

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

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2023

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to
Commission file number 001-41708

PHINIA INC.

(Exact name of registrant as specified in its charter)

Delaware

92-2483604

(State or other jurisdiction of incorporation or organization)

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

3000 University Drive, Auburn Hills, Michigan

48326

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code (248) 732-1900

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	PHIN	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 type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" 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 1, 2023, the registrant had 46,685,317 shares of voting common stock outstanding.

PHINIA INC.
FORM 10-Q
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PHINIA INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions)	September 30, 2023	December 31, 2022
ASSETS		
Cash, cash equivalents and restricted cash	\$ 367	\$ 251
Receivables, net	1,175	891
Inventories	529	459
Prepayments and other current assets	53	40
Total current assets	2,124	1,641
Property, plant and equipment, net	889	924
Investments and long-term receivables	130	325
Goodwill	486	490
Other intangible assets, net	411	432
Other non-current assets	151	262
Total assets	\$ 4,191	\$ 4,074
LIABILITIES AND EQUITY		
Short-term borrowings	\$ 87	\$ —
Accounts payable	817	686
Other current liabilities	417	484
Total current liabilities	1,321	1,170
Long-term debt	713	28
Retirement-related liabilities	94	79
Other non-current liabilities	171	1,154
Total liabilities	2,299	2,431
Commitments and contingencies (Note 18)		
Common Stock	1	—
Additional paid-in capital	2,023	—
Retained deficit	(1)	—
Former parent investment	—	1,731
Accumulated other comprehensive loss	(122)	(88)
Treasury stock	(9)	—
Total equity	1,892	1,643
Total liabilities and equity	\$ 4,191	\$ 4,074

See accompanying Notes to Condensed Consolidated Financial Statements.

PHINIA INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net sales	\$ 896	\$ 859	\$ 2,618	\$ 2,497
Cost of sales	719	658	2,080	1,964
Gross profit	177	201	538	533
Selling, general and administrative expenses	104	100	306	301
Other operating expense (income), net	15	(10)	60	1
Operating income	58	111	172	231
Equity in affiliates' earnings, net of tax	(2)	(5)	(8)	(8)
Interest expense	22	5	34	14
Interest income	(4)	(2)	(9)	(3)
Other postretirement income	—	(8)	(1)	(25)
Earnings before income taxes	42	121	156	253
Provision for income taxes	31	32	75	66
Net earnings	\$ 11	\$ 89	\$ 81	\$ 187
Earnings per share — basic	\$ 0.24	\$ 1.89	\$ 1.72	\$ 3.98
Earnings per share— diluted	\$ 0.24	\$ 1.89	\$ 1.72	\$ 3.98
Weighted average shares outstanding:				
Basic	47.0	47.0	47.0	47.0
Diluted	47.1	47.0	47.0	47.0

See accompanying Notes to Condensed Consolidated Financial Statements.

PHINIA INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(UNAUDITED)

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net earnings	\$ 11	\$ 89	\$ 81	\$ 187
Other comprehensive loss				
Foreign currency translation adjustments ⁽¹⁾	(58)	(99)	(28)	(186)
Defined benefit pension plans ⁽¹⁾	(2)	(6)	(3)	(13)
Hedge instruments ⁽¹⁾	(1)	1	(3)	2
Total other comprehensive loss	(61)	(104)	(34)	(197)
Comprehensive (loss) income	\$ (50)	\$ (15)	\$ 47	\$ (10)

⁽¹⁾ Net of income taxes.

See accompanying Notes to Condensed Consolidated Financial Statements.

PHINIA INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Nine months ended September 30,	
	2023	2022
OPERATING		
Net earnings	\$ 81	\$ 187
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and tooling amortization	105	109
Intangible asset amortization	21	21
Restructuring expense, net of cash paid	1	2
Stock-based compensation expense	7	7
Deferred income tax expense	2	—
Other non-cash adjustments, net	(1)	(2)
Adjustments to reconcile net earnings to net cash provided by operating activities	216	324
Changes in assets and liabilities, excluding foreign currency translation adjustments:		
Receivables	(123)	(149)
Inventories	(60)	(75)
Prepayments and other current assets	(10)	8
Accounts payable and other current liabilities	169	36
Prepaid taxes and income taxes payable	33	24
Other assets and liabilities	(37)	(46)
Net cash provided by operating activities	188	122
INVESTING		
Capital expenditures, including tooling outlays	(117)	(86)
Payments for investment in equity securities	(2)	—
Proceeds from asset disposals and other, net	2	6
Net cash used in investing activities	(117)	(80)
FINANCING		
Proceeds from issuance of long-term debt, net of discount	708	—
Payments for debt issuance costs	(14)	—
Borrowings under Revolving Facility	75	—
Repayments of debt, including current portion	(1)	—
Cash outflows related to debt due to former parent	(728)	(113)
Cash inflows related to debt due from former parent	36	29
Purchase of noncontrolling interest	—	(3)
Dividends paid to PHINIA stockholders	(12)	—
Payments for purchase of treasury stock	(9)	—
Net transfers to former parent	(5)	(16)
Net cash provided by (used in) financing activities	50	(103)
Effect of exchange rate changes on cash	(5)	(28)
Net increase (decrease) in cash and cash equivalents	116	(89)
Cash and cash equivalents at beginning of year	251	259
Cash and cash equivalents at end of period	\$ 367	\$ 170
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid (received) during the year for:		
Interest, net	\$ 13	\$ (3)
Income taxes, net of refunds	\$ 59	\$ 42
Non-cash investing transactions:		
Period end accounts payable related to property, plant, and equipment purchases	\$ 31	\$ 29

See accompanying Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

INTRODUCTION

The accompanying Condensed Consolidated Financial Statements and notes present the condensed consolidated statements of operations, balance sheets, and cash flows of PHINIA Inc. ("PHINIA" or the "Company"). PHINIA is a leader in the development, design and manufacture of integrated components and systems that optimize performance, increase efficiency and reduce emissions in combustion and hybrid propulsion for commercial vehicles and industrial applications (medium-duty and heavy-duty trucks, buses and other off-highway construction, marine, agricultural and industrial applications) and light vehicles (passenger cars, trucks, vans and sport-utility vehicles). The Company is a global supplier to most major original equipment manufacturers ("OEMs") seeking to meet and exceed increasingly stringent global regulatory requirements and satisfy consumer demands for an enhanced user experience. Additionally, the Company offers a wide range of original equipment service ("OES") solutions and remanufactured products as well as an expanded range of products for the independent (non-OEM) aftermarket.

Transition to Standalone Company

On December 6, 2022, BorgWarner Inc. ("BorgWarner," or "Former Parent") announced plans for the complete legal and structural separation of BorgWarner's Fuel Systems and Aftermarket businesses from BorgWarner by the spin-off of its wholly-owned subsidiary, PHINIA, which was formed on February 9, 2023 (the "Spin-Off").

On July 3, 2023, BorgWarner completed the Spin-Off in a transaction intended to qualify as tax-free to the Company's stockholders for U.S. federal income tax purposes, which was accomplished by the distribution of the outstanding common stock of PHINIA to holders of record of common stock of BorgWarner on a pro rata basis. Each holder of record of common stock of BorgWarner received one share of PHINIA common stock for every five shares of common stock of BorgWarner held on June 23, 2023, the Record Date. In lieu of fractional shares of PHINIA, stockholders of the Company received cash. As a result of these transactions, all of the assets, liabilities, and legal entities comprising BorgWarner's Fuel Systems and Aftermarket businesses are now owned directly, or indirectly through its subsidiaries, by PHINIA. PHINIA is an independent public company trading under the symbol "PHIN" on the New York Stock Exchange.

NOTE 1 BASIS OF PRESENTATION

Prior to the Spin-Off on July 3, 2023, the historical financial statements of PHINIA were prepared on a stand-alone combined basis and were derived from BorgWarner's consolidated financial statements and accounting records as if the Fuel Systems and Aftermarket businesses of BorgWarner had been part of PHINIA for all periods presented. Accordingly, for periods prior to July 3, 2023, our financial statements are presented on a combined basis and for the periods subsequent to July 3, 2023 are presented on a consolidated basis (all periods hereinafter are referred to as "consolidated financial statements"). The Company's Condensed Consolidated Financial Statements were prepared in accordance with accounting principles in the United States of America ("U.S. GAAP") pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Certain information and footnote disclosures normally included in annual financial statements were condensed or omitted as permitted by such rules and regulations. In the opinion of management, all normal recurring adjustments necessary for a fair statement of results have been included. Operating results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. The balance sheet as of December 31, 2022 was derived from the audited financial statements as of that date.

Certain amounts for the prior periods presented were reclassified to conform to the current period presentation. Amounts that were previously presented as Due from BorgWarner, current and Due from BorgWarner, non-current are now presented within Receivables, net and Investments and long-term

receivables, respectively. Amounts that were previously presented as Due to BorgWarner, current are now presented within Accounts payable and Other current liabilities. Amounts that were previously presented in Due to BorgWarner, non-current are now presented in Other non-current liabilities.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and accompanying notes, as well as amounts of revenues and expenses reported during the periods covered by those financial statements and accompanying notes. The Condensed Consolidated Financial Statements may not be indicative of the Company's future performance and do not necessarily reflect what the financial position, results of operations, and cash flows would have been had it operated as a standalone company during the periods presented prior to the Spin-Off.

The Condensed Consolidated Statements of Operations include all revenues and costs directly attributable to the Company, including costs for facilities, functions, and services utilized. Costs for certain centralized functions and programs provided and administered by BorgWarner were charged directly to the Company prior to Spin-Off. These centralized functions and programs included, but were not limited to research and development and information technology.

A portion of BorgWarner's total corporate expenses were allocated to the Company for services rendered by BorgWarner prior to the Spin-Off. These expenses included the cost of corporate functions and resources, including, but not limited to, executive management, finance, accounting, legal, human resources, research and development and sales. Additionally, a portion of the Company's corporate expenses were allocated to BorgWarner for charges incurred related to subsidiaries of BorgWarner historically supported by the Company, primarily related to information technology. These expenses were allocated based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional net revenues, legal entities, headcount or weighted-square footage, as applicable. The Company considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to, or the benefit received by, both the Company and BorgWarner during the periods presented. However, the allocations may not reflect the expenses the Company would have incurred if the Company had been a standalone company for the periods presented prior to July 3, 2023. The nine months ended September 30, 2023 included net corporate allocation expenses incurred prior to the Spin-Off totaling \$89 million. For the three and nine months ended September 30, 2022 net corporate allocation expenses totaled \$26 million and \$95 million, respectively. Corporate allocation expenses were primarily included in Selling, general and administrative expenses.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company manufactures and sells products, primarily to OEMs of commercial vehicle industrial applications and light vehicles, to certain tier one vehicle systems suppliers and into the aftermarket. The Company's payment terms are based on customary business practices and vary by customer type and products offered. The Company has evaluated the terms of its arrangements and determined that they do not contain significant financing components.

Generally, revenue is recognized upon shipment or delivery; however, a limited number of the Company's customer arrangements for its highly customized products with no alternative use provide the Company with the right to payment during the production process. As a result, for these limited arrangements, revenue is recognized as goods are produced and control transfers to the customer using the input cost-to-cost method. The Company recorded a contract asset of \$2 million at both September 30, 2023 and December 31, 2022 for these arrangements. These amounts are reflected in Prepayments and other current assets in the Company's Condensed Consolidated Balance Sheets.

In limited instances, certain customers have provided payments in advance of receiving related products, typically at the onset of an arrangement prior to the beginning of production. These contract liabilities are reflected as Other current liabilities in the Condensed Consolidated Balance Sheets and were \$3 million

at both September 30, 2023 and December 31, 2022. These amounts are reflected as revenue over the term of the arrangement (typically 3 to 7 years) as the underlying products are shipped and represent the Company's remaining performance obligations as of the end of the period.

The following table represents a disaggregation of revenue from contracts with customers by reportable segment and region for the three and nine months ended September 30, 2023 and 2022. Refer to Note 21, "Reportable Segments And Related Information" to the Condensed Consolidated Financial Statements, for more information.

(In millions)	Three months ended September 30, 2023		
	Fuel Systems	Aftermarket	Total
Americas	\$ 199	\$ 193	\$ 392
Europe	232	122	354
Asia	130	20	150
Total	\$ 561	\$ 335	\$ 896

(In millions)	Three months ended September 30, 2022		
	Fuel Systems	Aftermarket	Total
Americas	\$ 142	\$ 207	\$ 349
Europe	216	101	317
Asia	176	17	193
Total	\$ 534	\$ 325	\$ 859

(In millions)	Nine months ended September 30, 2023		
	Fuel Systems	Aftermarket	Total
Americas	\$ 537	\$ 591	\$ 1,128
Europe	711	350	1,061
Asia	373	56	429
Total	\$ 1,621	\$ 997	\$ 2,618

(In millions)	Nine months ended September 30, 2022		
	Fuel Systems	Aftermarket	Total
Americas	\$ 408	\$ 604	\$ 1,012
Europe	686	301	987
Asia	451	47	498
Total	\$ 1,545	\$ 952	\$ 2,497

NOTE 3 RESEARCH AND DEVELOPMENT COSTS

The Company's net research & development ("R&D") expenditures are primarily included in Selling, general and administrative expenses of the Condensed Consolidated Statements of Operations. Customer reimbursements are netted against gross R&D expenditures as they are considered a recovery of cost. Customer reimbursements for prototypes are recorded net of prototype costs based on customer contracts, typically either when the prototype is shipped or when it is accepted by the customer. Customer reimbursements for engineering services are recorded when performance obligations are satisfied in accordance with the contract. Financial risks and rewards transfer upon shipment, acceptance of a prototype component by the customer or upon completion of the performance obligation as stated in the

respective customer agreement. The Company has various customer arrangements relating to R&D activities that it performs at its various R&D locations.

The following table presents the Company's gross and net expenditures on R&D activities:

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Gross R&D expenditures	\$ 45	\$ 49	\$ 143	\$ 151
Customer reimbursements	(21)	(25)	(62)	(73)
Net R&D expenditures	\$ 24	\$ 24	\$ 81	\$ 78

NOTE 4 OTHER OPERATING EXPENSE (INCOME), NET

Items included in Other operating expense (income), net consist of:

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Merger, acquisition and divestiture expense	\$ 13	\$ 5	\$ 72	\$ 27
Restructuring	4	3	10	8
Related-party royalty income	—	(9)	(17)	(22)
Related-party R&D income	—	(3)	(2)	(9)
Asset impairment	—	—	—	5
Other income, net	(2)	(6)	(3)	(8)
Other operating expense (income), net	\$ 15	\$ (10)	\$ 60	\$ 1

Merger acquisition and divestiture expense: During the three and nine months ended September 30, 2023 and 2022, the Company recorded merger, acquisition and divestiture expense, primarily related to professional fees associated with the separation of the Company.

Related-party royalty income: The Company participated in royalty arrangements with BorgWarner businesses prior to Spin-Off, which involved the licensing of the Delphi Technologies trade name and product-related intellectual properties.

Related-party R&D income: The Company provided application testing and other R&D services for BorgWarner businesses prior to Spin-Off.

NOTE 5 RESTRUCTURING

The Company's restructuring expenditures are primarily included in Other operating expense (income), net of the Condensed Consolidated Statements of Operations. The Company's restructuring activities are undertaken as necessary to execute management's strategy and streamline operations, consolidate and take advantage of available capacity and resources, and ultimately achieve net cost reductions. Restructuring activities include efforts to integrate and rationalize the Company's business and to relocate operations to best-cost locations.

The Company's restructuring expenses consist primarily of employee termination benefits (principally severance and/or other termination benefits) and other costs, which are primarily professional fees and costs related to equipment moves.

