue. Historically we have experienced few order cancellations, and the cancellations that have occurred in the past have not been material compared to our total contract volume or total backlog. The small number of order cancellations is attributable in part to the fact that a large portion of our solutions are ordered and installed toward the end of large project construction. Our backlog at September 30, 2024, was \$214.9 million, as compared to \$186.1 million at March 31, 2024. The timing of recognition of revenue out of backlog is not always certain, as it is subject to a variety of factors that may cause delays, many of which are beyond our control (such as, customers' delivery schedules and levels of capital and maintenance expenditures). When delays occur, the recognition of revenue associated with the delayed project is likewise deferred.

**Cost of sales.** Our cost of sales includes primarily the cost of raw material items used in the manufacture of our products, cost of ancillary products that are sourced from external suppliers and construction labor costs. Additional costs of sales include contract engineering costs directly associated to projects, direct labor costs, shipping and handling costs, and other costs associated with our manufacturing/fabrication operations. The other costs associated with our manufacturing/fabrication operations are primarily indirect production costs, including depreciation, indirect labor costs, warranty-related costs and the costs of manufacturing support functions such as logistics and quality assurance. Key raw material costs include polymers, copper, stainless steel, insulating material, electronic components and other miscellaneous parts related to products manufactured or assembled. We cannot provide any assurance that we will be able to mitigate potential raw material shortages or be able to pass along raw material cost increases, including the potential impacts of tariffs, to our customers in the future, and if we are unable to do so, our results of operations may be adversely affected.

**Operating expenses.** Our selling, general and administrative expenses ("SG&A") are primarily comprised of compensation and related costs for sales, marketing, pre-sales engineering and administrative personnel, plus other sales related expenses as well as other costs related to research and development, insurance, professional fees, the global integrated business information system, and provisions for credit losses. In addition, our deferred compensation expense includes a non-qualified deferred compensation plan for certain highly compensated employees where payroll contributions are made by the employees on a pre-tax basis. The expense/income associated with our deferred compensation plan is titled "Deferred compensation plan expense/(income)" on our condensed consolidated statements of operations and comprehensive income.

**Key drivers affecting our results of operations.** Our results of operations and financial condition are affected by numerous factors, including those described under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, filed with the SEC on May 29, 2024, and in any subsequent Quarterly Reports on Form 10-Q that we have filed or may file with the SEC, including those described below. These factors include the following:

- **Impact of product mix.** Typically, our customers require our products as well as our engineering and construction services. The level of service and construction needs affect the profit margin for each type of revenue.

We tend to experience lower margins from our design optimization, engineering, installation and maintenance services, which are typically large projects tied to our customers' capex budgets and are comprised of more than \$0.5 million in total revenue. For clarity, we will refer to these as "Over time large projects." Our results of operations in recent years have been impacted by the various construction phases of Over time large projects. We are typically designated as the heating solutions provider of choice by the project owner. We then engage with multiple contractors to address incorporating various heating solutions throughout the overall project. Our largest projects may generate revenue for several quarters. In the early stages of an Over time large project, our revenues are typically realized from the provision of engineering services. In the middle stages, or the material requirements phase, we typically experience the greatest demand for our heating solutions, at which point our revenues tend to accelerate. Revenues tend to decrease gradually in the final stages of a project and are generally derived from installation services and demand for electrical panels and other miscellaneous electronic components used in the final installation of heating solutions, which we frequently outsource from third-party manufacturers.

Projects which do not require installation and maintenance services are smaller in size and representative of maintenance, repairs and small upgrades necessary to improve efficiency and uptime. These small projects are typically tied to our customers operating expense budgets with improved profit margins, and are generally less than \$0.5 million in total revenue. We will refer to such projects as "Over time small projects."

The most profitable of our sales are derived from selling our heating products, for which we recognize revenue at a point in time. We also tend to experience lower margins from our outsourced products, such as electrical switch gears and transformers, than we do from our manufactured products. Accordingly, our results of operations are impacted by our mix of products and services.

We estimate that Point in time and Over time revenues have each made the following contribution as a percentage of total revenue in the periods listed:

|                       | Three months ended September 30, |      | Six months ended September 30, |      |
|-----------------------|----------------------------------|------|--------------------------------|------|
|                       | 2024                             | 2023 | 2024                           | 2023 |
| Point in time         | 72 %                             | 59 % | 69 %                           | 60 % |
| Over time:            | 28 %                             | 41 % | 31 %                           | 40 % |
| <i>Small projects</i> | 13 %                             | 13 % | 16 %                           | 13 % |
| <i>Large projects</i> | 15 %                             | 28 % | 15 %                           | 27 % |

Our Over time revenue includes (i) products and services which are billed on a time and materials basis, and (ii) fixed fee contracts for complex turnkey and other solutions such as engineered products. For our time and

materials service contracts, we recognize revenues as the products and services are provided over the term of the contract and have determined that the stated rate for installation services and products is representative of the stand-alone selling price for those services and products.

Our turnkey projects and certain other projects typically offer our customers a comprehensive heating solution from the initial planning stage through engineering/design, manufacture, installation and final proof-of-performance and acceptance testing. Turnkey services also include project planning, product supply, system integration, commissioning and ongoing maintenance. Fixed fee projects, containing multiple deliverables, are customer specific, do not have an alternative use and have an enforceable right to payment, and thus are treated as a single performance obligation with revenues recognized over time as work progresses.

For revenue recognized under fixed fee contracts, we measure the costs incurred that contribute towards the satisfaction of our performance obligation as a percentage of the total cost of production (the "cost-to-cost method"), and we recognize a proportionate amount of contract revenue, as the cost-to-cost method appropriately depicts performance towards satisfaction of the performance obligation. Changes to the original cost amount may be required during the life of the contract and such estimates are reviewed on a regular basis. Sales and gross profits are adjusted using the cumulative catch-up method for revisions in estimated contract costs. Reviews of estimates have not generally resulted in significant adjustments to our results of operations.

Point in time revenue represents goods transferred to customers at a point in time and is recognized when obligations under the terms of the contract with the customer are satisfied; generally this occurs with the transfer of control upon shipment.

- *Cyclicality of end-users' markets.* Demand for our products and services depends in large part upon the level of capital and maintenance expenditures of our customers and end users, in particular those in the energy, oil, gas, chemical processing and power generation industries, and firms that design and construct facilities for these industries. These customers' expenditures historically have been cyclical in nature and vulnerable to economic downturns. Large projects historically have been a substantial source of revenue growth, and large project revenues tend to be more cyclical than maintenance and repair revenues. A sustained decrease in capital and maintenance spending or in new facility construction by our customers could have a material adverse effect on the demand for our products and services and our business, financial condition and results of operations.
- *Acquisition strategy.* In recent years, we have been executing on a strategy to grow the Company through the acquisition of businesses that are either in the process heating solutions industry or provide complementary products and solutions for the markets and customers we serve. Refer to Note 2, "Acquisition," for more discussion of our recent acquisitions.

### **Recent Developments**

On October 2, 2024, we acquired Fabbrica Apparecchiature Termoelettriche Industriali S.r.L. ("F.A.T.I."), an Italian-based manufacturer of electric heaters for industrial use. F.A.T.I. has been a prominent player in the electric heating industry for nearly 80 years, serving diverse sectors like oil & gas, pharmaceuticals, and renewables. Refer to Note 14, "Subsequent Events" for more information.

During the three months ended September 30, 2024, we incurred \$0.6 million of Restructuring and other charges related to our cost-cutting initiatives previously disclosed. Refer to Note 4, "Restructuring and Other Charges" for more information.

## Results of Operations - Three-month periods ended September 30, 2024 and 2023

The following table sets forth our unaudited condensed consolidated statements of operations for the three months ended September 30, 2024 and 2023 and indicates the amount of change and percentage change between periods.

(Dollars in thousands)

|   | Three Months Ended September 30, |            | Increase/(Decrease) |        |
|---|----------------------------------|------------|---------------------|--------|
|   | 2024                             | 2023       | \$                  | %      |
| <b>Condensed Consolidated Statements of Operations:</b> |                                  |            |                     |        |
| Sales   | \$ 114,648                       | \$ 123,659 | \$ (9,011)          | (7)%   |
| Cost of sales   | 63,736                           | 69,201     | (5,465)             | (8)%   |
| Gross profit  | 50,912                           | 54,458     | (3,546)             | (7)%   |
| Operating expenses:                                     |                                  |            |                     |        |
| Selling, general and administrative expenses            | 31,259                           | 30,490     | 769                 | 3 %    |
| Deferred compensation plan expense/(income)             | 434                              | (247)      | 681                 | (276)% |
| Amortization of intangible assets                       | 3,402                            | 2,227      | 1,175               | 53 %   |
| Restructuring and other charges                         | 614                              | 304        | 310                 | 102 %  |
| Income from operations                                  | 15,203                           | 21,684     | (6,481)             | (30)%  |
| Other income/(expenses):                                |                                  |            |                     |        |
| Interest expense, net                                   | (2,790)                          | (1,925)    | (865)               | 45 %   |
| Other income/(expense)                                  | 563                              | (267)      | 830                 | (311)% |
| Income before provision for income taxes                | 12,976                           | 19,492     | (6,516)             | (33)%  |
| Income tax expense                                      | 3,482                            | 4,762      | (1,280)             | (27)%  |
| Net income  | \$ 9,494                         | \$ 14,730  | \$ (5,236)          | (36)%  |

As a percent of sales:

|  |        |        | Change in basis points |
|--|--------|--------|------------------------|
| Gross profit                                 | 44.4 % | 44.0 % | 40 bps                 |
| Selling, general and administrative expenses | 27.3 % | 24.7 % | 260 bps                |
| Income from operations                       | 13.3 % | 17.5 % | -420 bps               |
| Net income                                   | 8.3 %  | 11.9 % | -360 bps               |
| Effective tax rate                           | 26.8 % | 24.4 % | 240 bps                |

### Three Months Ended September 30, 2024 ("Interim 2025") Compared to the Three Months Ended September 30, 2023 ("Interim 2024")

**Revenues.** Revenues decreased in Interim 2025 compared to Interim 2024, across all reportable segments except Canada. Excluding our acquisition of Vapor Power, whose revenue is mostly within our US-LAM segment, revenues declined 17%. The decline in organic revenue is largely attributable to softness in Over time revenue, namely revenue associated with large projects, and primarily within our US-LAM segment.

Point in time sales increased, mainly in our US-LAM segment, supported by our acquisition of Vapor Power in the fourth quarter of fiscal 2024, which added \$12.1 million to Interim 2025. Absent Vapor Power, point in time sales contracted 3% versus Interim 2024. Point in time revenues in Interim 2025 were \$82.3 million, or 72% of total sales, and Over time revenues were \$32.4 million, or 28% of total sales. This compares to 59% Point in time revenues and 41% Over time revenues in Interim 2024.

Over time sales, which are generally tied to our customers' capital expenditures, decreased 37%, due to markedly less activity coming from large customer projects, especially in our US-LAM segment. All segments delivered lower Over time sales except for APAC, which was slightly ahead of Interim 2024.

Refer to the "Overview" section above for definitions of Point in time and Over time revenue. Separately, foreign exchange rates negatively impacted revenues in Interim 2025 by approximately \$0.7 million, net as the U.S. dollar strengthened relative to certain of the Company's foreign currency-denominated operations.

**Gross profit and margin.** Gross profit decreased compared to Interim 2024 owing to lower sales activity. However, our margins benefited from an increased mix of point in time revenue during the quarter, which carries higher gross margins. Additionally, our point in time revenue margins improved relative to Interim 2024. These increases were partially offset by comparatively lower margins in our projects business.

**Selling, general and administrative expenses.** The increase in SG&A expenses in Interim 2025 was driven by incremental expenses from our Vapor Power Acquisition, though largely muted by the reduction in force within our organic business which was enacted in April 2024. Furthermore, we continue to invest in our strategic initiatives of decarbonization, diversification and digitization. SG&A as a percent of sales was 27.3% in Interim 2025 versus 24.7% in Interim 2024. The higher percentage is partly due to comparatively lower sales on a relatively fixed cost base.

**Deferred compensation plan expense/(income).** The change in deferred compensation plan expense/(income) in Interim 2025 is attributable to market fluctuations in the underlying balances owed to employees as compared to Interim 2024. To note, this compensation plan expense/(income) is materially offset in other income/(expense) where the Company records market gains/(losses) on the related investment assets. Refer to Note 3, "Fair Value Measurements," for more information.

**Amortization of intangible assets.** Amortization of intangible assets in Interim 2025 increased when compared to Interim 2024 primarily related to intangibles assets associated our Vapor Power Acquisition. Refer to Note 2, "Acquisition" for more information.

**Restructuring and other charges.** Restructuring and other charges were \$0.6 million in Interim 2025 and \$0.3 million in Interim 2024. The Company enacted a reduction in force plan as well as a consolidation of production lines from its Denver manufacturing facility to its San Marcos manufacturing facility as part of certain cost-cutting measures and operational excellence efforts beginning in fiscal 2025. Refer to Note 4, "Restructuring and Other Charges" for more information.

**Interest expense, net.** The increase in interest expense is primarily due to a higher average outstanding principal balance during Interim 2025 (\$167 million versus \$112 in Interim 2024), and also a higher average interest rate in Interim 2025 (6.83% versus 6.57%). See Note 9, "Debt," for additional information on our long-term debt.

**Other income/(expense).** The change in Other income/(expense) in Interim 2025 is attributable to market fluctuations in the underlying investments associated with our non-qualified deferred compensation plan. These unrealized gains and losses on investments were materially offset by deferred compensation plan expense/(income) as noted above.