(in millions)	Three months ended September 30, 2023			Nine months ended September 30, 2023		
	Fuel Systems	Aftermarket	Total	Fuel Systems	Aftermarket	Total
Employee termination benefits	\$ 3	\$ —	\$ 3	\$ 7	\$ 1	\$ 8
Other	1	—	1	2	—	2
Total restructuring expense	\$ 4	\$ —	\$ 4	\$ 9	\$ 1	\$ 10

(in millions)	Three months ended September 30, 2022			Nine months ended September 30, 2022		
	Fuel Systems	Aftermarket	Total	Fuel Systems	Aftermarket	Total
Employee termination benefits	\$ —	\$ —	\$ —	\$ 2	\$ —	\$ 2
Other	3	—	3	6	—	6
Total restructuring expense	\$ 3	\$ —	\$ 3	\$ 8	\$ —	\$ 8

The following table displays a roll forward of the restructuring liability recorded within the Company's Condensed Consolidated Balance Sheets and the related cash flow activity:

(in millions)	Employee termination benefits	Other	Total
Balance at January 1, 2023	\$ 20	\$ —	\$ 20
Restructuring expense, net	8	2	10
Cash payments	(17)	(2)	(19)
Balance at September 30, 2023	11	—	11
Less: Non-current restructuring liability	(1)	—	(1)
Current restructuring liability at September 30, 2023	\$ 10	\$ —	\$ 10

(in millions)	Employee termination benefits	Other	Total
Balance at January 1, 2022	\$ 60	\$ —	\$ 60
Restructuring expense, net	2	6	8
Cash payments	(36)	(5)	(41)
Foreign currency translation adjustment and other	(4)	—	(4)
Balance at September 30, 2022	22	1	23
Less: Non-current restructuring liability	(5)	—	(5)
Current restructuring liability at September 30, 2022	\$ 17	\$ 1	\$ 18

During the three and nine months ended September 30, 2023, the Company recorded \$4 million and \$10 million, respectively, of restructuring costs for individually approved restructuring actions that primarily related to reductions in headcount in the Fuel Systems segment.

In 2019, the Company announced a restructuring plan to reshape and realign its global technical center footprint and reduce salaried and contract staff. The Company recorded charges of \$8 million during the nine months ended September 30, 2022, primarily related to employee severance and equipment moves in the Fuel Systems segment. The actions under this program are complete.

Estimates of restructuring expense are based on information available at the time such charges are recorded. Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially recorded. Accordingly, the Company may record revisions of previous estimates by adjusting previously established accruals.

The Company continues to evaluate different options across its operations to reduce existing structural costs. The Company will recognize restructuring expense associated with any future actions at the time they are approved and become probable or are incurred. Any future actions could result in significant restructuring expense.

NOTE 6 INCOME TAXES

The Company's provision for income taxes is based upon an estimated annual effective tax rate for the year applied to domestic and foreign income. On a quarterly basis, the annual effective tax rate is adjusted, as appropriate, based upon changed facts and circumstances, if any, as compared to those forecasted at the beginning of the fiscal year and each interim period thereafter.

The Company's effective tax rate for the three months ended September 30, 2023 and 2022 was 74% and 26%, respectively. The effective tax rate for the three months ended September 30, 2023 increased as compared to the prior year as a result of a change in the jurisdictional mix of pre-tax earnings, most notably an increase in pre-tax losses where no tax benefit is recognized, as well as an increase in the estimated annual effective tax rate in the current quarter due to increases in the U.S. taxes on foreign earnings based on the post Spin-Off structure.

The Company's effective tax rate for the nine months ended September 30, 2023 and 2022 was 48% and 26%, respectively. The effective tax rate for the nine months ended September 30, 2023 increased as compared to the prior year as a result of a change in the jurisdictional mix of pre-tax earnings, most notably an increase in pre-tax losses where no tax benefit is recognized. The estimated annual effective tax rate increased in the current quarter due to increases in the U.S. taxes on foreign earnings based on the post Spin-Off structure.

The annual effective tax rates differ from the U.S. statutory rate primarily due to foreign rates which vary from those in the U.S., jurisdictions with pretax losses for which no tax benefit could be realized, U.S. taxes on foreign earnings, and permanent differences between book and tax treatment for certain items including enhanced deduction of research and development expenses in certain jurisdictions.

For periods ended on or prior to July 3, 2023, the Company's operations have been included in BorgWarner's U.S. federal consolidated tax return, certain foreign tax returns, and certain state tax returns. For the purposes of these financial statements, the Company's income tax provision was computed as if the Company filed separate tax returns (i.e., as if the Company had not been included in the consolidated income tax return group with BorgWarner). The separate return method applies ASC 740 to the Condensed Consolidated Financial Statements of each member of a consolidated tax group as if the group member were a separate taxpayer. As a result, actual tax transactions included in the consolidated financial statements of BorgWarner may not be included in these Condensed Consolidated Financial Statements. Further, the Company's tax results as presented in the Condensed Consolidated Financial Statements may not be reflective of the results that the Company expects to generate in the future. Also, the tax treatment of certain items reflected in the Condensed Consolidated Financial Statements may not be reflected in the Consolidated Financial Statements and tax returns of BorgWarner.

NOTE 7 INVENTORIES

A summary of Inventories is presented below:

(in millions)	September 30, 2023	December 31, 2022
Raw material and supplies	\$ 313	\$ 275
Work-in-progress	38	39
Finished goods	178	145
Inventories	<u>\$ 529</u>	<u>\$ 459</u>

NOTE 8 OTHER CURRENT AND NON-CURRENT ASSETS

(in millions)	September 30, 2023	December 31, 2022
Prepayments and other current assets:		
Prepaid taxes	\$ 16	\$ 11
Prepaid customer tooling	8	3
Customer return assets	7	6
Deposits	4	3
Prepaid insurance	4	—
Prepaid engineering	3	3
Other	11	14
Total prepayments and other current assets	<u>\$ 53</u>	<u>\$ 40</u>
Investments and long-term receivables:		
Long-term receivables	\$ 80	\$ 279
Investment in equity affiliates	46	44
Investment in equity securities	4	2
Total investments and long-term receivables	<u>\$ 130</u>	<u>\$ 325</u>
Other non-current assets:		
Deferred income taxes	\$ 58	\$ 157
Operating leases	64	80
Other	29	25
Total other non-current assets	<u>\$ 151</u>	<u>\$ 262</u>

NOTE 9 GOODWILL AND OTHER INTANGIBLES

During the fourth quarter of each year, the Company assesses its goodwill assigned to each of its reporting units for impairment by either performing a qualitative assessment or a quantitative analysis. In addition, the Company may test goodwill in between annual test dates if an event occurs or circumstances change that could more-likely-than-not reduce the fair value of a reporting unit below its carrying value. Similar to goodwill, the Company performs an annual impairment test for indefinite-lived intangibles other than goodwill (trade names) using a qualitative analysis during the fourth quarter each year to determine if it is more-likely-than-not that the fair value of the intangible asset is less than its respective carrying value. If the Company elects to perform or is required to perform a quantitative analysis, the test consists of a comparison of the fair value of the indefinite-lived intangible asset to the

carrying value of the asset as of the impairment testing date. No events or circumstances were noted in the first nine months of 2023 requiring additional assessment or testing.

Future changes in the judgments, assumptions and estimates from those used in acquisition-related valuations and goodwill impairment testing, including discount rates or future operating results and related cash flow projections, could result in significantly different estimates of the fair values in the future. An increase in discount rates, a reduction in projected cash flows or a combination of the two could lead to a reduction in the estimated fair values, which may result in impairment charges that could materially affect the Company's financial statements in any given year.

A summary of the components in the carrying amount of goodwill as of September 30, 2023 and December 31, 2022 is as follows:

(in millions)	Fuel Systems	Aftermarket	Total
Gross goodwill balance, December 31, 2022	\$ 58	\$ 545	\$ 603
Accumulated impairment losses	—	(113)	(113)
Net goodwill balance, December 31, 2022	\$ 58	\$ 432	\$ 490
Goodwill during the period:			
Translation adjustment	—	(4)	(4)
Net goodwill balance, September 30, 2023	\$ 58	\$ 428	\$ 486

The Company's other intangible assets consist of the following:

(in millions)	Estimated useful lives (years)	September 30, 2023			December 31, 2022		
		Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:							
Patented and unpatented technology	14 - 15	\$ 144	\$ 39	\$ 105	\$ 144	\$ 30	\$ 114
Customer relationships	14 - 15	263	97	166	263	85	178
Total amortized intangible assets		407	136	271	407	115	292
Unamortized trade names		140	—	140	140	—	140
Total other intangible assets		\$ 547	\$ 136	\$ 411	\$ 547	\$ 115	\$ 432

NOTE 10 PRODUCT WARRANTY

The Company provides warranties on some, but not all, of its products. The warranty terms are typically from one to three years. Provisions for estimated expenses related to product warranty are made at the time products are sold. These estimates are established using historical information about the nature, frequency and average cost of warranty claim settlements as well as product manufacturing and industry developments and recoveries from third parties. Management actively studies trends of warranty claims and takes action to improve product quality and minimize warranty claims. Management believes that the warranty accrual is appropriate; however, in certain cases, initial customer claims exceed the amount accrued. The Company's warranty provisions are primarily included in Cost of sales in the Condensed Consolidated Statements of Operations. The product warranty accrual is allocated to current and non-current liabilities in the Condensed Consolidated Balance Sheets.

The following table summarizes the activity in the product warranty accrual accounts:

(in millions)	2023	2022
Beginning balance, January 1	\$ 60	\$ 68
Adjustments of prior estimates	1	5
Provisions for current period sales	32	28
Payments	(35)	(35)
Other, primarily translation adjustment	(1)	(4)
Ending balance, September 30,	<u>\$ 57</u>	<u>\$ 62</u>

The product warranty liability is classified in the Condensed Consolidated Balance Sheets as follows:

(in millions)	September 30, 2023	December 31, 2022
Other current liabilities	\$ 30	\$ 32
Other non-current liabilities	27	28
Total product warranty liability	<u>\$ 57</u>	<u>\$ 60</u>

NOTE 11 NOTES PAYABLE AND DEBT

As of September 30, 2023 and December 31, 2022, the Company had debt outstanding as follows:

(in millions)	September 30, 2023	December 31, 2022
Short-term borrowings	<u>\$ 75</u>	<u>\$ —</u>
Long-term debt		
5.000% Senior notes due 10/01/25 (\$800 million par value)	\$ 25	\$ 26
\$300 million Term Loan A Facility (net of \$3 unamortized issuance costs)	297	—
\$425 million Term Loan B Facility (net of \$6 unamortized issuance costs and \$16 unamortized discount)	403	—
Other long-term debt	—	2
Total long-term debt	<u>\$ 725</u>	<u>\$ 28</u>
Less: current portion	12	—
Long-term debt, net of current portion	<u>\$ 713</u>	<u>\$ 28</u>

As of September 30, 2023, the estimated fair values of the Company's senior unsecured notes, Term Loan A Facility and Term Loan B Facility (each as defined below) totaled \$753 million, which is \$28 million higher than carrying value for the same period. As of December 31, 2022, the estimated fair value of the Company's senior unsecured notes totaled \$23 million, which was \$3 million higher than carrying value for the same period. Fair market values of the long-term debt are developed using observable values for similar debt instruments, which are considered Level 2 inputs as defined by ASC Topic 820. The carrying values of the Company's other debt facilities approximate fair value. The fair value estimates do not necessarily reflect the values the Company could realize in the current markets.

Credit Agreement

On July 3, 2023, the Company entered into a \$1.225 billion Credit Agreement consisting of a \$500 million revolving credit facility (the "Revolving Facility"), a \$300 million Term Loan A Facility (the "Term Loan A Facility") and a \$425 million Term Loan B Facility (the "Term Loan B Facility"); together with the Revolving Facility and the Term Loan A Facility, collectively, the "Facilities") in correlation with the Spin-Off that

occurred on the same date. Subject to extension by the lenders, at their option, upon the Company's request, the Facilities mature on July 3, 2028; provided, however, that if earlier, the Revolving Facility and the Term Loan A Facility will mature 91 calendar days prior to the scheduled maturity of the Term Loan B Facility or any refinancing or replacement thereof in an aggregate principal amount exceeding \$100 million that is secured pari passu with the Revolving Facility and the Term Loan A Facility and matures on or prior to July 3, 2028.

Borrowings under the Credit Agreement bear interest at varying rates, depending on the type of loan and, in some cases, the rates of designated benchmarks and the Company's related election. For borrowings under the Credit Agreement, the Company may choose among the following interest rates: (i) solely in the case of U.S. dollar-denominated loans, an interest rate equal to the highest of (1) the prime rate in effect from time to time, (2) the federal funds effective rate in effect from time to time plus 0.5%, (3) adjusted term Secured Overnight Financing Rate ("SOFR") (which includes a 0.10% credit spread adjustment to term SOFR) for a one month interest period plus 1.00%, and (4) 1.00%, in each case plus a rate (x) with respect to the Revolving Facility and the Term Loan A Facility, ranging from 1.50% to 2.00% depending on the Company's consolidated net leverage ratio or (y) with respect to the Term Loan B Facility, 3.00%; or (ii) an interest rate equal to (1) solely in the case of U.S. dollar-denominated loans, adjusted term SOFR, (2) solely in the case of euro-denominated loans, Euro Interbank Offered Rate ("EURIBOR"), or (3) solely in the case of pound sterling-denominated loans, adjusted Sterling Overnight Index Average Reference Rate ("SONIA") (which includes a 0.0326% credit spread adjustment to SONIA), as applicable, in each case for the applicable interest period plus a rate (x) with respect to adjusted term SOFR for the Revolving Facility and the Term Loan A Facility, EURIBOR and SONIA, ranging from 2.50% to 3.00% depending on our consolidated net leverage ratio, and (y) with respect to adjusted term SOFR for the Term Loan B Facility, 4.00%. Additionally, the Company will pay a quarterly commitment fee based on the actual daily amount of the available Revolving Facility commitment.

Proceeds of the Term Loan A Facility and the Term Loan B Facility were used only for certain payments in connection with the Spin-Off and the Credit Agreement. Proceeds of the Revolving Facility were used for certain payments in connection with the Spin-Off and the Credit Agreement and for working capital and general corporate purposes.

As of September 30, 2023, the Company had \$75 million of outstanding borrowings under the Revolving Facility. The Credit Agreement contains customary covenants relating to us and our subsidiaries concerning, among other things, investments, dispositions of assets, indebtedness, liens on assets, and dividends and other distributions. Solely in respect of the Revolving Facility and the Term Loan A Facility, the Credit Agreement also contains financial covenants requiring (i) the consolidated net leverage ratio of the Company, determined as of the end of each fiscal quarter, not to exceed 3.00 to 1.00 (or, at our election and subject to certain conditions, 3.50 to 1.00 for the period in which such election is made and the next succeeding testing period and, thereafter, 3.25 to 1.00 for the next two succeeding testing periods) and (ii) the consolidated interest coverage ratio of the Company, determined as of the end of each fiscal quarter, to be at least 3.00 to 1.00. The Company was in compliance with all covenants as of September 30, 2023.

NOTE 12 OTHER CURRENT AND NON-CURRENT LIABILITIES

Additional detail related to liabilities is presented in the table below:

(in millions)	September 30, 2023	December 31, 2022
Other current liabilities:		
Customer related	\$ 105	\$ 96
Payroll and employee related	86	81
Income taxes payable	51	28
Product warranties (Note 10)	30	32
Accrued freight	19	13
Operating leases	17	18
Employee termination benefits (Note 5)	10	16
Deferred engineering	5	17
Other	94	183
Total other current liabilities	<u>\$ 417</u>	<u>\$ 484</u>
Other non-current liabilities:		
Deferred income taxes	\$ 60	\$ 46
Operating leases	51	67
Product warranties (Note 10)	27	28
Uncertain tax positions	14	37
Deferred income	6	—
Due to former parent	—	957
Other	13	19
Total other non-current liabilities	<u>\$ 171</u>	<u>\$ 1,154</u>

NOTE 13 FAIR VALUE MEASUREMENTS

ASC Topic 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC Topic 820 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques noted in ASC Topic 820:

- A. **Market approach:** Prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets or liabilities, such as a business.

B. **Cost approach:** Amount that would be required to replace the service capacity of an asset (replacement cost).

C. **Income approach:** Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

The following tables classify assets and liabilities measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022:

(in millions)	Balance at September 30, 2023	Basis of fair value measurements			Valuation Technique
		Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets:					
Foreign currency contracts	\$ 1	\$ —	\$ 1	\$ —	A
Liabilities:					
Foreign currency contracts	\$ (1)	\$ —	\$ (1)	\$ —	A

(in millions)	Balance at December 31, 2022	Basis of fair value measurements			Valuation Technique
		Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets:					
Foreign currency contracts	\$ 7	\$ —	\$ 7	\$ —	A
Liabilities:					
Foreign currency contracts	\$ (1)	\$ —	\$ (1)	\$ —	A

NOTE 14 FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, marketable securities and accounts receivable. Due to the short-term nature of these instruments, their book value approximates their fair value. The Company's financial instruments may also include long-term debt, interest rate and cross-currency swaps, commodity derivative contracts and foreign currency derivative contracts. All derivative contracts are placed with counterparties that have an S&P, or equivalent, investment grade credit rating at the time of the contracts' placement. An adjustment for non-performance risk is considered in the estimate of fair value in derivative assets based on the counterparty credit default swap ("CDS") rate. When the Company is in a net derivative liability position, the non-performance risk adjustment is based on its CDS rate. At September 30, 2023 and December 31, 2022, the Company had no derivative contracts that contained credit-risk-related contingent features.

The Company uses foreign currency forward and option contracts to protect against exchange rate movements for forecasted cash flows, including capital expenditures, purchases, operating expenses or sales transactions designated in currencies other than the functional currency of the operating unit. In addition, the Company uses foreign currency forward contracts to hedge exposure associated with its net investment in certain foreign operations (net investment hedges). Foreign currency derivative contracts require the Company, at a future date, to either buy or sell foreign currency in exchange for the operating units' local currency.

As of September 30, 2023 and December 31, 2022, the United States dollar equivalent notional values of outstanding currency derivative instruments was \$38 million and \$309 million, respectively. These amounts were primary related to Euro and British Pound denominated hedging transactions.

As of September 30, 2023 and December 31, 2022, the following amounts were recorded in the Condensed Consolidated Balance Sheets as being payable to or receivable from counterparties under ASC Topic 815:

(in millions) Derivatives designated as hedging instruments Under Topic 815:	Assets			Liabilities		
	Balance Sheet Location	September 30, 2023	December 31, 2022	Balance Sheet Location	September 30, 2023	December 31, 2022
Foreign currency	Prepayments and other current assets	\$ 1	\$ 7	Other current liabilities	\$ 1	\$ 1

Effectiveness for cash flow hedges is assessed at the inception of the hedging relationship and quarterly, thereafter. Gains and losses arising from these contracts that are included in the assessment of effectiveness are deferred into accumulated other comprehensive income (loss) ("AOCI") and reclassified into income as the underlying operating transactions are recognized. These realized gains or losses offset the hedged transaction and are recorded on the same line in the statement of operations. The initial value of any component excluded from the assessment of effectiveness is recognized in income using a systematic and rational method over the life of the hedging instrument. Any difference between the change in fair value of the excluded component and amounts recognized in income under that systematic and rational method are recognized in AOCI.

Effectiveness for net investment hedges is assessed at the inception of the hedging relationship and quarterly, thereafter. Gains and losses arising from these contracts that are included in the assessment of effectiveness are deferred into foreign currency translation adjustments and only released when the subsidiary being hedged is sold or substantially liquidated. The initial value of any component excluded from the assessment of effectiveness is recognized in income using a systematic and rational method over the life of the hedging instrument. Any difference between the change in fair value of the excluded component and amounts recognized in income under that systematic and rational method is recognized in AOCI.

The table below shows deferred gains (losses) reported in AOCI as well as the amount expected to be reclassified to income in one year or less for designated net investment hedges. The amount expected to be reclassified to income in one year or less assumes no change in the current relationship of the hedged item at September 30, 2023 market rates.

(in millions) Contract Type	Deferred loss in AOCI at		Gain (loss) expected to be reclassified to income in one year or less
	September 30, 2023	December 31, 2022	
Foreign currency	\$ (6)	\$ (4)	\$ —

Derivative instruments designated as hedging instruments as defined by ASC Topic 815 held during the period resulted in the following gains and losses recorded in income:

		Three months ended September 30, 2023			
		Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income (loss)
(in millions)					
Total amounts of earnings and other comprehensive income line items in which the effects of cash flow hedges are recorded		\$ 896	\$ 719	\$ 104	\$ (61)
<u>Gain (loss) on cash flow hedging relationships:</u>					
Foreign currency					
Loss recognized in Other comprehensive income (loss)					\$ (1)
		Nine months ended September 30, 2023			
		Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income (loss)
(in millions)					
Total amounts of earnings and other comprehensive income line items in which the effects of cash flow hedges are recorded		\$ 2,618	\$ 2,080	\$ 306	\$ (34)
<u>Gain (loss) on cash flow hedging relationships:</u>					
Foreign currency					
Loss recognized in Other comprehensive income					\$ (3)
		Three months ended September 30, 2022			
		Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income (loss)
(in millions)					
Total amounts of earnings and other comprehensive income line items in which the effects of cash flow hedges are recorded		\$ 859	\$ 658	\$ 100	\$ (104)
<u>Gain (loss) on cash flow hedging relationships:</u>					
Foreign currency					
Gain recognized in Other comprehensive loss					\$ 1
		Nine months ended September 30, 2022			
		Net sales	Cost of sales	Selling, general and administrative expenses	Other comprehensive income (loss)
(in millions)					
Total amounts of earnings and other comprehensive income line items in which the effects of cash flow hedges are recorded		\$ 2,497	\$ 1,964	\$ 301	\$ (197)
<u>Gain (loss) on cash flow hedging relationships:</u>					
Foreign currency					
Gain recognized in Other comprehensive income (loss)					\$ 2

The gains or losses recorded in income related to components excluded from the assessment of effectiveness for derivative instruments designated as cash flow hedges were immaterial for the periods presented.

Gains and losses on derivative instruments designated as net investment hedges were immaterial for the periods presented.

Derivatives not designated as hedging instruments are used to hedge remeasurement exposures of monetary assets and liabilities denominated in currencies other than the operating units' functional currency. These derivatives resulted in the following gains (losses) recorded in income:

(in millions)		Three months ended September 30,		Nine months ended September 30,	
Contract Type	Location	2023	2022	2023	2022
Foreign Currency	Cost of sales	\$ —	\$ 3	\$ 4	\$ —

NOTE 15 RETIREMENT BENEFIT PLANS

PHINIA sponsors various defined contribution savings plans, primarily in the U.S., that allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with plan specified guidelines. The Company also has a number of defined benefit pension plans, and in connection with the completion of the Spin-Off was required to assume additional defined benefit plan liabilities, along with the associated deferred costs in Accumulated other comprehensive loss. Under specified conditions, the Company will make contributions to the plans and/or match a percentage of the employee contributions up to certain limits. The estimated contributions to the defined benefit pension plans for 2023 are up to \$3 million, of which \$2 million has been contributed through the first nine months of the year.

The components of net periodic benefit income recorded in the Condensed Consolidated Statements of Operations are as follows:

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Service cost	\$ 1	\$ 1	\$ 2	\$ 1
Interest cost	11	6	32	18
Expected return on plan assets	(11)	(14)	(32)	(43)
Amortization of unrecognized loss	—	—	(1)	—
Net periodic benefit cost (income)	\$ 1	\$ (7)	\$ 1	\$ (24)

The non-service cost components of net periodic benefit cost (income) are included in Other postretirement income in the Condensed Consolidated Statements of Operations.

NOTE 16 STOCKHOLDERS' EQUITY

The changes of the Stockholders' Equity items during the three and nine months ended September 30, 2023 and 2022, are as follows:

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(in millions)	Issued common stock	Additional paid-in capital	Treasury stock	Retained deficit	Former parent investment	Accumulated other comprehensive loss	Total equity
Balance, June 30, 2023	\$ —	\$ —	\$ —	\$ —	\$ 2,053	\$ (61)	\$ 1,992
Net earnings	—	—	—	11	—	—	11
Dividends declared (\$0.25 per share)	—	—	—	(12)	—	—	(12)
Purchase of treasury stock	—	—	(9)	—	—	—	(9)
Other comprehensive loss	—	—	—	—	—	(61)	(61)
Share-based compensation expense	—	3	—	—	—	—	3
Net transfers to former parent	—	—	—	—	(32)	—	(32)
Reclassification of former parent's net investment and issuance of ordinary shares in connection with Spin-Off	1	2,020	—	—	(2,021)	—	—
Balance, September 30, 2023	\$ 1	\$ 2,023	\$ (9)	\$ (1)	\$ —	\$ (122)	\$ 1,892

(in millions)	Former parent investment	Accumulated other comprehensive loss	Noncontrolling interest	Total equity
Balance, June 30, 2022	\$ 1,755	\$ (31)	\$ —	\$ 1,724
Net earnings	89	—	—	89
Other comprehensive loss	—	(104)	—	(104)
Net transfers from former parent	43	—	—	43
Balance, September 30, 2022	\$ 1,887	\$ (135)	\$ —	\$ 1,752

(in millions)	Issued common stock	Additional paid-in capital	Treasury stock	Retained deficit	Former parent investment	Accumulated other comprehensive loss	Total equity
Balance, December 31, 2022	\$ —	\$ —	\$ —	\$ —	\$ 1,731	\$ (88)	\$ 1,643
Net earnings	—	—	—	11	70	—	81
Dividends declared (\$0.25 per share)	—	—	—	(12)	—	—	(12)
Purchase of treasury stock	—	—	(9)	—	—	—	(9)
Other comprehensive loss	—	—	—	—	—	(34)	(34)
Share-based compensation expense	—	3	—	—	—	—	3
Net transfers from former parent	—	—	—	—	220	—	220
Reclassification of former parent's net investment and issuance of ordinary shares in connection with Spin-Off	1	2,020	—	—	(2,021)	—	—
Balance, September 30, 2023	\$ 1	\$ 2,023	\$ (9)	\$ (1)	\$ —	\$ (122)	\$ 1,892

(in millions)	Former parent investment	Accumulated other comprehensive loss	Noncontrolling interest	Total equity
Balance, December 31,	\$ 1,647	\$ 62	\$ 3	\$ 1,712
Net earnings	187	—	—	187
Other comprehensive loss	—	(197)	—	(197)
Purchase of noncontrolling interest	—	—	(3)	(3)
Net transfers from former parent	53	—	—	53
Balance, September 30, 2022	<u>\$ 1,887</u>	<u>\$ (135)</u>	<u>\$ —</u>	<u>\$ 1,752</u>

NOTE 17 ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables summarizes the activity within accumulated other comprehensive loss:

(in millions)	Foreign currency translation adjustments	Defined benefit pension plans	Hedge instruments	Total
Beginning balance, June 30, 2023	\$ (55)	\$ (7)	\$ 1	\$ (61)
Comprehensive income (loss)	(58)	(3)	(1)	(62)
Income taxes associated with comprehensive income	—	1	—	1
Ending Balance, September 30, 2023	<u>\$ (113)</u>	<u>\$ (9)</u>	<u>\$ —</u>	<u>\$ (122)</u>

(in millions)	Foreign currency translation adjustments	Defined benefit pension plans	Hedge instruments	Total
Beginning balance, June 30, 2022	\$ (82)	\$ 52	\$ (1)	\$ (31)
Comprehensive income (loss)	(99)	(7)	1	(105)
Income taxes associated with comprehensive income	—	1	—	1
Ending Balance, September 30, 2022	<u>\$ (181)</u>	<u>\$ 46</u>	<u>\$ —</u>	<u>\$ (135)</u>

(in millions)	Foreign currency translation adjustments	Defined benefit pension plans	Hedge instruments	Total
Beginning Balance, December 31, 2022	\$ (85)	\$ (6)	\$ 3	\$ (88)
Comprehensive income (loss)	(28)	(4)	(3)	(35)
Income taxes associated with comprehensive income	—	1	—	1
Ending Balance, September 30, 2023	<u>\$ (113)</u>	<u>\$ (9)</u>	<u>\$ —</u>	<u>\$ (122)</u>

(in millions)	Foreign currency translation adjustments	Defined benefit pension plans	Hedge instruments	Total
Beginning Balance, December 31, 2021	\$ 5	\$ 59	\$ (2)	\$ 62
Comprehensive income (loss)	(186)	(16)	2	(200)
Income taxes associated with comprehensive income	—	3	—	3
Ending Balance, September 30, 2022	\$ (181)	\$ 46	\$ —	\$ (135)

NOTE 18 CONTINGENCIES

In the course of its business, the Company is party to various commercial and legal claims, actions and complaints, including matters involving warranty claims, intellectual property claims, governmental investigations and related proceedings, including relating to alleged or actual violations of vehicle emissions standards, general liability and various other risks. It is not possible to predict with certainty whether or not the Company will ultimately be successful in any of these commercial and legal matters or, if not, what the impact might be. The Company's management does not believe that adverse outcomes in any of these commercial and legal claims, actions and complaints are reasonably likely to have a material adverse effect on the Company's results of operations, financial position or cash flows. An adverse outcome could, nonetheless, be material to the results of operations or cash flows.

NOTE 19 RELATED-PARTY TRANSACTIONS

Pursuant to the Spin-Off, BorgWarner ceased to be a related party to PHINIA and accordingly, no related party transactions or balances have been reported subsequent to July 3, 2023. In connection with the Spin-Off, we entered into a number of agreements with BorgWarner to govern the Spin-Off and provide a framework for the relationship between the parties going forward, including a Transition Services Agreement, Tax Matters Agreement, and certain Contract Manufacturing Agreements.

The following discussion summarizes activity between the Company and BorgWarner that occurred prior to the completion of the Spin-Off.

Allocation of General Corporate and Other Expenses

The Condensed Consolidated Statements of Operations include expenses for certain centralized functions and other programs provided and administered by BorgWarner that were charged directly to the Company prior to the Spin-Off. In addition, for purposes of preparing the financial statements on a carve-out basis, a portion of BorgWarner's total corporate expenses was allocated to the Company. Similarly, certain centralized expenses incurred by the Company prior to the Spin-Off on behalf of subsidiaries of BorgWarner had been allocated to BorgWarner. See Note 1, "Basis Of Presentation," for a discussion of the methodology used to allocate corporate expenses for purposes of preparing these financial statements on a carve-out basis for periods prior to July 3, 2023.

Net corporate allocation expenses in nine months ended September 30, 2023 totaled \$89 million, all of which were incurred prior to the Spin-Off. For the three and nine months ended September 30, 2022 net corporate allocation expenses totaled \$26 million and \$95 million, respectively. These expenses were primarily included in Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations.

Related-Party Royalty Income and Related-Party R&D

The Company participated in royalty arrangements and provided applications testing and other R&D services to BorgWarner prior to the Spin-Off. See Note 4, "Other operating expense (income), net" for additional information.