**Income tax expense.** Income tax expense was \$3.5 million in Interim 2025 on pre-tax income of \$13.0 million compared to income tax expense of \$4.8 million in Interim 2024 on pre-tax income of \$19.5 million. Our effective tax rate was 26.8% and 24.4% in Interim 2025 and Interim 2024, respectively. Our effective tax rate in Interim 2025 is higher due to the anticipated withholding tax associated with expected repatriations of earnings from our Canadian subsidiary. Previously, our Canadian earnings were deemed to be permanently reinvested. Refer to Note 12, "Income Taxes," for additional detail.

## Results of Operations - Six-month periods ended September 30, 2024 and 2023

The following table sets forth our unaudited condensed consolidated statements of operations for the six months ended September 30, 2024 and 2023, respectively, and indicates the amount of change and percentage change between periods.

|   | Six Months Ended<br>September 30, |            | Increase/(Decrease)    |        |
|---|-----------------------------------|------------|------------------------|--------|
|   | 2024                              | 2023       | \$                     | %      |
| <b>Condensed Consolidated Statements of Operations:</b> |                                   |            |                        |        |
| Sales   | \$ 229,774                        | \$ 230,548 | \$ (774)               | — %    |
| Cost of sales   | 128,430                           | 128,781    | (351)                  | — %    |
| Gross profit  | 101,344                           | 101,767    | (423)                  | — %    |
| Operating expenses:                                     |                                   |            |                        |        |
| Selling, general and administrative expenses            | 62,347                            | 59,144     | 3,203                  | 5 %    |
| Deferred compensation plan expense                      | 537                               | 26         | 511                    | 1965 % |
| Amortization of intangible assets                       | 6,799                             | 4,614      | 2,185                  | 47 %   |
| Restructuring and other charges                         | 2,723                             | 885        | 1,838                  | 208 %  |
| Income from operations                                  | 28,938                            | 37,098     | (8,160)                | (22)%  |
| Other income/(expenses):                                |                                   |            |                        |        |
| Interest expense, net                                   | (5,637)                           | (3,509)    | (2,128)                | 61 %   |
| Other income  | 706                               | 74         | 632                    | 854 %  |
| Income before provision for income taxes                | 24,007                            | 33,663     | (9,656)                | (29)%  |
| Income tax expense                                      | 6,002                             | 7,995      | (1,993)                | (25)%  |
| Net income  | \$ 18,005                         | \$ 25,668  | \$ (7,663)             | (30)%  |
| <i>As a percent of sales:</i>                           |                                   |            |                        |        |
|   |                                   |            | Change in basis points |        |
| Gross profit  | 44.1 %                            | 44.1 %     | 0 bps                  |        |
| Selling, general and administrative expenses            | 27.1 %                            | 25.7 %     | 140 bps                |        |
| Income from operations                                  | 12.6 %                            | 16.1 %     | -350 bps               |        |
| Net income  | 7.8 %                             | 11.1 %     | -330 bps               |        |
| Effective tax rate                                      | 25.0 %                            | 23.8 %     | 120 bps                |        |

### Six Months Ended September 30, 2024 (“YTD 2025”) Compared to the Six Months Ended September 30, 2023 (“YTD 2024”)

**Revenues.** Revenue decreased slightly in YTD 2025 compared to YTD 2024 due to a significant decrease in Over time sales, or project sales, largely offset by the contribution from Vapor Power. Absent Vapor Power, our revenue declined 12% comparatively.

Point in time sales increased, most notably in our US-LAM segment, supported by our acquisition of Vapor Power in the fourth quarter of fiscal 2024, which added \$25.9 million to YTD 2025. Absent Vapor Power, point in time sales contracted 3% versus YTD 2025. Point in time revenues in YTD 2025 were \$159.0 million, or 69% of total sales, and Over time revenues were \$70.7 million, or 31% of total sales. This compares to 60% Point in time revenues and 40% Over time revenues in YTD 2024.

Over time sales, which are typically tied to our customers' capital expenditures, decreased 24%, due to markedly less activity coming from large customer projects, especially in our US-LAM segment and EMEA segments. Canada and APAC delivered higher Over-time sales as compared to YTD 2024, which partially offset the overall decline in over time sales.

With respect to our reportable segment performance, EMEA decreased \$6.2 million, or 27%, while Canada increased \$3.7 million, or 5%, US-LAM revenue increased \$1.6 million, or 1%, and APAC increased \$0.1 million, or 1%. Separately, revenue was negatively impacted in YTD 2025 by foreign exchange rates of approximately \$1.9 million as the U.S. dollar strengthened relative to the Company's foreign currency-denominated operations.

Refer to the "Overview" section above for definitions of Point in time and Over time revenue.

**Gross profit and margin.** Gross profit decreased \$0.4 million on lower sales volumes. Although we shifted towards relatively more profitable Point in time sales in YTD 2025 compared to YTD 2024, we also recognized lower margins in a few large projects with higher labor content that diluted margins in Over time sales. This offset the positive impact we recognized through higher Point in time sales margins.

**Selling, general and administrative expenses.** Selling, general and administrative expenses increased \$3.2 million in YTD 2025 compared to YTD 2024 driven mainly by higher compensation expenses coming from the Vapor Power Acquisition as well as investments in our decarbonization, diversification and digitization strategy, while our recent reduction in force helped to control fixed costs given the reduced sales activity in our organic business. As a result, SG&A as a percent of sales increased 140 bps.

**Deferred compensation plan expense.** Deferred compensation plan expense/(income) incurred higher expense in YTD 2025 compared to YTD 2024 due to market fluctuations in the underlying balances owed to employees. This compensation plan expense/(income) is materially offset in other income/(expense), where the Company recorded market gains/(losses) on related investment assets. Refer to Note 3, "Fair Value Measurements," for more information.

**Restructuring and other charges.** Restructuring and other charges was \$2.7 million in YTD 2025 and \$0.9 million in YTD 2024. The increase in activity in YTD 2025 is related to a reduction in force plan as well as a consolidation of production lines from its Denver manufacturing facility to the San Marcos manufacturing facility as part of certain cost-cutting measures and operational excellence efforts. Refer to Note 4, "Restructuring and Other Charges" for more information.

**Amortization of intangible assets.** Amortization of intangible assets increased when compared to YTD 2024 primarily related to intangibles assets associated with our Vapor Power Acquisition. Refer to Note 2, "Acquisition" for more information.

**Interest expense, net.** Interest expense, net increased in YTD 2025 as compared to YTD 2024 due primarily to a higher average debt balance (\$169 million in YTD 2025 versus \$112 million in YTD 2024) and higher average interest rates (6.95% in YTD 2025 versus 6.48% in YTD 2024). Refer to Note 9, "Debt," for more information on our outstanding debt.