Due from BorgWarner

In the Condensed Consolidated Balance Sheets, the Company presents \$142 million within Accounts receivable and \$208 million within Investments and long-term receivables as of December 31, 2022. These amounts were previously presented as Due from BorgWarner, current and Due from BorgWarner, non-current, respectively.

Due to BorgWarner

In the Condensed Consolidated Balance Sheets, the Company presents \$186 million within Accounts payable and \$99 million within Other current liabilities. These amounts were previously presented as Due to BorgWarner, current. In addition, the Company presents \$957 within Other non-current liabilities as of December 31, 2022. These amounts were previously presented as Due to BorgWarner, non-current.

Net Transfers from (to) BorgWarner

Net transfers from (to) BorgWarner are included within Former parent investment in the Condensed Consolidated Statements of Changes in Equity. The components of the transfers from (to) BorgWarner are as follows:

(in millions)	Nine months ended September 30,	
	2023	2022
General financing activities	\$ (63)	\$ (22)
Cash pooling and other equity settled balances with BorgWarner	(64)	(11)
Related-party notes converted to equity	260	—
Corporate allocations	89	95
Research and development income from BorgWarner	(2)	(9)
Total net transfers from BorgWarner	\$ 220	\$ 53
Exclude non-cash items:		
Stock-based compensation	\$ (4)	\$ (7)
Other non-cash activities with BorgWarner, net	(16)	(32)
Related-party notes converted to equity	(260)	—
Cash pooling and intercompany financing activities with BorgWarner, net	55	(30)
Total net transfers to BorgWarner per Condensed Consolidated Statements of Cash Flow	\$ (5)	\$ (16)

NOTE 20 EARNINGS PER SHARE

The Company presents both basic and diluted earnings per share of common stock (“EPS”) amounts. Basic EPS is calculated by dividing net earnings by the weighted average shares of common stock outstanding during the reporting period. Diluted EPS is calculated by dividing net earnings by the weighted average shares of common stock and common stock equivalents outstanding during the reporting period.

For periods prior to July 3, 2023, the denominator for basic and diluted earnings per share was calculated using the 47.0 million PHINIA ordinary shares outstanding immediately following the Spin-Off. The same number of shares was used to calculate basic and diluted earnings per share in those periods since no PHINIA equity awards were outstanding prior to the Spin-Off.

The dilutive impact of stock-based compensation is calculated using the treasury stock method. The treasury stock method assumes that the Company uses the assumed proceeds from the exercise of

awards to repurchase common stock at the average market price during the period. The assumed proceeds under the treasury stock method include the purchase price that the grantee will pay in the future and compensation cost for future service that the Company has not yet recognized.

The following table reconciles the numerators and denominators used to calculate basic and diluted earnings per share of common stock:

(in millions, except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Basic earnings per share:				
Net earnings	\$ 11	\$ 89	\$ 81	\$ 187
Weighted average shares of common stock outstanding	47.0	47.0	47.0	47.0
Basic earnings per share of common stock	\$ 0.24	\$ 1.89	\$ 1.72	\$ 3.98
Diluted earnings per share:				
Net earnings	\$ 11	\$ 89	\$ 81	\$ 187
Weighted average shares of common stock outstanding	47.0	47.0	47.0	47.0
Effect of stock-based compensation	0.1	—	—	—
Weighted average shares of common stock outstanding including dilutive shares	47.1	47.0	47.0	47.0
Diluted earnings per share of common stock	\$ 0.24	\$ 1.89	\$ 1.72	\$ 3.98

NOTE 21 REPORTABLE SEGMENTS AND RELATED INFORMATION

The Company's business is comprised of two reportable segments, which are further described below. These segments are strategic business groups, which are managed separately as each represents a specific grouping of related automotive components and systems.

- **Fuel Systems.** This segment provides advanced fuel injection systems, fuel delivery modules, canisters, sensors, electronic control modules and associated software. Our highly engineered fuel injection systems portfolio includes pumps, injectors, fuel rail assemblies, engine control modules, and complete systems, including software and calibration services, that reduce emissions and improve fuel economy for traditional and hybrid applications.
- **Aftermarket.** Through this segment, the Company sells products to independent aftermarket customers and OES customers. Its product portfolio includes a wide range of products as well as maintenance, test equipment and vehicle diagnostics solutions. The Aftermarket segment also includes sales of starters and alternators to OEMs.

Segment Adjusted Operating Income ("AOI") is the measure of segment income or loss used by the Company. Segment AOI is comprised of segment operating income adjusted for restructuring, merger, acquisition and divestiture expense, intangible asset amortization expense, impairment charges, other net expenses and other items not reflective of ongoing operating income or loss. The Company believes Segment AOI is most reflective of the operational profitability or loss of its reportable segments. Segment AOI excludes certain corporate costs, which primarily represent corporate expenses not directly attributable to the individual segments.

The following tables show segment information and Segment AOI for the Company's reportable segments:

Net Sales by Reportable Segment

(in millions)	Three months ended September 30, 2023			Nine months ended September 30, 2023		
	Customers	Inter-segment	Net	Customers	Inter-segment	Net
Fuel Systems	\$ 561	\$ 59	\$ 620	\$ 1,621	\$ 173	\$ 1,794
Aftermarket	335	(3)	332	997	4	1,001
Inter-segment eliminations	—	(56)	(56)	—	(177)	(177)
Total	\$ 896	\$ —	\$ 896	\$ 2,618	\$ —	\$ 2,618

(in millions)	Three months ended September 30, 2022			Nine months ended September 30, 2022		
	Customers	Inter-segment	Net	Customers	Inter-segment	Net
Fuel Systems	\$ 534	\$ 63	\$ 597	\$ 1,545	\$ 162	\$ 1,707
Aftermarket	325	2	327	952	6	958
Inter-segment eliminations	—	(65)	(65)	—	(168)	(168)
Total	\$ 859	\$ —	\$ 859	\$ 2,497	\$ —	\$ 2,497

Segment Adjusted Operating Income

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Fuel Systems	\$ 55	\$ 84	\$ 160	\$ 193
Aftermarket	46	48	143	137
Segment AOI	101	132	303	330
Corporate, including stock-based compensation	19	17	45	61
Related-party royalty income	—	(9)	(17)	(22)
Merger, acquisition and divestiture expense, net	13	5	72	27
Intangible asset amortization expense	7	7	21	21
Restructuring expense (Note 5)	4	3	10	8
Asset impairments and lease modifications	—	(2)	—	4
Equity in affiliates' earnings, net of tax	(2)	(5)	(8)	(8)
Interest expense	22	5	34	14
Interest income	(4)	(2)	(9)	(3)
Other postretirement income	—	(8)	(1)	(25)
Earnings before income taxes	42	121	156	253
Provision for income taxes	31	32	75	66
Net earnings	\$ 11	\$ 89	\$ 81	\$ 187

Cautionary Statements For Forward-Looking Information

Statements in this Form 10-Q (including “Management’s Discussion and Analysis of Financial Condition and Results of Operations”) may contain forward-looking statements that are based on management’s current outlook, expectations, estimates and projections. Words such as “anticipates,” “believes,” “continues,” “could,” “designed,” “effect,” “estimates,” “evaluates,” “expects,” “forecasts,” “goal,” “initiative,” “intends,” “may,” “outlook,” “plans,” “potential,” “predicts,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “will,” “would” and variations of such words and similar expressions are intended to identify such forward-looking statements. Further, all statements, other than statements of historical fact contained or incorporated by reference in this Form 10-Q, that we expect or anticipate will or may occur in the future regarding our financial position, business strategy and measures to implement that strategy, including changes to operations, competitive strengths, goals, expansion and growth of our business and operations, plans, references to future success and other such matters, are forward-looking statements. Accounting estimates, such as those described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our Information Statement furnished with the Company’s Registration Statement on Form 10-12B/A filed with the Securities and Exchange Commission (“SEC”) on June 9, 2023 and subsequent reports filed with the SEC, are inherently forward-looking. All forward looking statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. Forward-looking statements are not guarantees of performance and our actual results may differ materially from those expressed, projected or implied in or by the forward-looking statements.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this Form 10-Q. Forward-looking statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed, projected or implied in or by the forward-looking statements. These risks and uncertainties, among others, include: the ability of PHINIA to succeed as a standalone publicly traded company, which is a smaller company relative to BorgWarner; the possibility that the Spin-Off will not achieve its intended benefits; the possibility of disruption, including changes to existing business relationships, disputes, litigation or unanticipated costs; the uncertainty regarding the expected financial performance of PHINIA; supply disruptions, work stoppages or similar events impacting us or our customers, such as the United Auto Workers (“UAW”) strikes against Ford, General Motors and Stellantis North America and the current shortage of semiconductor chips that has impacted OEM customers and their suppliers, including us; commodities availability and pricing; competitive challenges from existing and new competitors including OEM customers; the challenges associated with rapidly-changing technologies, and our ability to innovate in response; the ability to identify targets and consummate acquisitions on acceptable terms; the failure to promptly and effectively integrate acquired businesses; the potential for unknown or inestimable liabilities relating to acquired businesses; our dependence on commercial vehicle, industrial application and light vehicle production, which are highly cyclical and subject to disruptions; our reliance on major OEM customers; fluctuations in interest rates and foreign currency exchange rates; our dependence on information systems; the uncertainty of the global economic environment; the outcome of existing or any future legal proceedings, including litigation with respect to various claims and any governmental investigations; future changes in laws and regulations, including, by way of example, taxes and tariffs, in the countries in which we operate; impacts from any potential future acquisition or disposition transactions; and any other risks noted under “Risk Factors” and in other reports that we file with the SEC. We do not undertake any obligation to update or announce publicly any updates to or revisions to any of the forward-looking statements in this Form 10-Q to reflect any change in our expectations or any change in events, conditions, circumstances or assumptions underlying the statements.

This section, and the similar discussions contained in subsequent reports filed with the SEC, the discussions contained in “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our Information

Statement furnished with the Company's Registration Statement on Form 10-12B/A filed on June 9, 2023, and the similar discussions contained in subsequent reports filed with the SEC, are intended to provide cautionary statements. Those cautionary statements should not be construed as a complete list of all of the economic, competitive, governmental, technological and other factors that could adversely affect our expected consolidated financial position, results of operations or liquidity. Additional risks and uncertainties, including without limitation those not currently known to us or that we currently believe are immaterial, also may impair our business, operations, liquidity, financial condition and prospects.

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

INTRODUCTION

PHINIA is a leader in the development, design and manufacture of integrated components and systems that optimize performance, increase efficiency and reduce emissions in combustion and hybrid propulsion for commercial vehicles and industrial applications (medium-duty and heavy-duty trucks, buses and other off-highway construction, marine, agricultural and industrial applications) and light vehicles (passenger cars, trucks, vans and sport-utility vehicles). We are a global supplier to most major OEMs seeking to meet and exceed increasingly stringent global regulatory requirements and satisfy consumer demands for an enhanced user experience. Additionally, we offer a wide range of OES solutions and remanufactured products as well as an expanded range of products for the independent (non-OEM) aftermarket.

Transition to Standalone Company

On December 6, 2022, BorgWarner Inc. (“BorgWarner,” or “Former Parent”) announced plans for the complete legal and structural separation of BorgWarner’s Fuel Systems and Aftermarket businesses from BorgWarner by the spin-off of its wholly-owned subsidiary, PHINIA, which was formed on February 9, 2023 (the “Spin-Off”).

On July 3, 2023, BorgWarner completed the Spin-Off in a transaction intended to qualify as tax-free to the Company’s stockholders for U.S. federal income tax purposes, which was accomplished by the distribution of the outstanding common stock of PHINIA to holders of record of common stock of BorgWarner on a pro rata basis. Each holder of record of common stock of BorgWarner received one share of PHINIA common stock for every five shares of common stock of BorgWarner held on June 23, 2023, the Record Date. In lieu of fractional shares of PHINIA, stockholders of the Company received cash. As a result of these transactions, all of the assets, liabilities, and legal entities comprising BorgWarner’s Fuel Systems and Aftermarket businesses are now owned directly, or indirectly through its subsidiaries, by PHINIA. PHINIA is an independent public company trading under the symbol “PHIN” on the New York Stock Exchange.

Key Trends and Economic Factors

Commodities and Other Inflationary Impacts. Prices for commodities remain volatile, and since the beginning of 2021, the Company has experienced price increases for base metals (e.g., steel, aluminum and nickel) and precious metals (e.g., palladium). In addition, many global economies are experiencing elevated levels of inflation more generally, which is driving an increase in other input costs. As a result, the Company has experienced, and is continuing to experience, higher costs.

Outlook

The Company expects global industry production to be flat to a modest increase year over year in 2023. The Company also expects to see a continued ramp up of gasoline direct injection (“GDI”) volumes in North America from new programs. Recoveries from the Company’s customers of material cost inflation arising from non-contractual commercial negotiations with those customers are also expected to increase net sales year over year. These increases are expected to be partially offset by reduced demand from key commercial vehicle customers in China through the end of the year. As a result, the Company expects increased revenue in 2023, excluding the impact of foreign currencies.

On September 15, 2023, the UAW launched strikes against Ford, General Motors, and Stellantis North America. In October, the UAW expanded the strike to include Mack Truck. Each of these entities are customers and have limited purchases of our products due to the halt of their production. There were no material impacts to our results during the third quarter of 2023. As of the date of this filing, certain automakers have reached a tentative deal with the UAW; however, if the strikes continue for a prolonged period, it could adversely affect our financial results. We will continue to monitor and assess the progress of negotiations between the UAW and the automakers.

The Company maintains a positive long-term outlook for its global business and is committed to new product development and strategic investments to enhance its product leadership strategy. There are several trends that are driving the Company's long-term growth that management expects to continue, including recovery of the commercial vehicle market, increased overall vehicle parc driving that supports aftermarket demand, adoption of product offerings with hydrogen solutions for combustion vehicles to serve as a viable alternative to electrification or fuel cell solutions and increasingly stringent global emissions standards that support demand for the Company's products driving efficiency and reduced emissions. In addition, we believe we are well positioned to continue to expand differentiated offerings in electronics, software and complete systems capabilities and to enhance shareholder value through the payment of dividends and opportunistic repurchases of the Company's stock.

Relationship with BorgWarner

Historically, we have relied on BorgWarner to provide various corporate functions. Following the Spin-Off, BorgWarner does not provide us with assistance other than the transition and other services described under "Certain Relationships and Related Person Transactions" in our Information Statement furnished with the Company's Registration Statement on Form 10-12B/A filed on June 9, 2023. These services do not include every service that we have received from BorgWarner in the past, and BorgWarner is only obligated to provide the transition services for limited periods following completion of the Spin-Off. Following the Spin-Off and the cessation of any transition services agreements, we will need to provide internally, or obtain from unaffiliated third parties, the services we will no longer receive from BorgWarner. We may be unable to replace these services in a timely manner or on terms and conditions as favorable as those we receive from BorgWarner. The Company entered into several agreements with BorgWarner that govern the relationship between the parties following the Spin-Off and are described in our Form 8-K filed on July 7, 2023.