**Other income.** The change in Other income in YTD 2025 is attributable to market fluctuations in the underlying investments associated with our non-qualified deferred compensation plan. These unrealized gains and losses on investments were materially offset by deferred compensation plan expense as noted above.

**Income taxes.** Income tax expense was \$6.0 million in YTD 2025 on pre-tax income of \$24.0 million compared to income tax expense of \$8.0 million in YTD 2024 on pre-tax income of \$33.7 million, a decrease of \$2.0 million in income tax expense. Our effective tax rate was 25.0% and 23.8% in YTD 2025 and YTD 2024, respectively. The Company's effective tax rate was impacted by discrete tax items such as realized stock compensation and the foreign exchange impact of certain deferred tax matters, as well as anticipated withholding tax associated with expected repatriations of earnings from our Canadian subsidiary. Previously, our Canadian earnings were deemed to be permanently reinvested. Refer to Note 12, "Income Taxes," for additional detail.

## Contingencies

See Note 10, "Commitments and Contingencies," to our unaudited condensed consolidated financial statements included above in Part I, Item 1. Financial Statements (Unaudited) of this quarterly report, which is hereby incorporated by reference into this Item 2.

## Liquidity and Capital Resources

Our primary sources of liquidity are cash flows from operations and funds available under our revolving credit facility. Our primary liquidity needs are to finance our working capital, capital expenditures, debt service needs and potential future acquisitions.

At September 30, 2024, we had \$37.0 million in cash and cash equivalents and \$92.8 million available under our revolving line of credit facility. We manage our global cash requirements by maintaining cash and cash equivalents at various financial institutions throughout the world where we operate. Approximately \$7.3 million, or 20%, of these amounts were held in domestic accounts with various institutions and approximately \$29.7 million, or 80%, of these amounts were held in accounts outside of the United States with various financial institutions. While we require cash needs at our various foreign operations, excess cash is available for distribution to the United States through intercompany dividends or debt reduction in Canada. Please refer to Note 1, "Basis of Presentation," for more information regarding our restricted cash.

Generally, we seek to maintain a cash and cash equivalents balance between \$30.0 and \$40.0 million. We will encounter periods where we may be above or below this range, due to, for example, inventory buildup for anticipated seasonal demand in fall and winter months, related cash receipts from credit sales in months that follow, debt maturities, restructuring activities, larger capital investments, severe and/or protracted economic downturns, acquisitions, or some combination of the above activities. The Company continues to manage its working capital requirements effectively through optimizing inventory levels, doing business with credit-worthy customers, and extending payment terms with its supplier base.

### Future Cash Requirements

Our future capital requirements depend on many factors as noted throughout this report. We believe that, based on our current level of operations and related cash flows, plus cash on hand and available borrowings under our revolving credit facility, we will be able to meet our liquidity needs for the next twelve months and the foreseeable future. We had \$5.0 million of borrowings outstanding on our revolving credit facility at September 30, 2024. Although subject to change and not required by our Credit Facility, we intend to pay back the outstanding balance within the next twelve months.

We expect our capital expenditures to be approximately 2.5% to 3.0% of revenue in fiscal 2025. Additionally, we expect to pay \$16.9 million in principal payments on our long-term debt, as well as \$3.3 million related to our leased assets in the next twelve months. See further details in Note 9, "Debt," in Part I, Item 1. Financial Statements (Unaudited) of this quarterly report. We also have payment commitments of \$3.3 million, mostly related to long-term information technology contracts, of which \$2.6 million is due within the next twelve months.

### Discussion and Analysis of Cash Flows

|   | Six months ended September 30, |            | Increase/(Decrease) |
|---|--------------------------------|------------|---------------------|
|   | 2024                           | 2023       |                     |
| Total cash provided by/(used in):                               |                                |            |                     |
| Operating activities  | \$ 21,221                      | \$ 4,260   | \$ 16,961           |
| Investing activities  | (5,749)                        | (5,574)    | (175)               |
| Financing activities  | (13,659)                       | (4,596)    | (9,063)             |
| Free Cash Flow: <sup>(1)</sup>                                  |                                |            |                     |
| Cash provided by operating activities                           | \$ 21,221                      | \$ 4,260   | \$ 16,961           |
| Less: Cash used for purchases of property, plant, and equipment | (5,785)                        | (5,608)    | (177)               |
| Plus: Sales of rental equipment                                 | 36                             | 34         | 2                   |
| Free Cash Flow  | \$ 15,472                      | \$ (1,314) | \$ 16,786           |

(1) "Free Cash Flow" is a non-GAAP financial measure, which we define as net cash provided by operating activities less cash used for the purchase of property, plant, and equipment, net of sales of rental equipment and proceeds from sales of land and buildings. Free Cash Flow is one measure management uses internally to assess liquidity. Our calculation may not be comparable to similarly titled measures reported by other companies.

### Operating Cash Flows

Operating cash flows increased in YTD 2025 as compared to YTD 2024 primarily due to changes in operating assets and liabilities, such as accounts receivable, inventory, accounts payable and the like. This provided a net source of cash of approximately \$21.4 million. Also contributing to the higher operating cash flows in YTD 2025 was non-cash operating

activities of \$3.2 million, such as increased depreciation. These sources of cash were partially offset by comparatively lower net income in YTD 2025 of \$7.7 million

#### *Investing Cash Flows*

Cash used in investing activities increased in YTD 2025 as compared to YTD 2024 primarily due to higher purchases of property, plant and equipment of approximately \$0.2 million.

#### *Financing Cash Flows*

Cash used in financing activities increased in YTD 2025 versus YTD 2024 primarily due to increased payments on current debt, as well as increased repurchases of Company stock stemming from employee stock units on vesting and purchases as part of our share repurchase program.

#### *Credit Facilities*

On December 29, 2023, the Company and the Borrowers entered into an Amendment No. 3 to Credit Agreement, Amendment No. 2 to the Guarantee and Collateral Agreement and Amendment No. 2 to the Canadian Guarantee and Collateral Agreement (collectively, the "Amendment") with the Lenders and the Agent.

The Amendment provides for, among other things, changes to the Credit Agreement to (a) provide the US Borrower with a new incremental term loan facility as further described below (the "2023 Incremental U.S. Term Loan Facility"), (b) reset the accordion feature in the Credit Agreement for the incurrence of additional incremental term loans and incremental revolving commitments to an amount not to exceed USD \$100.0 million, (c) permit the Canadian Borrower to borrow under the existing Revolver Facility (as defined in the Credit Agreement) in Canadian dollars, (d) permit Letters of Credit (as defined in the Credit Agreement) to be issued for the account of the Canadian Borrower, (e) replace the Canadian Dollar Offered Rate with the Canadian Overnight Repo Rate Average as the benchmark rate applicable to Term Benchmark Loans (each as defined in the Credit Agreement) denominated in Canadian dollars and implementing corresponding technical changes, and (f) expand the definitions of "Specified Cash Management Agreement" and "Specified Swap Agreement" (each as defined in the Credit Agreement) to provide for the inclusion of obligations arising under Swap Agreements (as defined in the Credit Agreement) and cash management agreements between any subsidiary of the US Borrower to be included in the Obligations (as defined in the Credit Agreement) that are secured and guaranteed under the Loan Documents (as defined in the Credit Agreement).