In connection with the Spin-Off, we have been installing and implementing information technology infrastructure to support certain of our business functions, including accounting and financial reporting, human resources, legal and compliance, communications, engineering, manufacturing and distribution, and sourcing. We may incur substantially higher costs than currently anticipated as we transition from the existing transactional and operational systems and data centers we currently use as part of BorgWarner. If we are unable to transition effectively, we may incur temporary interruptions in business operations. Any delay in implementing, or operational interruptions suffered while implementing, our new information technology infrastructure could disrupt our business and have a material adverse effect on our results of operations.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2023 vs. Three Months Ended September 30, 2022

The following table presents a summary of the Company's operating results:

(in millions)	Three months ended September 30, 2023			
	2023		2022	
Net sales		% of net sales		% of net sales
Fuel Systems	\$ 620	69.2 %	\$ 597	69.5 %
Aftermarket	332	37.1	327	38.1
Inter-segment eliminations	(56)	(6.3)	(65)	(7.6)
Total net sales	896	100.0	859	100.0
Cost of sales	719	80.2	658	76.6
Gross profit	177	19.8	201	23.4
Selling, general and administrative expenses	104	11.6	100	11.6
Other operating expense, net	15	1.7	(10)	(1.2)
Operating income	58	6.5	111	13.0
Equity in affiliates' earnings, net of tax	(2)	(0.2)	(5)	(0.6)
Interest expense	22	2.5	5	0.6
Interest income	(4)	(0.4)	(2)	(0.2)
Other postretirement income	—	—	(8)	(0.9)
Earnings before income taxes	42	4.6	121	14.1
Provision for income taxes	31	3.5	32	3.7
Net earnings	\$ 11	1.1 %	\$ 89	10.4 %

Net sales

Net sales for the three months ended September 30, 2023 totaled \$896 million, an increase of \$37 million, or 4%, compared to the three months ended September 30, 2022. The change in net sales for the three months ended September 30, 2023 was primarily driven by the following:

- Sales increased \$26 million related to certain contract manufacturing agreements with Former Parent that were entered into in connection with the Spin-Off. Sales from these agreements are expected to continue through 2024.
- Customer pricing increased net sales by approximately \$18 million. This is primarily related to an increase in recoveries of cost inflation from the Company's customers due to non-contractual commercial negotiations with those customers and normal contractual customer commodity pass-through arrangements.
- Fluctuations in foreign currencies resulted in a period-over-period increase in sales of approximately \$13 million, primarily due to the strengthening of the British Pound and Euro relative to the U.S. Dollar, partially offset by the weakening of the Chinese Renminbi relative to the U.S. Dollar.
- Unfavorable volume and mix partially offset by net new business decreased sales approximately \$20 million, or 2%. This decrease was primarily driven by lower commercial vehicle sales in China, partially offset by higher GD*i* sales in the Americas.

Cost of sales and gross profit

Cost of sales and cost of sales as a percentage of net sales were \$719 million and 80%, respectively, during the three months ended September 30, 2023, compared to \$658 million and 77%, respectively, during the three months ended September 30, 2022. The increase of \$61 million in cost of sales for the three months ended September 30, 2023 was primarily driven by the following:

- Cost of sales increased \$26 million related to certain contract manufacturing agreements with Former Parent that were entered into in connection with the Spin-Off.
- Cost of sales was also impacted by higher supplier-related and inflationary costs of approximately \$23 million arising primarily from \$17 million non-contractual commercial negotiations with the Company's suppliers and normal contractual supplier commodity pass-through arrangements. This impact was partially offset by \$7 million of net supply chain savings initiatives.
- Fluctuations in foreign currencies resulted in a period-over-period increase in cost of sales of approximately \$13 million primarily due to the strengthening of the British Pound and Euro relative to the U.S. Dollar, partially offset by the weakening of the Chinese Renminbi relative to the U.S. Dollar.
- Lower sales volume and mix partially offset by net new business decreased cost of sales by approximately \$8 million.
- Other manufacturing costs increased cost of sales by \$14 million compared to the three months ended September 30, 2022.

Gross profit and gross margin were \$177 million and 20%, respectively, during the three months ended September 30, 2023 compared to \$201 million and 23%, respectively, during the three months ended September 30, 2022. The decrease in gross margin was primarily due to the factors discussed above.

Selling, general and administrative expenses ("SG&A")

SG&A for the three months ended September 30, 2023 was \$104 million as compared to \$100 million for the three months ended September 30, 2022. SG&A as a percentage of net sales was 12% for both the three months ended September 30, 2023 and 2022. SG&A was comprised of the following:

- Employee-related costs were \$37 million for the three months ended September 30, 2023, an increase of \$12 million compared to the three months ended September 30, 2022, primarily related to inflation and mandated minimum wage increases.
- Research and development ("R&D") costs were \$24 million for the three months ended September 30, 2023, unchanged from the same period in 2022. This includes gross R&D expenditures of \$45 million, comprised primarily of employee costs, offset by customer reimbursements of \$21 million, which represent recovery of costs incurred.
- IT costs incurred directly by the Company were \$9 million for the three months ended September 30, 2023, an increase of \$3 million compared to the three months ended September 30, 2022.
- Intangible amortization expense was \$7 million for the three months ended September 30, 2023, flat compared to the three months ended September 30, 2022.
- Other SG&A expenses were \$27 million for the three months ended September 30, 2023, an increase of \$1 million compared to the three months ended September 30, 2022.
- Former Parent allocations, which no longer exist after the Spin-Off, represent a decrease of \$12 million compared to the three months ended September 30, 2022.

Other operating expense (income), net

Other operating expense (income), net was expense of \$15 million and income of \$10 million for the three months ended September 30, 2023 and 2022, respectively. Refer to Note 4, "Other operating expense (income), net," for more information. Other operating expense (income), net was comprised of the following:

- For the three months ended September 30, 2023 and 2022, merger, acquisition and divestiture expenses, net were \$13 million and \$5 million, respectively, primarily related to professional fees associated with the Spin-Off.
- Restructuring expense was \$4 million and \$3 million for the three months ended September 30, 2023 and 2022, respectively, related to individually approved restructuring actions that primarily related to reductions in headcount. The Company continues to evaluate different options across its operations to reduce existing structural costs. As we continue to assess our performance and the needs of our business, additional restructuring could be required and may have a significant cost.
- For the three months ended September 30, 2022, the Company recognized royalty income related to licensing of the Delphi Technologies trade name and product-related intellectual properties to other BorgWarner businesses in the amount of \$9 million. The royalty arrangements stopped after the Spin-Off was completed.
- For the three months ended September 30, 2022, the Company recognized income related to application testing and other R&D services for other BorgWarner businesses of \$3 million. Refer to Note 19, "Related-Party Transactions," for further information. The services stopped after the Spin-Off was completed.

Equity in affiliates' earnings, net of tax

Equity in affiliates' earnings, net of tax was \$2 million and \$5 million in the three months ended September 30, 2023 and 2022, respectively. This line item is driven by the results of the Company's unconsolidated joint venture.

Interest expense

Interest expense was \$22 million and \$5 million in the three months ended September 30, 2023 and 2022, respectively. The increase was primarily related to the issuance of our Term Loan A and Term Loan B Facilities, as well as interest incurred on the drawdown of the Revolving Facility.

Interest income

Interest income was \$4 million and \$2 million in the three months ended September 30, 2023 and 2022.

Other postretirement income

Other postretirement income was de minimis and \$8 million in the three months ended September 30, 2023 and 2022, respectively. The decrease in other postretirement income for the three months ended September 30, 2023 was primarily due to higher interest cost and lower expected returns on assets in 2023.

Provision for income taxes

Provision for income taxes was \$31 million for the three months ended September 30, 2023 resulting in an effective tax rate of 74%. This compared to \$32 million, or 26%, for the three months ended September 30, 2022. The increase was primarily the result of a change in the jurisdictional mix of pre-tax earnings, most notably an increase in pre-tax losses where no tax benefit is recognized, as well as an

increase in the estimated annual effective tax rate in the current quarter due to increases in the U.S. taxes on foreign earnings based on the post Spin-Off structure.

For further details, see Note 6, "Income Taxes," to the Condensed Consolidated Financial Statements for the three months ended September 30, 2023 and 2022.

Non-comparable items impacting the Company's earnings per diluted share

The Company's earnings per diluted share were \$0.24 and \$1.89 for the three months ended September 30, 2023 and 2022, respectively. The Company believes the following table is useful in highlighting certain expenses that impacted its earnings per diluted share:

	Three months ended September 30,	
	2023	2022
Merger, acquisition and divestiture expense	\$ (0.21)	\$ (0.11)
Restructuring expense	(0.06)	(0.05)
Royalty income from BorgWarner	—	0.19
Asset impairments and lease modifications	—	0.04
Tax adjustments	(0.02)	(0.04)
Total impact of non-comparable items per share - diluted	\$ (0.29)	\$ 0.03

Results by Reportable Segment for the Three Months Ended September 30, 2023 and 2022

The Company's business is comprised of two reportable segments: Fuel Systems and Aftermarket.

Segment Adjusted Operating Income ("AOI") is the measure of segment income or loss used by the Company. Segment AOI is comprised of segment operating income adjusted for restructuring, merger, acquisition and divestiture expense, intangible asset amortization expense, impairment charges and other items not reflective of ongoing operating income or loss. The Company believes Segment AOI is most reflective of the operational profitability or loss of its reportable segments.

Segment AOI excludes certain corporate costs, which primarily represent corporate expenses not directly attributable to the individual segments. Corporate expenses not allocated to Segment AOI were \$19 million and \$17 million for the three months ended September 30, 2023 and 2022, respectively. The increase in corporate expenses in 2023 was primarily related to a decrease in related-party royalty and R&D income from BorgWarner, which did not continue after completion of the Spin-Off, as well as additional costs resulting from operating as a stand-alone company.

The following table presents Net sales and Segment AOI for the Company's reportable segments:

(in millions)	Three months ended September 30,					
	2023			2022		
	Net Sales to Customers	Segment AOI	% margin	Net Sales to Customers	Segment AOI	% margin
Fuel Systems	\$ 561	\$ 55	9.8 %	\$ 534	\$ 84	15.7 %
Aftermarket	335	46	13.7 %	325	48	14.8 %
Totals	\$ 896	\$ 101		\$ 859	\$ 132	

The Fuel Systems segment's net sales to customers for the three months ended September 30, 2023 increased \$27 million, or 5%, and Segment Adjusted Operating Income decreased \$29 million, or 35%, from the three months ended September 30, 2022. Foreign currencies resulted in a year-over-year

increase in sales of approximately \$5 million, primarily due to the strengthening of the British Pound and Euro relative to the U.S. Dollar, partially offset by the weakening of the Chinese Renminbi relative to the U.S. Dollar. The increase excluding the impact of foreign currencies was primarily due to \$26 million related to certain contract manufacturing agreements with BorgWarner and \$17 million primarily from non-contractual commercial negotiations with the Company's customers and normal contractual customer commodity pass-through arrangements. These were offset by approximately \$21 million of volume, mix and net new business driven by decreased demand for the Company's products compared to the prior year, primarily from lower commercial vehicle sales in China. Segment Adjusted Operating margin was 9.8% in the three months ended September 30, 2023, compared to 15.7% in the three months ended September 30, 2022. The Segment Adjusted Operating margin decrease was primarily due to higher inflationary costs and supplier-related costs.

The Aftermarket segment's net sales to customers for the three months ended September 30, 2023 increased \$10 million, or 3%, and Segment Adjusted Operating Income decreased \$2 million, or 4%, from the three months ended September 30, 2022. Foreign currencies resulted in a year-over-year increase in sales of approximately \$8 million primarily due to the strengthening of the British Pound and Euro relative to the U.S. Dollar, partially offset by the weakening of the Chinese Renminbi relative to the U.S. Dollar. Segment Adjusted Operating margin was 13.7% in the three months ended September 30, 2023, comparable to 14.8% in the three months ended September 30, 2022. The Segment Adjusted Operating margin decrease was primarily driven by higher non-commodity inflationary costs during the period.

Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022

The following table presents a summary of the Company's operating results:

(in millions)	Nine months ended September 30,			
	2023		2022	
		% of net sales		% of net sales
Net sales				
Fuel Systems	\$ 1,794	68.6 %	\$ 1,707	68.3 %
Aftermarket	1,001	38.2	958	38.4
Inter-segment eliminations	(177)	(6.8)	(168)	(6.7)
Total net sales	2,618	100.0	2,497	100.0
Cost of sales	2,080	79.4	1,964	78.7
Gross profit	538	20.6	533	21.3
Selling, general and administrative expenses	306	11.7	301	12.1
Other operating expense, net	60	2.3	1	—
Operating income	172	6.6	231	9.2
Equity in affiliates' earnings, net of tax	(8)	(0.3)	(8)	(0.3)
Interest expense	34	1.3	14	0.6
Interest income	(9)	(0.3)	(3)	(0.1)
Other postretirement income	(1)	—	(25)	(1.0)
Earnings before income taxes	156	5.9	253	10.0
Provision for income taxes	75	2.9	66	2.6
Net earnings	\$ 81	3.0 %	\$ 187	7.4 %

Net sales

Net sales for the nine months ended September 30, 2023 totaled \$2,618 million, an increase of \$121 million, or 5%, from the nine months ended September 30, 2022. The change in net sales for the nine months ended September 30, 2023 was primarily driven by the following:

- Customer pricing increased net sales by approximately \$64 million. This includes an increase of approximately \$41 million related to recoveries from the Company's customers of cost inflation arising from non-contractual commercial negotiations with those customers and normal contractual customer commodity pass-through arrangements.
- Favorable volume, mix and net new business increased sales approximately \$51 million, or 2%. This increase was primarily driven by higher demand for the Company's products. This increase was partially offset by lower commercial vehicle sales in China.
- Sales increased \$26 million related to certain contract manufacturing agreements with Former Parent that were entered into in connection with the Spin-Off. Sales from these agreements are expected to continue through 2024.
- Fluctuations in foreign currencies resulted in a year-over-year decrease in sales of approximately \$20 million primarily due to the weakening of the Chinese Renminbi relative to the U.S. Dollar, slightly offset by the strengthening of the Euro relative to the U.S. Dollar.

Cost of sales and gross profit

Cost of sales and cost of sales as a percentage of net sales were \$2,080 million and 79%, respectively, during the nine months ended September 30, 2023, compared to \$1,964 million and 79%, respectively, during the nine months ended September 30, 2022. The increase of \$116 million in cost of sales for the nine months ended September 30, 2023 was primarily driven by the following:

- Cost of sales was also impacted by higher supplier-related and inflationary costs of approximately \$70 million arising primarily from \$49 million from non-contractual commercial negotiations with the Company's suppliers and normal contractual supplier commodity pass-through arrangements. This impact was partially offset by \$31 million of net supply chain savings initiatives.
- Higher sales volume, mix and net new business increased cost of sales by approximately \$62 million.
- Cost of sales increased \$26 million related to certain contract manufacturing agreements with Former Parent that were entered into in connection with the Spin-Off.
- Fluctuations in foreign currencies resulted in a period-over-period decrease in cost of sales of approximately \$10 million primarily due to the weakening of the Chinese Renminbi, partially offset by the strengthening of the Euro and British Pound relative to the U.S. Dollar.

Gross profit and gross margin were \$538 million and 21%, respectively, during the nine months ended September 30, 2023 compared to \$533 million and 21%, respectively, during the nine months ended September 30, 2022. The change in gross margin was primarily due to the factors discussed above.

Selling, general and administrative expenses

SG&A for the nine months ended September 30, 2023 was \$306 million as compared to \$301 million for the nine months ended September 30, 2022, SG&A as a percentage of net sales was 12% for both the nine months ended September 30, 2023 and 2022. SG&A was comprised of the following:

- R&D costs were \$81 million for the nine months ended September 30, 2023. This includes gross R&D expenditures of \$143 million, comprised primarily of employee costs, offset by customer

reimbursements of \$62 million, which represent recovery of costs incurred. R&D costs increased \$3 million, primarily related to a reduction in customer reimbursements. The Company's current long-term expectation for R&D spending is approximately 3% of net sales.