The Credit Agreement is an amendment and restatement of that certain Credit Agreement dated October 30, 2017 by and among Borrowers, the lenders time to time party thereto and JPMorgan Chase Bank, N.A. as administrative agent (the "Prior Credit Agreement"), and provides for the credit facilities described in Note 9, "Debt," in Part I, Item 1. Financial Statements (Unaudited) of this quarterly report. There is no material uncertainty about our ongoing ability to comply with our covenants.

#### ***Other Non-GAAP Financial Measures***

In addition to evaluating our cash flow generation based upon operating, investing, and financing activities, the Company believes that the non-GAAP measure used in this section may provide investors and key stakeholders with another important perspective regarding our performance. The Company does not intend for this non-GAAP metric to be a substitute for the related GAAP measure, nor should it be viewed in isolation and without considering all relevant GAAP measurements. Moreover, our calculation may not be comparable to similarly titled measures reported by other companies.

We define "Free Cash Flow" as net cash provided by operating activities less cash used for the purchase of property, plant, and equipment, net of sales of rental equipment as well as proceeds from sales of land and buildings. This metric should not be interpreted to mean the remaining cash that is available for discretionary spending, dividends, share repurchases, acquisitions, or other purposes, as it excludes significant, mandatory obligations, such as principal payments on the Company's long-term debt facility. Free cash flow is one measure that the Company uses internally to assess liquidity.

Free Cash Flow totaled \$15.5 million for YTD 2025 as compared to \$(1.3) million for YTD 2024, the drivers of which are explained above under "Discussion and Analysis of Cash Flows."

#### ***Contractual Obligations and Off-Balance Sheet Arrangements***

There have been no material changes outside the ordinary course of business in the Company's contractual obligations during fiscal 2025. The Company does not have any off-balance sheet arrangements or any interest in entities commonly referred to as variable interest entities, which include special purpose entities and other structured finance entities. See the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2024, filed on May 29, 2024, for further details.

#### ***Critical Accounting Policies***

Our condensed consolidated financial statements are prepared in conformity with GAAP. The preparation of our financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. See Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, filed with the SEC on May 29, 2024, for a discussion of the Company’s critical accounting policies and estimates.

#### **Recent Accounting Pronouncements**

See Note 1, “Basis of Presentation,” to our unaudited condensed consolidated financial statements and accompanying notes thereto included above in Item 1. Financial Statements (Unaudited) of this quarterly report for information on recent accounting pronouncements, which is hereby incorporated by reference into this Item 2.

#### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Our primary market risk exposures are the effect of fluctuations in foreign exchange rates, interest rates and commodity prices.

**Foreign currency risk relating to operations.** We transact business globally and are subject to risks associated with fluctuating foreign exchange rates. Approximately 50% of our YTD 2025 consolidated revenue was generated by sales from our non-U.S. subsidiaries. Our non-U.S. subsidiaries generally sell their products and services in the local currency, but obtain a significant amount of their products from our manufacturing facilities located elsewhere, primarily the United States, Canada and Europe. Significant changes in the relevant exchange rates could adversely affect our margins on foreign sales of products. Our non-U.S. subsidiaries incur most of their expenses (other than intercompany expenses) in their local functional currency. These currencies include the Canadian Dollar, Euro, British Pound, Australian Dollar, South Korean Won, Chinese Renminbi, Indian Rupee, Mexican Peso, and Japanese Yen.

During YTD 2025, our largest exposures to foreign exchange rates consisted primarily of the Canadian Dollar and the Euro. The market risk related to the foreign currency exchange rates is measured by estimating the potential impact of a 10% change in the value of the U.S. dollar relative to the local currency exchange rates. The rates used to perform this analysis were based on a weighted average of the market rates in effect during the relevant period. A 10% appreciation of the U.S. dollar relative to the Canadian dollar would result in a net decrease in net income of \$1.3 million for YTD 2025. Conversely, a 10% depreciation of the U.S. dollar relative to the Canadian dollar would result in a net increase in net income of \$1.5 million for YTD 2025. A 10% appreciation of the U.S. dollar relative to the Euro would result in a \$0.1 million decrease in net income. Conversely, a 10% depreciation of the U.S. dollar relative to the Euro would result in a \$0.1 million increase in net income for YTD 2025.

The countries outside the United States in which we operate are generally not considered to be highly inflationary. Nonetheless, these foreign operations are sensitive to fluctuations in currency exchange rates arising from, among other things, certain intercompany transactions that are generally denominated in U.S. dollars rather than their respective functional currencies. The net impact of foreign currency transactions on our condensed consolidated statements of operations and comprehensive income were losses of \$0.2 million and a nominal amount in YTD 2025 and YTD 2024, respectively.

As of September 30, 2024, we had approximately \$11.7 million in notional forward contracts to reduce our exposure to foreign currency exchange rate fluctuations with respect to currencies. These forward contracts were in place to offset in part the foreign currency exchange risk to intercompany payables due from our foreign operations to be settled in U.S. dollars. See Note 3, “Fair Value Measurements” to our unaudited condensed financial statements included above in Item 1. Financial Statements (Unaudited) of this quarterly report for further information regarding our foreign currency forward contracts.

We estimate that our sales were negatively impacted by \$1.9 million in YTD 2025 when compared to foreign exchange translation rates that were in effect in YTD 2024. Foreign currency impact on revenue is calculated by comparing actual current period revenue in U.S. dollars to the theoretical U.S. Dollar revenue we would have achieved based on the weighted-average foreign exchange rates in effect in the comparative prior periods for all applicable foreign currencies. At each balance sheet date, we translate our assets and liabilities denominated in foreign currency to U.S. dollars. The balances of our foreign equity accounts are translated at their historical value. The difference between the current rates and the historical rates are posted to our currency translation account and reflected in the shareholders’ equity section of our condensed consolidated balance sheets. The unrealized effects of foreign currency translations were gains of \$1.7 million and losses of \$3.4 million in YTD 2025 and YTD 2024, respectively. The changes are due to the weakening of the U.S. dollar relative to the Company’s other primary operating currencies in YTD 2025 relative to YTD 2024. Foreign currency translation gains or losses are reported as part of comprehensive income or loss in the condensed consolidated statements of operations and comprehensive income. Foreign currency transactions gains and losses are included in net income or loss as part of other income and expense in the condensed consolidated statements of operations and comprehensive income.