- Employee-related costs were \$99 million for the nine months ended September 30, 2023, an increase of \$25 million, primarily related to incentive compensation, inflation and mandated minimum wage increases.
- General expense allocations from BorgWarner, which ended subsequent to the Spin-off, were \$16 million for the nine months ended September 30, 2023, a decrease of \$23 million.
- IT costs incurred directly by the Company were \$23 million for the nine months ended September 30, 2023, an increase of \$2 million.
- Intangible amortization expense was \$21 million for the nine months ended September 30, 2023 and 2022.
- Other SG&A expenses, excluding employee costs and general expense allocations from BorgWarner, were \$66 million for the nine months ended September 30, 2023, a decrease of \$2 million.

Other operating expense, net

Other operating expense, net was \$60 million and \$1 million for the nine months ended September 30, 2023 and 2022, respectively. Refer to Note 4, "Other operating expense (income), net," for more information. Other operating expense (income), net was comprised of the following:

- For the nine months ended September 30, 2023 and 2022, merger, acquisition and divestiture expenses, net were \$72 million and \$27 million, respectively, primarily related to professional fees associated with the Spin-Off.
- Restructuring expense was \$10 million and \$8 million for the nine months ended September 30, 2023 and 2022, respectively, related to individually approved restructuring actions that primarily related to reductions in headcount.
- For the nine months ended September 30, 2023 and 2022, the Company recognized income related to application testing and other R&D services for other BorgWarner businesses of \$2 million and \$9 million, respectively. Refer to Note 19, "Related-Party Transactions," for further information.
- For the nine months ended September 30, 2023 and 2022, the Company recognized royalty income related to licensing of the Delphi Technologies trade name and product-related intellectual properties to other BorgWarner businesses in the amount of \$17 million and \$22 million, respectively. These royalty arrangements have not continued subsequent to the completion of the Spin-Off.

Equity in affiliates' earnings, net of tax

Equity in affiliates' earnings, net of tax was \$8 million in both the nine months ended September 30, 2023 and 2022. This line item is driven by the results of the Company's unconsolidated joint venture.

Interest expense

Interest expense was \$34 million and \$14 million in the nine months ended September 30, 2023 and 2022, respectively. The increase from 2022 to 2023 was primarily due to new debt as part of the Spin-Off.

Interest income

Interest income was \$9 million and \$3 million in the nine months ended September 30, 2023 and 2022, respectively. The increase is primarily due to higher interest rates on higher cash and cash equivalents balances.

Other postretirement income

Other postretirement income was \$1 million and \$25 million in the nine months ended September 30, 2023 and 2022, respectively. The decrease in other postretirement income for the nine months ended September 30, 2023 was primarily due to higher interest costs and lower expected returns on assets in 2023.

Provision for income taxes

Provision for income taxes was \$75 million for the nine months ended September 30, 2023 resulting in an effective tax rate of 48%. This compared to \$66 million, or 26%, for the nine months ended September 30, 2022. The increase was primarily the result of a change in the jurisdictional mix of pre-tax earnings, most notably an increase in pre-tax losses where no tax benefit is recognized, as well as an increase in the estimated annual effective tax rate in the current quarter due to increases in the U.S. taxes on foreign earnings based on the post Spin-Off structure.

For further details, see Note 6, "Income Taxes," to the Condensed Consolidated Financial Statements for the nine months ended September 30, 2023 and 2022.

Results by Reportable Segment for the nine months ended September 30, 2023 and 2022

The following table presents Net sales and Segment AOI for the Company's reportable segments:

(in millions)	Nine months ended September 30,					
	2023			2022		
	Net Sales to Customers	Segment AOI	% margin	Net Sales to Customers	Segment AOI	% margin
Fuel Systems	\$ 1,621	\$ 160	9.9 %	\$ 1,545	\$ 193	12.5 %
Aftermarket	997	143	14.3 %	952	137	14.4 %
Totals	\$ 2,618	\$ 303		\$ 2,497	\$ 330	

The Fuel Systems segment's net sales to customers for the nine months ended September 30, 2023 increased \$76 million, or 5%, and Segment Adjusted Operating Income decreased \$33 million, or 17%, from the nine months ended September 30, 2022. Foreign currencies resulted in a period-over-period decrease in sales of approximately \$23 million primarily due to the weakening of the Chinese Renminbi, partially offset by the strengthening of the Euro and British Pound relative to the U.S. Dollar. The increase excluding the impact of foreign currencies was primarily due to approximately \$50 million from non-contractual commercial negotiations with the Company's customers and normal contractual customer commodity pass-through arrangements, \$26 million related to certain contract manufacturing agreements with BorgWarner, and approximately \$23 million of volume, mix and net new business driven by higher weighted average market production compared to the prior year. Segment Adjusted Operating margin was 9.9% in the nine months ended September 30, 2023, compared to 12.5% in the nine months ended September 30, 2022. The Segment Adjusted Operating margin decrease was primarily due to product mix and higher supplier costs.

The Aftermarket segment's net sales to customers for the nine months ended September 30, 2023 increased \$45 million, or 5%, and Segment Adjusted Operating Income increased \$6 million, or 4%, from the nine months ended September 30, 2022. Foreign currencies resulted in a year-over-year increase in

sales of approximately \$3 million primarily due to the weakening Chinese Renminbi, partially offset by the strengthening of the Euro and British Pound relative to the U.S. Dollar. The increase excluding the impact of foreign currencies was primarily due to approximately \$28 million of volume, mix and net new business driven by increased demand for the Company's products and approximately \$14 million of pricing. Segment Adjusted Operating margin was 14.3% in the nine months ended September 30, 2023, comparable to the 14.4% in the nine months ended September 30, 2022.

Non-comparable items impacting the Company's earnings per diluted share

The Company's earnings per diluted share were \$1.72 and \$3.98 for the nine months ended September 30, 2023 and 2022, respectively. The Company believes the following table is useful in highlighting certain expenses that impacted its earnings per diluted share:

	Nine months ended September 30,	
	2023	2022
Merger, acquisition and divestiture expense	\$ (1.47)	\$ (0.57)
Restructuring expense	(0.17)	(0.13)
Royalty income from BorgWarner	0.36	0.47
Asset impairments and lease modifications	—	(0.09)
Tax adjustments	\$ (0.02)	\$ (0.02)
Total impact of non-comparable items per share - diluted	\$ (1.30)	\$ (0.34)

LIQUIDITY AND CAPITAL RESOURCES

Overview

To manage liquidity and fund operations prior to the Spin-Off, we participated in BorgWarner's cash pooling arrangements and BorgWarner has participated in our cash pooling arrangements. Any balances owed to the Company from BorgWarner as a result of these cash arrangements that were anticipated to be settled in cash were reflected as Receivables, net and Investments and long-term receivables. Any balances due from the Company to BorgWarner as a result of these cash arrangements that were anticipated to be settled in cash were reflected as Other non-current liabilities. Certain other cash pooling balances that were not anticipated to be settled in cash are presented within Former parent investment in our Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q.

We utilize certain arrangements with various financial institutions to sell eligible trade receivables from certain customers in North America and Europe. We may terminate any or all of these arrangements at any time subject to prior written notice. While we do not depend on these arrangements for our liquidity, if we elected to terminate these arrangements, there would be a one-time unfavorable timing impact on the collection of the outstanding receivables.

At September 30, 2023 and December 31, 2022, the Company had \$367 million and \$251 million of cash and cash equivalents, respectively, of which \$342 million and \$247 million, respectively, was held by our subsidiaries outside of the United States. We believe our existing cash and cash flows generated from operations and indebtedness incurred in conjunction with the Spin-Off discussed below will be responsive to the needs of our current and planned operations for at least the next 12 months.

Credit Agreement

On July 3, 2023, the Company entered into a \$1.225 billion Credit Agreement consisting of a \$500 million revolving credit facility (the "Revolving Facility"), a \$300 million term loan A facility (the "Term Loan A Facility") and a \$425 million term loan B facility (the "Term Loan B Facility"; together with the Revolving Facility and the Term Loan A Facility, collectively, the "Facilities") in correlation with the Spin-Off that occurred on the same date.

Proceeds of the Term Loan A Facility and the Term Loan B Facility were used only for certain payments in connection with the Spin-Off and the Credit Agreement. Proceeds of the Revolving Facility were used for certain payments in connection with the Spin-Off and the Credit Agreement and will be for working capital and general corporate purposes. As of the date hereof, \$75 million is outstanding under the Revolving Facility, \$300 million is outstanding under the Term Loan A Facility and \$425 million is outstanding under the Term Loan B Facility, totaling \$800 million aggregate principal outstanding under the Facilities.

Refer to Note 11. "Notes Payable And Debt" for further information on our Credit Agreement.

Cash Flows

Operating Activities

Net cash provided by operating activities was \$188 million and \$122 million in the nine months ended September 30, 2023 and 2022, respectively. The change in cash from operating activities for the nine months ended September 30, 2023, compared with the nine months ended September 30, 2022, was due to working capital changes, including amounts due to the Former Parent, offset by lower net earnings.

Investing Activities

Net cash used in investing activities was \$117 million and \$80 million in the nine months ended September 30, 2023 and 2022, respectively, primarily related to capital expenditures. As a percentage of sales, capital expenditures were 4.5% and 3.4% for the nine months ended September 30, 2023 and 2022, respectively.

Financing Activities

Net cash provided by financing activities was \$50 million in the nine months ended September 30, 2023 primarily related to proceeds from external borrowings, offset by payments to the Former Parent, stock repurchases and dividend payments to PHINIA stockholders.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates disclosures appear in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies And Estimates," in the Company's Information Statement furnished with the Company's Registration Statement on Form 10-12B/A filed on June 9, 2023. There were no material changes to this information during the quarter ended September 30, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and qualitative disclosures about market risk appear in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosures About Market Risk," in the Company's Information Statement furnished with the Company's Registration Statement on Form 10-12B/A filed on June 9, 2023. There were no material changes to this information during the quarter ended September 30, 2023.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed by the Company in the reports that we file or submit 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 management, including the Company's Chief Executive Officer and Chief Financial Officer, as

appropriate, to allow timely decisions regarding required disclosures. Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were not effective as of September 30, 2023 due to the material weakness in our internal control over financial reporting, as described below.

Material Weakness in Internal Control Over Financial Reporting

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim condensed financial statements will not be prevented or detected on a timely basis.

We identified a material weakness in our internal control over financial reporting, which remains outstanding as of September 30, 2023. The Company did not design and maintain effective controls over the determination and review of the calculation of cumulative translation adjustment in the Company's condensed financial statements prepared on a carve-out basis. See Note 1, "Basis of Presentation," to the Condensed Financial Statements in this Form 10-Q for a discussion of the methodology used to prepare the financial statements on a carve-out basis. This material weakness resulted in material adjustments to Accumulated other comprehensive income (loss) and Parent company investment at December 31, 2021 and Other comprehensive income (loss) for the years ended December 31, 2021 and 2020, all of which were recorded prior to the issuance of the combined financial statements. Additionally, this material weakness could result in a misstatement of those account balances or disclosures that would result in a material misstatement to the annual or interim condensed combined financial statements that would not be prevented or detected.

Remediation Plan

During 2023, the Company has taken steps to enhance our internal control over financial reporting in response to the material weakness. During the third quarter of 2023, the Company ceased preparing its financial statements on a carve-out basis and moved to a system-based calculation of cumulative translation adjustment. As of September 30, 2023, the Company implemented the revised and enhanced controls surrounding the calculation of cumulative translation adjustment and will continue to evaluate the operating effectiveness of these controls.

Changes in Internal Control Over Financial Reporting

Other than the changes implemented as part of our remediation plan discussed above, there have been no other changes in internal control over financial reporting that occurred during the period covered by this report 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

The Company is subject to a number of claims and judicial and administrative proceedings (some of which involve substantial amounts) arising out of the Company's business or relating to matters for which the Company may have a contractual indemnity obligation. Refer to Note 18, "Contingencies," to the Condensed Consolidated Financial Statements of this Form 10-Q for a discussion of litigation, which is incorporated herein by reference.

Item 1A. Risk Factors

Information regarding risk factors appears in the "Risk Factors" section of the Company's Information Statement furnished with the Company's Registration Statement on Form 10-12B/A filed on June 9, 2023. There were no material changes during the three months ended September 30, 2023 to the risk factors disclosed in the "Risk Factors" section of the Company's Information Statement furnished with the Company's Registration Statement on Form 10-12B/A filed on June 9, 2023.

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

In August 2023, the Company's Board of Directors authorized a \$150 million share repurchase program. During the quarter ended September 30, 2023, the Company repurchased \$9 million of common stock under its repurchase program. Under the repurchase program, shares may be repurchased in open market transactions, privately negotiated transactions, or pursuant to one or more accelerated stock repurchase programs or Rule 10b5-1 plans in compliance with SEC requirements. The exact amount and timing of any purchases will depend on a number of factors, including trading price, trading volume, and general market conditions. The repurchase program has no expiration date and may be suspended, discontinued, or resumed at any time. Repurchased shares will be deemed common stock held in treasury and may subsequently be reissued.

The following table provides information about the Company's purchases of its equity securities that are registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") during the quarter ended September 30, 2023:

Issuer Purchases of Equity Securities

Period	Total number of shares repurchased	Average price per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under plans or programs (in millions)
July 1, 2023 - July 31, 2023	—	—	—	—
August 1, 2023 - August 31, 2023	—	—	—	\$ 150
September 1, 2023 - September 30, 2023	328,344	\$ 27.40	328,344	\$ 141
Total	328,344	\$ 27.40	328,344	\$ 141

Item 5. Other Information

Trading Arrangements

During the three months ended September 30, 2023, none of the individuals serving as the Company's directors or "officers," as defined in Rule 16a-1(f) of the Exchange Act, at that time adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

- 2.1 [Separation and Distribution Agreement, dated July 2, 2023, by and between BorgWarner and the Company \(incorporated by reference to Exhibit 2.1 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.1 [Transition Services Agreement, dated July 2, 2023, by and between BorgWarner and the Company \(incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.2 [Tax Matters Agreement, dated July 2, 2023, by and between BorgWarner and the Company \(incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.3 [Employee Matters Agreement, dated July 2, 2023, by and between BorgWarner and the Company \(incorporated by reference to Exhibit 10.3 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.4 [Electronics Collaboration Agreement, dated July 2, 2023, by and between BorgWarner PDS \(USA\) Inc. and PHINIA Technologies Inc \(incorporated by reference to Exhibit 10.5 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.5 [Contract Manufacturing Agreement, dated July 2, 2023, between BorgWarner Propulsion Systems LLC, BorgWarner Luxembourg Operations SARL and BorgWarner Propulsion II LLC \(incorporated by reference to Exhibit 10.6 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.6 [Contract Manufacturing Agreement, dated July 2, 2023, between BorgWarner \(Shanghai\) Automobile Fuel Systems Co., Ltd. and BorgWarner Automotive Components \(Ningbo\) Co., Ltd \(incorporated by reference to Exhibit 10.7 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.7 [Contract Manufacturing Agreement, dated July 2, 2023, between BorgWarner \(Shanghai\) Automobile Fuel Systems Co., Ltd. and BorgWarner Poland sp. z o.o. \(incorporated by reference to Exhibit 10.8 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.8 [Contract Manufacturing Agreement, dated July 2, 2023, between BorgWarner \(Shanghai\) Automobile Fuel Systems Co., Ltd. and BorgWarner Automotive Components \(Ningbo\), Co. Ltd. \(incorporated by reference to Exhibit 10.9 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.9 [Contract Manufacturing Agreement, dated July 2, 2023, between BorgWarner eMobility Poland sp. z o.o and BorgWarner Mobility Poland sp. z o.o. \(incorporated by reference to Exhibit 10.10 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.10 [ECU Supply Agreement, dated July 2, 2023, between BorgWarner Singapore Holdings Pte. Ltd. and BorgWarner France SAS \(incorporated by reference to Exhibit 10.11 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.11 [ECU Supply Agreement, dated July 2, 2023, between BorgWarner Singapore Holdings Pte. Ltd. and BorgWarner India Private Limited \(incorporated by reference to Exhibit 10.12 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.12 [ECU Supply Agreement, dated July 2, 2023, between BorgWarner Singapore Holdings Pte. Ltd. and BorgWarner Fuel Systems \(Yantai\) Co., Ltd. \(incorporated by reference to Exhibit 10.13 of the Company's Form 8-K filed on July 7, 2023\).](#)
- 10.13 [ECU Supply Agreement, dated July 2, 2023, between BorgWarner PowerDrive Systems \(Suzhou\) Co., Ltd. and BorgWarner \(Shanghai\) Automobile Fuel Systems Co., Ltd. \(incorporated by reference to Exhibit 10.14 of the Company's Form 8-K filed on July 14, 2023\).](#)
- 10.14 [ECU Supply Agreement, dated July 2, 2023, between BorgWarner PowerDrive Systems \(Suzhou\) Co., Ltd. and BorgWarner Fuel Systems \(Yantai\) Co., Ltd. \(incorporated by reference to Exhibit 10.15 of the Company's Form 8-K filed on July 7, 2023\).](#)