**Interest rate risk and foreign currency risk relating to debt.** Borrowings under our Term Loan Facilities and the Revolving Credit Facility incur interest expense that is variable in relation to the SOFR rate. As of September 30, 2024, we had \$160.8 million of outstanding principal under our Term Loan Facilities and \$5.0 million in borrowings under the Revolving Credit Facility. The interest rates on the Term Loan Facilities on September 30, 2024 were 6.55% for the U.S. Term Loan Facility, 6.93% for the 2023 Incremental U.S. Term Loan Facility, and 6.60% for the U.S. Revolving Credit Facility. Based on the outstanding borrowings, a 1% change in the interest rate would result in a \$1.6 million increase or decrease, as applicable, in our annual interest expense.

**Commodity price risk.** We use various commodity-based raw materials in our manufacturing processes. Generally, we acquire such components at market prices and do not typically enter into long-term purchase commitments with suppliers or hedging instruments to mitigate commodity price risk. As a result, we are subject to market risks related to changes in commodity prices and supplies of key components of our products. Raw material costs have been stable historically; however, in recent periods we have experienced, and may continue to experience, various shortages in certain raw materials as well as an increase in costs of these materials due to: use of alternate suppliers, higher freight costs, increased lead times, and expedited shipping. We cannot provide any assurance that we will continue to mitigate temporary raw material shortages or be able to pass along such cost increases, including the potential impacts of tariffs or supply chain challenges, to our customers in the future, and if we are unable to do so, our results of operations may be adversely affected.

#### **Item 4. Controls and Procedures**

##### ***Disclosure Controls and Procedures***

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (the “Exchange Act”) as of the end of the period covered by this quarterly report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this quarterly report, these disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

##### ***Changes in Internal Control Over Financial Reporting***

There have been no changes in the Company’s internal control over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

**PART II**  
**OTHER INFORMATION**

**Item 1. Legal Proceedings**

See Note 10, "Commitments and Contingencies," to our unaudited condensed consolidated financial statements included above in Part I, Item 1. Financial Statements (Unaudited) of this quarterly report, which is hereby incorporated by reference into this Item 1.

**Item 1A. Risk Factors**

There have been no material changes from the risk factors previously disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, filed with the SEC on May 29, 2024.

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

There were no unregistered sales of our equity securities during the three months ended September 30, 2024. Information relating to the Company's purchases of its common stock during the three months ended September 30, 2024 is as follows:

| <i>Period</i>                          | <b>Total Number of Shares Purchased</b> | <b>Average Price Paid per Share</b> | <b>Total Number of Shares Purchased as Part of Announced Plans or Programs</b> |
|--|---|-------------------------------------|--|
| July 1 through July 31, 2024           | 25,277                                  | \$ 31.60                            | 25,277   |
| August 1 through August 31, 2024       | 22,618                                  | 30.11                               | 22,618   |
| September 1 through September 30, 2024 | 27,857                                  | 29.10                               | 27,857   |
| <b>Total</b>                           | 75,752                                  | \$ 30.35                            | 75,752   |

On March 15, 2024, we announced the authorization of a share repurchase program by the Company's board of directors of up to \$50 million of the Company's outstanding shares of common stock, exclusive of any fees, commissions or other expenses related to such repurchases (the "Repurchase Program"). The Repurchase Program does not include a specific timetable or price targets and may be suspended or terminated at any time. Shares under the current repurchase program may be purchased through open market or privately negotiated transactions at the discretion of management, including through the use of trading plans intended to qualify under Rule 10b5-1 and Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The timing and amount of any share repurchases will be determined by the Company at its discretion based on ongoing evaluation of general market conditions, the market price of Thermon's common stock, the Company's capital needs, and other factors.

During the three months ended September 30, 2024, we purchased 75,752 shares at a weighted average price of \$30.35. As of September 30, 2024, we have \$45.9 million of remaining unused and authorized availability under the Repurchase Program. We record shares of common stock repurchased at cost as treasury stock, resulting in a reduction of stockholders' equity in the consolidated balance sheets.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

*Securities Trading Plans of Directors and Executive Officers*

During the three months ended September 30, 2024, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

**Item 6. Exhibits**

See Exhibit Index below for a list of exhibits filed as part of this quarterly report, which Exhibit Index is incorporated herein by reference.

## EXHIBIT INDEX

| Exhibit Number | Description  |
|----------------|--|
| 3.1            | <a href="#"><u>Third Amended and Restated Certificate of Incorporation of Thermon Group Holdings, Inc., effective as of August 26, 2024*</u></a>   |
| 31.1           | <a href="#"><u>Certification of Bruce Thames, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*</u></a>  |
| 31.2           | <a href="#"><u>Certification of Jan Schott, Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*</u></a>   |
| 32.1           | <a href="#"><u>Certification of Bruce Thames, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*</u></a>  |
| 32.2           | <a href="#"><u>Certification of Jan Schott, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*</u></a>  |
| 101            | Interactive Data Files formatted in Inline eXtensible Business Reporting Language (iXBRL) pursuant to Rule 405 of Regulation S-T: (i) the cover page, (ii) Condensed Consolidated Balance Sheets, (iii) Condensed Consolidated Statements of Operations and Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows and (v) Notes to Condensed Consolidated Financial Statements* |
| 104            | Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)*  |

---

\* Filed herewith



**THIRD AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**  
**OF**  
**THERMON GROUP HOLDINGS, INC.**  
**(a Delaware corporation)**

**ARTICLE I**

**NAME**

The name of the Corporation is Thermon Group Holdings, Inc. (hereinafter called the "Corporation").

**ARTICLE II**

**REGISTERED OFFICE**

The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, County of New Castle, and the name of the registered agent at that address is Corporation Service Company.

**ARTICLE III**

**PURPOSE**

The purpose for which the Corporation is formed is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law (the "DGCL").

**ARTICLE IV**

**STOCK**

**Section 4.01 Authorized Stock.** The aggregate number of shares which the Corporation shall have authority to issue is One Hundred Sixty Million (160,000,000), of which One Hundred Fifty Million (150,000,000) shall be designated as Common Stock, par value \$0.001 per share ("Common Stock"), and Ten Million (10,000,000) shall be designated as Preferred Stock, par value \$0.001 per share ("Preferred Stock").

**Section 4.02 Common Stock.**

(a) Voting. Except as otherwise provided (i) by the DGCL, (ii) by Section 4.03 of this Article IV, or (iii) by resolutions, if any, of the Board of Directors of the Corporation ("Board of Directors") fixing the relative powers, preferences and rights and the qualifications, limitations or restrictions of the Preferred Stock, the entire voting power of the shares of the Corporation for the election of directors and for all other purposes shall be vested exclusively in the Common

Stock. Each share of Common Stock shall have one vote upon all matters to be voted on by the holders of the Common Stock.

(b) Dividends. Subject to the rights, if any, of the holders of any outstanding series of Preferred Stock, each share of Common Stock shall be entitled to receive and share equally in all dividends paid out of any funds of the Corporation legally available therefor when, as and if declared by the Board of Directors.

(c) Liquidation. Upon the dissolution, liquidation or winding up of the Corporation, subject to the rights, if any, of the holders of any outstanding series of Preferred Stock, the holders of shares of Common Stock shall be entitled to receive the assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them.

(d) Preferred Stock. The Preferred Stock may be issued at any time and from time to time in one or more series. Subject to the provisions of this Third Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation"), the Board of Directors is authorized to fix from time to time by resolution or resolutions the number of shares of any class or series of Preferred Stock, and to determine the voting powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, of any such class or series. Further, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any such class or series, the Board of Directors is authorized to increase or decrease (but not below the number of shares of such class or series then outstanding) the number of shares of any such class or series subsequent to the issuance of shares of that class or series.

## ARTICLE V

### BOARD OF DIRECTORS

**SECTION 5.01 Number**. Subject to the rights and preferences of any series of outstanding Preferred Stock, the number of directors constituting the whole Board of Directors shall be not fewer than three (3) and shall be fixed from time to time solely by resolution adopted by affirmative vote of a majority of such directors then in office and may not be fixed by any other person or persons, including stockholders.

**SECTION 5.02 Vacancies**. Subject to the rights and preferences of any series of outstanding Preferred Stock, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise provided by law, be filled solely by the affirmative vote of a majority of the remaining directors then in office, even if such a majority is less than a quorum of the Board of Directors, or by a sole remaining director, and shall not be filled by any other person or persons, including stockholders. Any director so chosen shall hold office for the remainder of the full term of the class for which such director shall have been chosen or in which such vacancy occurred and until his successor shall be elected and qualified. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

---

**SECTION 5.03 Powers.** Except as otherwise expressly provided by the DGCL or this Certificate of Incorporation, the management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors.

**SECTION 5.04 Election.**

(a) **Ballot Not Required.** The directors of the Corporation need not be elected by written ballot unless the Bylaws of the Corporation so provide.

(b) **Notice.** Advance notice of stockholder nominations for the election of directors shall be given in the manner and to the extent provided in the Bylaws of the Corporation.

**ARTICLE VI**

**STOCKHOLDER ACTION**

The authority contemplated by Section 228 of the DGCL which permits stockholders to act by written consent is expressly denied to the stockholders of the Corporation. Accordingly, the stockholders have no ability to take any action unless such action is taken at an annual or special meeting of the stockholders.

**ARTICLE VII**

**SPECIAL MEETINGS OF STOCKHOLDERS**

A special meeting of the stockholders of the Corporation may be called at any time only by the Chairman of the Board of Directors, the Chief Executive Officer (or if there is no Chief Executive Officer, the President) or the Board of Directors of the Corporation pursuant to a resolution adopted by a majority of the total number of directors then in office. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting.

**ARTICLE VIII**

**EXISTENCE**

The Corporation shall have perpetual existence.

**ARTICLE IX**

**AMENDMENT**

**SECTION 9.01** **Amendment of Certificate of Incorporation.** The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by the laws of the State of Delaware, and all rights conferred herein are granted subject to this reservation.

---

**SECTION 9.02** Amendment of Bylaws. The Bylaws of the Corporation may be altered, changed or repealed, and new Bylaws made, by the majority vote of the whole Board of Directors.

## **ARTICLE X**

### **LIABILITY OF DIRECTORS**

**SECTION 10.01** Personal Liability. To the fullest extent elimination or limitation of personal liability of directors and officers is permitted by the DGCL, no director or officer of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director or officer of the Corporation for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal. For purposes of this Section 10.01, "officer" shall have the meaning provided in Section 102(b)(7) of the DGCL, as it presently exists or may hereafter be amended from time to time.

**SECTION 10.02** Indemnification. Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL. The right to indemnification conferred in this Article X shall also include the right to be paid by the Corporation the expenses incurred in connection with any such proceeding in advance of its final disposition to the fullest extent authorized by the DGCL. The rights to indemnification and advancement conferred in this Article X shall be contract rights and shall become vested by virtue of the director's or officer's service at the time when the state of facts giving rise to the claim occurred. The Corporation may, by action of its Board of Directors, provide indemnification to such of the employees and agents of the Corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by the DGCL.

**SECTION 10.03** Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the DGCL.

**SECTION 10.04** Non-Exclusivity. The rights and authority conferred in this Article X shall not be exclusive of any other right which any person may otherwise have or hereafter acquire.

---

**SECTION 10.05** Applicability. Neither the amendment nor repeal of this Article X, nor the adoption of any provision of this Certificate of Incorporation or the Bylaws of the Corporation, nor, to the fullest extent permitted by the DGCL, any modification of law, shall eliminate or reduce the effect of this Article X in respect of any acts or omissions occurring prior to such amendment, repeal, adoption or modification. Any vested rights to indemnification or advancement hereunder may not be amended or otherwise modified or limited without the express written consent of the affected director.

## **ARTICLE XI**

### **BUSINESS OPPORTUNITIES**

**SECTION 11.01** Business Opportunities. To the fullest extent permitted by the DGCL and except as may be otherwise expressly agreed in writing (i) by the Corporation and any fund, investment vehicle or portfolio company controlled by, or under common control with, CHS Capital LLC (collectively, "CHS") with respect to CHS, (ii) by the Corporation and any fund, investment vehicle or portfolio company controlled by, or under common control with, Thompson Street Capital LLC (collectively, "TSCP") with respect to TSCP, (iii) by the Corporation and any fund, investment vehicle or portfolio company controlled by, or under common control with, Crown Investment Fund (collectively, "Crown") with respect to Crown, or (iv) by the Corporation and any fund, investment vehicle or portfolio company controlled by, or under common control with, Star Investment Series LLC—Series 1 (collectively, "Star"; CHS, TSCP, Crown and Star each being referred to herein as a "Sponsor" and collectively as the "Sponsors") with respect to Star, as the case may be, the Corporation, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to the Sponsors or any of their officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries (other than the Corporation and its subsidiaries) and that may be business opportunities for such Sponsor, even if the opportunity is one that the Corporation or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and no such person shall be liable to the Corporation or any of its subsidiaries for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such person, acting in good faith, pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or its subsidiaries unless, in the case of any such person who is a director or officer of the Corporation, such business opportunity is expressly offered to such director or officer solely in his or her capacity as a director or officer of the Corporation. None of the Sponsors shall have any duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as the Corporation or any of its subsidiaries.

**SECTION 11.02** Termination. The provisions of this Article XI shall have no further force or effect with respect to a Sponsor on the date that no person who is a director or officer of the Corporation is also a director, officer, partner or member of any corporation, partnership, limited liability company or other entity that is a Sponsor. Neither the alteration,

amendment or repeal of this Article XI nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article XI nor the termination of applicability pursuant to the immediately preceding sentence shall eliminate or reduce the effect of this Article XI in respect of any business opportunity first identified or any other matter occurring, or any cause of action, suit or claim that, but for this Article XI, would accrue or arise, prior to such alteration, amendment, repeal, adoption or termination.