10.15	<u>ECU Supply Agreement, dated July 2, 2023, between BorgWarner PowerDrive Systems (Suzhou) Co., Ltd. and BorgWarner Industria E Comercio Brasil Ltda (incorporated by reference to Exhibit 10.16 of the Company's Form 8-K filed on July 7, 2023).</u>
10.16	<u>Credit Agreement, dated July 3, 2023, among the Company, the other loan parties from time to time party thereto, the lenders from time to time party thereto, Bank of America, N.A., as administrative agent, a swingline lender and an L/C issuer, and the other swingline lenders and L/C issuers from time to time party thereto (incorporated by reference to Exhibit 10.17 of the Company's Form 8-K filed on July 7, 2023).</u>
10.17	<u>Form of Restricted Stock Agreement for Non-Employee Directors under the 2023 Stock Incentive Plan (incorporated by reference to Exhibit 10.19 of the Company's Form 10-Q filed on August 7, 2023).</u>
10.18	<u>Form of Conversion Award Restricted Stock Agreement for Employees under the 2023 Stock Incentive Plan.*</u>
10.19	<u>Form of Conversion Award Stock Unit Award Agreement for U.S. Employees under the 2023 Stock Incentive Plan.*</u>
10.20	<u>Form of Conversion Award Stock Unit Award Agreement for Non-U.S. Employees under the 2023 Stock Incentive Plan.*</u>
10.21	<u>Form of Restricted Stock Agreement for Employees under the 2023 Stock Incentive Plan.*</u>
10.22	<u>Form of Stock Unit Award Agreement for U.S. Employees under the 2023 Stock Incentive Plan.*</u>
10.23	<u>Form of Stock Unit Award Agreement for Non-U.S. Employees under the 2023 Stock Incentive Plan.*</u>
31.1	<u>Rule 13a-(14a)/15d-(14a) Certification of Chief Executive Officer.*</u>
31.2	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.*</u>
32.1	<u>Section 1350 Certification of Chief Executive Officer.**</u>
32.2	<u>Section 1350 Certification of Chief Financial Officer.**</u>
Exhibit 101.INS	Inline XBRL Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104.1	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith.
** Furnished herewith.

SIGNATURES

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

PHINIA Inc.

By: /s/ Samantha M. Pombier
(Signature)

Samantha M. Pombier
Vice President and Controller (Principal Accounting Officer)

Date: November 6, 2023

**PHINIA INC.
2023 STOCK INCENTIVE PLAN**

**Conversion Award
Restricted Stock Agreement – Employees**

PHINIA Inc., a Delaware corporation (the “Company”), hereby awards to the Employee indicated below a Restricted Stock Award (the “Award”) under the PHINIA Inc. 2023 Stock Incentive Plan (the “Plan”), as specified below, effective as of the Grant Date, according to the terms and conditions of this Restricted Stock Agreement (this “Agreement”) and the Plan. The Award represents a Conversion Award granted in connection with the equitable replacement and adjustment of equity-based awards granted by BorgWarner Inc. (“BorgWarner”) that were outstanding immediately prior to the separation of the Company from BorgWarner. All capitalized terms shall have the meanings ascribed to them in the Plan, unless specifically set forth otherwise herein. The parties hereto agree as follows:

Grant Information:

Employee Name: _____

Grant Date: July 18, 2023

Number of Restricted Shares Awarded: _____ Shares

Terms and Conditions:

1. Restriction Period. Except as otherwise provided in this Agreement, the Restriction Period for the Restricted Stock awarded to the Employee under this Agreement shall commence with the Grant Date set forth above and shall end, for the percentage of the Shares indicated below, on the date when the Restricted Stock shall have vested in accordance with the following schedule provided that the Employee remains continuously employed by or in the service of the Company or an Affiliate through the applicable vesting date:

<u>Vesting Date</u>	<u>Vested Percentage</u>
_____	___% of the Awarded Shares
_____	___% of the Awarded Shares

Notwithstanding the foregoing, if the application of the above vesting schedule would cause a fractional Share to vest, then the number of Shares that vest on such date shall be rounded down to the nearest whole number.

Prior to the date that the Restriction Period applicable to Shares of Restricted Stock lapses, the Employee shall not be permitted to sell, assign, transfer, pledge or otherwise encumber such Shares of Restricted Stock.

2. Book Entry Record. The Company shall, as soon as administratively feasible after execution of this Agreement by the Employee, direct the Company’s transfer agent for the Stock to make a book entry record showing ownership for the Restricted Stock in the name of the Employee or take other action to evidence the issuance of Restricted Stock as determined in the Company’s discretion, subject to the terms and conditions of the Plan and this Agreement and any other restrictions pursuant to applicable laws, rules or regulations or the requirements of any national securities exchange. The Restricted Stock may be held in an account at the Company’s transfer agent pending vesting.

3. Termination of Employment. Except as otherwise provided in this Section 3 or Section 4 or as otherwise determined by the Committee in its sole discretion, the Employee shall forfeit the Shares that are unvested as of the effective date of the Employee's Termination of Employment. Notwithstanding the foregoing, except as otherwise determined by the Committee, in its sole discretion, at the time of the Employee's Termination of Employment, the following provisions shall apply.
 - (a) Death or Disability. If the Employee's Termination of Employment is due to the Employee's death or Disability, then all the unvested Shares shall immediately vest.
 - (b) Retirement. If the Employee's Termination of Employment is due to Retirement, then the Committee may, in its sole discretion, cause all or a portion of the unvested Shares to vest.
 - (c) Effective Date of Termination of Employment. For purposes of this Agreement, any Termination of Employment shall be effective as of the earlier of (1) the date that the Company receives the Employee's notice of resignation of employment, or (2) the date that the Employee ceases to actively provide services. In connection with the foregoing, the applicable termination date shall not be extended by any notice period mandated under local law (e.g., "garden leave" or similar period pursuant to local law), and the Company shall have the exclusive discretion to determine when the Employee is no longer actively providing service for purposes of this Award. Notwithstanding the foregoing, the Employee will be deemed to have experienced a Termination of Employment upon the Employee's "separation from service" within the meaning of Section 409A of the Code to the extent this Award is subject to Section 409A of the Code.
 4. Change in Control. In the event of a Change in Control, this Award shall be treated in accordance with Section 15 of the Plan, provided, however, that for purposes of Section 15.1(a)(5), the Employee will be considered to have terminated the Employee's employment or service for "good reason" if the Employee's termination either (a) meets the requirements set forth in Exhibit A attached to this Agreement or (b) constitutes a "good reason" termination under the Employee's employment, retention, change in control, severance or similar agreement with the successor, purchaser, the Company, or any affiliate thereof, if any.
 5. Stockholder Rights. Subject to the restrictions imposed by this Agreement and the Plan, the Employee shall have, with respect to the Restricted Stock covered by this Award, all of the rights of a stockholder of the Company holding Stock, including the right to vote the Shares and the right to receive dividends; provided, however, that any cash dividends payable with respect to the Restricted Stock covered by this Award shall be automatically reinvested in additional Shares of Restricted Stock, the number of which shall be determined by multiplying (a) the number of Shares that the Employee has been issued under this Agreement as of the dividend record date that have not vested as of such record date by (b) the dividend paid on each Share, dividing the result by (c) the Fair Market Value of a Share on the dividend payment date, and (d) rounding the result to the nearest Share. Such additional Shares so awarded shall vest at the same time, and to the same extent, as the Restricted Stock to which it relates and shall be subject to the same restrictions, terms and conditions contained herein. Dividends payable with respect to the Restricted Stock covered by this Award that are payable in Stock shall also be paid in the form of additional Shares of Restricted Stock and shall vest at the same time, and to the same extent, as the Restricted Stock to which it relates and shall be subject to the same restrictions, terms, and conditions contained herein.
 6. Tax and Social Security Contributions Withholding. Regardless of any action the Company and/or the affiliate that employs the Employee (the "Employer") take with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Employee acknowledges that the ultimate liability
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for all Tax-Related Items legally due by the Employee is and remains the Employee's responsibility, and the Company and the Employer: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock, including the grant of the Restricted Stock, the vesting of the Restricted Stock, the subsequent sale of any Stock acquired pursuant to the Restricted Stock and the receipt of any dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the Restricted Stock to reduce or eliminate the Employee's liability for Tax-Related Items.

If any taxing jurisdiction requires withholding of Tax-Related Items, the Company may withhold a sufficient number of whole Shares otherwise subject to this Award that have an aggregate Fair Market Value not to exceed the maximum statutory Tax-Related Items required to be withheld with respect to this Award. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items (determined by reference to the Fair Market Value of the Stock on the applicable vesting date). No fractional Shares will be withheld or issued pursuant to the grant of this Award and the issuance of Stock hereunder. Alternatively, the Company and/or the Employer may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from the Employee's salary/wages or other amounts payable to the Employee, with no withholding in Shares, or may require the Employee to remit to the Company an amount of cash sufficient to satisfy withholding relating to Tax-Related Items.

In the event the withholding requirements are not satisfied through the withholding of Shares or through the withholding from the Employee's salary/wages or other amounts payable to the Employee, no Shares will be released upon vesting of the Restricted Stock unless and until satisfactory arrangements (as determined by the Committee) have been made by the Employee with respect to the payment of any Tax-Related Items which the Company and/or the Employer determine, in its sole discretion, must be withheld or collected with respect to such Restricted Stock. If the Employee is subject to taxation in more than one jurisdiction, the Employee acknowledges that the Company, the Employer or another subsidiary or Affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction. By accepting this grant of Restricted Stock, the Employee expressly consents to the withholding of Shares and/or the withholding of amounts from the Employee's salary/wages or other amounts payable to the Employee as provided for hereunder. All other Tax-Related Items related to the Restricted Stock and any Stock delivered under this Award are the Employee's sole responsibility.

7. Acquisition of Shares for Investment Purposes Only. By accepting this Award, the Employee hereby agrees with the Company as follows:
- (a) The Employee is acquiring the Shares covered by this Award for investment purposes only and not with a view to resale or other distribution thereof to the public in violation of the Securities Act of 1933, as amended (the "1933 Act"), and shall not dispose of any of the Shares in transactions which, in the opinion of counsel to the Company, violate the 1933 Act, or the rules and regulations thereunder, or any applicable state securities or "blue sky" laws;
 - (b) If any of the Shares covered by this Award shall be registered under the 1933 Act, no public offering (otherwise than on a national securities exchange, as defined in the Exchange Act) of any such Shares shall be made by the Employee (or any other person) under such circumstances that he or she (or any other such person) may be deemed an underwriter, as defined in the 1933 Act; and
 - (c) The Company shall have the authority to include stop-transfer orders, legends or other restrictions relating to the Shares referring to the foregoing.
8. Miscellaneous.
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- (a) Non-transferability. Neither the Restricted Shares nor this Award may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution or as otherwise permitted by the Company, and neither the Restricted Shares nor this Award shall be subject to execution, attachment or similar process. In addition, by accepting this Award, Employee agrees not to sell any shares of Stock acquired under this Award other than as set forth in the Plan and at a time when applicable laws, Company policies or an agreement between the Company and its underwriters do not prohibit a sale.
 - (b) Notices. Any written notice required or permitted under this Agreement shall be deemed given when delivered personally, as appropriate, either to the Employee or to the Executive Compensation Department of the Company, or when deposited in a United States Post Office as registered mail, postage prepaid, addressed, as appropriate, either to the Employee at his or her address in the Company's records or to Attention: Executive Compensation, PHINIA Inc., at its headquarters office or such other address as the Company may designate in writing to the Employee. Notice also may be given under this Agreement to the Employee by the Company by electronic means, including e-mail or through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
 - (c) Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.
 - (d) Governing Law. The Award made and actions taken under the Plan and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without taking into account its conflict of laws provisions.
 - (e) Provisions of Plan. This Award is granted pursuant to the Plan, and this Award and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement solely by reference or expressly cited herein. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Employee. If there is any conflict between the terms of this Agreement and the terms of the Plan, other than with respect to any provisions relating to Termination of Employment or Change in Control, the Plan's terms shall supersede and replace the conflicting terms of this Agreement to the minimum extent necessary to resolve the conflict. Notwithstanding any terms of the Plan to the contrary, the termination provisions of Section 3 or the change in control provision of Section 4 of this Agreement control.
 - (f) Section 16 Compliance. To the extent necessary to comply with, or to avoid disgorgement of profits under the short-selling matching rules of, Section 16 of the Exchange Act, the Employee shall not sell or otherwise dispose of the Shares.
 - (g) No Right to Continued Employment. Nothing contained in the Plan or this Agreement shall confer upon the Employee any right to continued employment nor shall it interfere in any way with the right of the Company or any subsidiary or Affiliate to terminate the employment of the Employee at any time.
 - (h) Discretionary Nature of Plan; No Right to Additional Awards. The Employee acknowledges and agrees that the Plan is discretionary in nature and limited in duration and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of an Award under the Plan is a one-time benefit and does not create any contractual or other right to receive an Award or
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benefits in lieu of an Award. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of an award, the number of Shares subject to the award, and the vesting provisions.

- (i) Termination Indemnities. The value of this Award is an extraordinary item of compensation outside the scope of the Employee's employment contract, if any. As such, Awards are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.
- (j) Acceptance of Award. By not rejecting this Award, the Employee agrees and is deemed to accept all the terms and conditions of the Award, as set forth in this Agreement and in the Plan. This Award is in full replacement and cancellation of any and all equity-based awards Employee had previously been awarded relating to the common stock of BorgWarner, Inc. prior to the Grant Date.
- (k) Binding Effect. Subject to the limitations stated above, this Agreement shall be binding upon and inure to the benefit of the parties' respective heirs, legal representatives, successors, and assigns.
- (l) Amendment of the Agreement. Except as otherwise provided in the Plan, the Company and the Employee may amend this Agreement only by a written instrument signed by both parties.
- (m) Counterparts. This Agreement may be executed in one or more counterparts, all of which together shall constitute but one Agreement.
- (n) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to this Award by electronic means. The Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
- (o) Entire Agreement; Headings. This Agreement is the entire agreement between the parties hereto, and all prior oral and written representations are merged into this Agreement. The headings in this Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent, or intent of this Agreement or any provision hereof.

* * * * *

IN WITNESS WHEREOF, PHINIA Inc. and the Employee have executed this Agreement to be effective as of the date first written above.

PHINIA Inc.

_____ By:

_____ Title:

I acknowledge receipt of a copy of the Plan (either as an attachment hereto or that has been previously received by me) and that I have carefully read this Agreement and the Plan. I agree to be bound by all of the provisions set forth in this Agreement and the Plan. I also acknowledge and agree that the Award is in full replacement and cancellation of any and all equity-based awards I had previously been awarded relating to the common stock of BorgWarner prior to the Grant Date.