**SECTION 11.03** Deemed Notice. Any person purchasing or otherwise acquiring any interest in any shares of stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XI.

## **ARTICLE XII**

### **DGCL SECTION 203 AND BUSINESS COMBINATIONS**

**SECTION 12.01** The Corporation hereby expressly elects not to be governed by Section 203 of the DGCL.

**SECTION 12.02** Notwithstanding the foregoing, the Corporation shall not engage in any business combination (as defined below) with any interested stockholder (as defined below) for a period of three (3) years following the time that such stockholder became an interested stockholder, unless:

(a) prior to such time, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

(b) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock (as defined below) of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares of voting stock outstanding those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

(c) at or subsequent to such time, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock of the Corporation which is not owned by the interested stockholder.

**SECTION 12.03** The restrictions contained in Section 12.02 shall not apply if:

(a) the Corporation does not have a class of voting stock that is: (i) listed on a national securities exchange; or (ii) held of record by more than 2,000 stockholders, unless any of the foregoing results from action taken, directly or indirectly, by an interested stockholder or from a transaction in which a person becomes an interested stockholder; or

---

(b) a stockholder becomes an interested stockholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares so that the stockholder ceases to be an interested stockholder; and (ii) would not, at any time within the 3-year period immediately prior to a business combination between the Corporation and such stockholder, have been an interested stockholder but for the inadvertent acquisition of ownership.

**SECTION 12.04** For purposes of this Article XII, references to:

(a) “affiliate” means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

(b) “associate,” when used to indicate a relationship with any person, means: (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock; (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

(c) “business combination,” when used in reference to the Corporation and any interested stockholder of the Corporation, means:

(i) any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation (a) with the interested stockholder, or (b) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation Section 12.02 is not applicable to the surviving entity;

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Corporation;

(iii) any transaction which results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any stock of the Corporation or of such subsidiary to the interested stockholder, except: (A) pursuant to the exercise, exchange or conversion of any security exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (B) pursuant to a merger under Section 251(g) of the DGCL; (C) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for,

---

exchangeable for or convertible into stock of the Corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of the Corporation subsequent to the time the interested stockholder became such; (D) pursuant to an exchange offer by the Corporation to purchase stock made on the same terms to all holders of said stock; or (E) any issuance or transfer of stock by the Corporation; *provided, however*, that in no case under items (C)-(E) of this subsection (iii) shall there be an increase in the interested stockholder's proportionate share of the stock of any class or series of the Corporation or of the voting stock of the Corporation;

(iv) any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or of securities exercisable for, exchangeable for or convertible into the stock of any class or series, of the Corporation or of any such subsidiary which is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or

(v) any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Corporation), of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subsections (i)-(iv) above) provided by or through the Corporation or any direct or indirect majority-owned subsidiary.

(d) "control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is the owner of 20% or more of the outstanding voting stock of any corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Article XII, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

(e) "Existing Sponsor" means each of CHS, TSCP, Crown, Star and their respective controlled affiliates.

(f) "Existing Sponsor Direct Transferee" means any person (and its affiliates) who acquires (other than in a registered public offering) directly in one or more related transactions from one or more Existing Sponsors or any "group", or any member of any such group, to which such Existing Sponsor is a party under Rule 13d-5 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") beneficial ownership of 15% or more in the aggregate of the then outstanding voting stock of the Corporation.

---

(g) “Existing Sponsor Indirect Transferee” means any person (and its affiliates) who acquires (other than in a registered public offering) directly in one or more related transactions from any Existing Sponsor Direct Transferee or any other Existing Sponsor Indirect Transferee beneficial ownership of 15% or more in the aggregate of the then outstanding voting stock of the Corporation.

(h) “interested stockholder” means any person (other than the Corporation or any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of 15% or more of the outstanding voting stock of the Corporation, or (ii) is an affiliate or associate of the Corporation and was the owner of 15% or more of the outstanding voting stock of the Corporation at any time within the three (3) year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder; and the affiliates and associates of such person; but “interested stockholder” shall not include (A) any Existing Sponsor, any Existing Sponsor Direct Transferee, any Existing Sponsor Indirect Transferee or any of their respective affiliates or successors or any “group”, or any member of any such group, to which such persons are a party under Rule 13d-5 of the Exchange Act, or (B) any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of any action taken solely by the Corporation, provided, in the case of this clause (B), that such person shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the Corporation, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the Corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of “owner” below but shall not include any other unissued stock of the Corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(i) “person” means any individual, corporation, partnership, unincorporated association or other entity.

(j) “stock” means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

(k) “voting stock” means, with respect to any corporation, stock of any class or series entitled to vote generally in the election of directors and, with respect to any entity that is not a corporation, any equity interest entitled to vote generally in the election of the governing body of such entity. Every reference to a percentage of voting stock shall refer to such percentage of the votes of such voting stock.

(l) “owner,” including the terms “own” and “owned,” when used with respect to any stock, means a person that individually or with or through any of its affiliates or associates:

(i) beneficially owns (as determined pursuant to Rule 13d-3 of the Exchange Act or any successor provision) such stock, directly or indirectly;

---

(ii) has (A) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person's affiliates or associates until such tendered stock is accepted for purchase or exchange; or (B) the right to vote such stock pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any stock because of such person's right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to ten (10) or more persons; or

(iii) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (B) of subsection (l)(ii) above), or disposing of such stock with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Bruce Thames, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Thermon Group Holdings, 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: November 7, 2024

By: /s/ Bruce Thames  
Name: Bruce Thames  
Title: President and Chief Executive Officer

**CERTIFICATION PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Jan L. Schott, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Thermon Group Holdings, 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: November 7, 2024

By: /s/ Jan L. Schott

Name: Jan L. Schott

Title: Senior Vice President, Chief Financial Officer

**CERTIFICATION PURSUANT TO SECTION 1350  
OF CHAPTER 63 OF TITLE 18 UNITED STATES CODE**

In connection with the Quarterly Report on Form 10-Q of Thermon Group Holdings, Inc. (the "Company") for the quarterly period ended September 30, 2024 (the "Report"), I, Bruce Thames, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

Date: November 7, 2024

By: /s/ Bruce Thames  
Name: Bruce Thames  
Title: President and Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 1350  
OF CHAPTER 63 OF TITLE 18 UNITED STATES CODE**

In connection with the Quarterly Report on Form 10-Q of Thermon Group Holdings, Inc. (the "Company") for the quarterly period ended September 30, 2024 (the "Report"), I, Jan L. Schott, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

Date: November 7, 2024

By: /s/ Jan L. Schott  
Name: Jan L. Schott  
Title: Senior Vice President, Chief Financial Officer