____ Date _____ Employee

Exhibit A
To Restricted Stock Agreement for Employees

Definition of "Good Reason"

For purposes of Section 4 of the Agreement, the Employee will be treated as having terminated the Employee's employment for "good reason" if, after a Change in Control, the Employee terminates employment after any of the following events occurs:

- (a) the assignment to the Employee of any duties inconsistent in any respect with the Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as of the date of the Change in Control or any higher position, authority, duties or responsibilities assigned to the Employee after the date of the Change in Control, or any other diminution in the Employee's position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee; or
- (b) any failure by the Company to:
 - 1. pay the Employee an annual base salary at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Employee by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Change in Control occurs; or
 - 2. provide the Employee, for each fiscal year ending during the applicable Restriction Period (or, if earlier, before the second anniversary of the effective date of the Change in Control), an annual bonus (the "Annual Bonus") opportunity at least equal to the Employee's average of the bonuses paid or payable under the Company's Management Incentive Bonus Plan, or any comparable annual bonus under any predecessor or successor plan, in respect of the last three full fiscal years prior to the date of the Change in Control (or, if the Employee was first employed by the Company after the beginning of the earliest of such three fiscal years, the average of the bonuses paid or payable under such plan(s) in respect of the fiscal years ending before the date of the Change in Control during which the Employee was employed by the Company, with such bonus being annualized with respect to any such fiscal year if the Employee was not employed by the Company for the whole of such fiscal year);in either case, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee; or
- (c) the Company's requiring the Employee, without the Employee's consent, to:
 - 1. be based at any office or location that is more than 35 miles from the location where the Employee was employed immediately preceding the date of the Change in Control; or
 - 2. travel on Company business to a substantially greater extent than required immediately prior to the date of the Change in Control.

For purposes of this Exhibit, any good faith determination of "good reason" made by the Employee shall be conclusive.

**PHINIA INC.
2023 STOCK INCENTIVE PLAN**

**Conversion Award
Stock Unit Award Agreement – U.S. Employees**

PHINIA Inc., a Delaware corporation (the “Company”), hereby awards to the Employee indicated below a Stock Units Award (the “Award”) under the PHINIA Inc. 2023 Stock Incentive Plan (the “Plan”), as specified below, effective as of the Grant Date, according to the terms and conditions of this Stock Units Agreement (this “Agreement”) and the Plan. The Award represents a Conversion Award granted in connection with the equitable replacement and adjustment of equity-based awards granted by BorgWarner Inc. (“BorgWarner”) that were outstanding immediately prior to the separation of the Company from BorgWarner. All capitalized terms shall have the meanings ascribed to them in the Plan, unless specifically set forth otherwise herein. The parties hereto agree as follows:

Grant Information:

Employee Name: _____

Grant Date: July 18, 2023

Number of Stock Units Awarded: _____ Stock Units

Each Stock Unit represents a contingent right to receive one Share (or a cash payment equivalent to the value of one Share) upon satisfaction of the conditions in this Agreement and the Plan.

Terms and Conditions:

1. Vesting of Stock Units. Subject to the terms and conditions of this Agreement and to the provisions of the Plan, the Stock Units shall vest in accordance with the following schedule, provided that the Employee remains continuously employed or in the service of the Company or an Affiliate through the applicable vesting date:

<u>Vesting Date</u>	<u>Vested Percentage</u>	
_____	_____	_____% of the Awarded Stock Units

Notwithstanding the foregoing, if the application of the above vesting schedule would result in the vesting of a fractional Stock Unit, then the number of Stock Units that vest on such date shall be rounded down to the nearest whole number.

2. Tracking and Settlement of Award.
 - (a) Bookkeeping Account. On the Grant Date, the Company shall credit the Employee’s Stock Units to a Stock Units account established and maintained for the Employee on the books of the Company. The account shall constitute the record of the Stock Units awarded to the Employee under this Agreement, is solely for accounting purposes, and shall not require a segregation of any Company assets.
 - (b) Issuance of Shares or Cash Payment. The Company shall deliver Shares to the Employee in settlement of the Stock Units awarded by this Agreement equal to the number of the Employee’s vested Stock Units (including any additional Stock Units acquired as a result of dividend equivalents that have vested). Payment

shall be made to the Employee as soon as practicable on or after the specified vesting date, but in no event no later than December 31 of the year in which the vesting date occurs. Notwithstanding the foregoing, the Company may, in its sole discretion, settle the Stock Units in the form of: (i) a cash payment to the extent settlement in shares of Stock (A) is prohibited under local law, (B) would require the Employee or the Company to obtain the approval of any governmental and/or regulatory body in the Employee's country of residence (and/or country of employment, if different) or (C) is administratively burdensome; or (ii) Shares, but require the Employee to immediately sell such Shares (in which case, this Agreement shall give the Company the authority to issue sales instructions on behalf of the Employee to the extent consistent with applicable law).

3. Termination of Employment. Except as otherwise provided in this Section 3 or Section 4 or as otherwise determined by the Committee in its sole discretion, the Employee shall forfeit the Stock Units that are unvested as of the effective date of the Employee's Termination of Employment. Notwithstanding the foregoing, except as otherwise determined by the Committee, in its sole discretion, at the time of the Employee's Termination of Employment, the following provisions shall apply.
 - (a) Death or Disability. If the Employee's Termination of Employment is due to the Employee's death or Disability, then all the unvested Stock Units shall immediately vest.
 - (b) Retirement. If the Employee's Termination of Employment is due to Retirement, then the Committee may, in its sole discretion, cause all or a portion of the unvested Stock Units to vest.
 - (c) Effective Date of Termination of Employment. For purposes of this Agreement, any Termination of Employment shall be effective as of the earlier of (1) the date that the Company receives the Employee's notice of resignation of employment, or (2) the date that the Employee ceases to actively provide services. In connection with the foregoing, the applicable termination date shall not be extended by any notice period mandated under local law (e.g., "garden leave" or similar period pursuant to local law), and the Company shall have the exclusive discretion to determine when the Employee is no longer actively providing service for purposes of the Stock Units. Notwithstanding the foregoing, the Employee will be deemed to have experienced a Termination of Employment upon the Employee's "separation from service" within the meaning of Section 409A of the Code to the extent this Award is subject to Section 409A of the Code.
 4. Change in Control. In the event of a Change in Control, this Award shall be treated in accordance with Section 15 of the Plan, provided, however, that for purposes of Section 15.1(a)(5), an Employee will be considered to have terminated the Employee's employment or service for "good reason" if the Employee's termination either (a) meets the requirements set forth in Exhibit A attached to this Agreement or (b) constitutes a "good reason" termination under the Employee's employment, retention, change in control, severance or similar agreement with the successor, purchaser, the Company, or any affiliate thereof, if any.
 5. Stockholder Rights; Dividend Equivalents.
 - (a) No Stockholder Rights. Prior to the actual delivery of Shares to the Employee in settlement of the Stock Units awarded and vested hereunder (if any), the Employee shall have no rights as a stockholder with respect to the Stock Units or any underlying Shares, including but not limited to voting or dividend rights.
 - (b) Dividend Equivalents. If the Company pays any cash or other dividend or makes any other distribution in respect of the Stock after the Grant Date and before the
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Stock Units are settled in accordance with Section 2(b) of this Agreement, the Employee's Stock Units account shall be credited with an additional number of Stock Units determined by multiplying (i) the number of Stock Units credited to the Employee on the dividend record date by (ii) the dividend paid on each Share, dividing the result of such multiplication by (iii) the Fair Market Value of a Share on the dividend payment date, and (iv) rounding the result to the nearest Stock Unit. Credits shall be made effective as of the date of the dividend or other distribution in respect of the Stock. Dividend equivalents credited to the Employee's account shall be subject to the same restrictions as the Stock Units in respect of which the dividends or other distribution were credited, including, without limitation, the Award's vesting conditions and distribution provisions.

6. Tax and Social Insurance Contributions Withholding. Regardless of any action the Company and/or the affiliate that employs the Employee (the "Employer") take with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Employee acknowledges that the ultimate liability for all Tax-Related Items legally due by the Employee is and remains the Employee's responsibility, and the Company and the Employer: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Stock Units, including the grant of the Stock Units, the vesting of the Stock Units, the subsequent sale of any Stock acquired pursuant to the Stock Units and the receipt of any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the grant or any aspect of the Stock Units to reduce or eliminate the Employee's liability for Tax-Related Items.

Prior to the delivery of Shares upon the vesting of the Stock Units, if any taxing jurisdiction requires withholding of Tax-Related Items, the Company may withhold a sufficient number of whole Shares otherwise issuable upon the vesting of the Stock Units that have an aggregate Fair Market Value not to exceed the maximum statutory Tax-Related Items required to be withheld with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items (determined by reference to the Fair Market Value of the Stock on the applicable vesting date). No fractional Shares will be withheld or issued pursuant to the grant of the Stock Units and the issuance of Stock hereunder. Alternatively, the Company and/or the Employer may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from the Employee's salary/wages or other amounts payable to the Employee, with no withholding in Shares, or may require the Employee to remit to the Company an amount of cash sufficient to satisfy withholding relating to Tax-Related Items.

In the event the withholding requirements are not satisfied through the withholding of Shares or through the withholding from the Employee's salary/wages or other amounts payable to the Employee, no Shares will be issued upon vesting of the Stock Units unless and until satisfactory arrangements (as determined by the Committee) have been made by the Employee with respect to the payment of any Tax-Related Items which the Company and/or the Employer determine, in its sole discretion, must be withheld or collected with respect to such Stock Units. If the Employee is subject to taxation in more than one jurisdiction, the Employee acknowledges that the Company, the Employer or another subsidiary or Affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction. By accepting this grant of Stock Units, the Employee expressly consents to the withholding of Shares and/or the withholding of amounts from the Employee's salary/wages or other amounts payable to the Employee as provided for hereunder. All other Tax-Related Items related to the Stock Units and any Stock delivered in payment thereof are the Employee's sole responsibility.

7. Acquisition of Shares for Investment Purposes Only. By accepting this Award, the Employee hereby agrees with the Company as follows:
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- (a) The Employee is acquiring the Shares covered by this Award for investment purposes only and not with a view to resale or other distribution thereof to the public in violation of the Securities Act of 1933, as amended (the "1933 Act"), and shall not dispose of any of the Shares in transactions which, in the opinion of counsel to the Company, violate the 1933 Act, or the rules and regulations thereunder, or any applicable state securities or "blue sky" laws;
- (b) If any of the Shares covered by this Award shall be registered under the 1933 Act, no public offering (otherwise than on a national securities exchange, as defined in the Exchange Act) of any such Shares shall be made by the Employee (or any other person) under such circumstances that he or she (or any other such person) may be deemed an underwriter, as defined in the 1933 Act; and
- (c) The Company shall have the authority to include stop-transfer orders, legends or other restrictions relating to the Shares covered by this Agreement referring to the foregoing.

8. Miscellaneous.

- (a) Non-transferability. This Award may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution or as otherwise permitted by the Company, and shall not be subject to execution, attachment or similar process. In addition, by accepting this Award, Employee agrees not to sell any shares of Stock acquired under this Award other than as set forth in the Plan and at a time when applicable laws, Company policies or an agreement between the Company and its underwriters do not prohibit a sale.
 - (b) Notices. Any written notice required or permitted under this Agreement shall be deemed given when delivered personally, as appropriate, either to the Employee or to the Executive Compensation Department of the Company, or when deposited in a United States Post Office as registered mail, postage prepaid, addressed, as appropriate, either to the Employee at his or her address in the Company's records or such other address as he or she may designate in writing to the Company, or to the Attention: Executive Compensation, PHINIA Inc., at its headquarters office or such other address as the Company may designate in writing to the Employee. Notice also may be given under this Agreement to the Employee by the Company by electronic means, including e-mail or through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
 - (c) Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.
 - (d) Governing Law. The Award made and actions taken under the Plan and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without taking into account its conflict of laws provisions.
 - (e) Provisions of Plan. This Award is granted pursuant to the Plan, and this Award and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement solely by reference or expressly cited herein. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Employee. If there is any conflict between the terms of this Agreement and the terms of the Plan, other than with respect to any provisions relating to Termination of
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Employment or Change in Control, the Plan's terms shall supersede and replace the conflicting terms of this Agreement to the minimum extent necessary to resolve the conflict. Notwithstanding any terms of the Plan to the contrary, the termination provisions of Section 3 and the change in control provisions of Section 4 of this Award control.

- (f) Section 16 Compliance. To the extent necessary to comply with, or to avoid disgorgement of profits under the short-swing matching rules of, Section 16 of the Exchange Act, the Employee shall not sell or otherwise dispose of the Shares issued as payment for any earned Stock Units.
 - (g) 409A Six Month Delay. If the Employee is a "specified employee" within the meaning of Section 409A of the Code at the time of the Employee's Termination of Employment, then any payment made to the Employee as a result of such Termination of Employment shall be delayed for six months following the Employee's termination to the extent required by Section 409A of the Code.
 - (h) No Right to Continued Employment. Nothing contained in the Plan or this Agreement shall confer upon the Employee any right to continued employment nor shall it interfere in any way with the right of the Employer to terminate the employment of the Employee at any time.
 - (i) Discretionary Nature of Plan; No Right to Additional Awards. The Employee acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of an Award under the Plan is a one-time benefit and does not create any contractual or other right to receive an Award or benefits in lieu of an Award. Future Awards, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of an award, the number of Shares subject to the award, and the vesting provisions.
 - (j) Termination Indemnities. The value of this Award is an extraordinary item of compensation outside the scope of the Employee's employment contract, if any. As such, Awards are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.
 - (k) Acceptance of Award. By not rejecting this Award, the Employee agrees and is deemed to accept all the terms and conditions of the Award, as set forth in this Agreement and in the Plan. This Award is in full replacement and cancellation of any and all equity-based awards Employee had previously been awarded relating to the common stock of BorgWarner, Inc. prior to the Grant Date.
 - (l) Binding Effect. Subject to the limitations stated above, this Agreement shall be binding upon and inure to the benefit of the parties' respective heirs, legal representatives, successors, and assigns.
 - (m) Amendment of the Agreement. Except as otherwise provided in the Plan, the Company and the Employee may amend this Agreement only by a written instrument signed by both parties.
 - (n) Counterparts. This Agreement may be executed in one or more counterparts, all of which together shall constitute but one agreement.
 - (o) Entire Agreement; Headings. This Agreement is the entire agreement between the parties hereto, and all prior oral and written representations are merged into
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this Agreement. The headings in this Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent, or intent of this Agreement or any provision hereof.

- (p) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to this Award by electronic means. The Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

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Exhibit A
To Stock Units Award Agreement

Definition of "Good Reason"

For purposes of Section 4 of the Agreement, the Employee will be treated as having terminated the Employee's employment for good reason if, after a Change in Control, the Employee terminates employment after any of the following events occurs:

- (a) the assignment to the Employee of any duties inconsistent in any respect with the Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as of the date of the Change in Control or any higher position, authority, duties or responsibilities assigned to the Employee after the date of the Change in Control, or any other diminution in the Employee's position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee; or
- (b) any failure by the Company to:
 - 1. pay the Employee an annual base salary at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Employee by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Change in Control occurs; or
 - 2. provide the Employee, for each fiscal year ending prior to the second anniversary of the effective date of the Change in Control, an annual bonus (the "Annual Bonus") opportunity at least equal to the Employee's average of the bonuses paid or payable under the Company's Management Incentive Bonus Plan, or any comparable annual bonus under any predecessor or successor plan, in respect of the last three full fiscal years prior to the date of the Change in Control (or, if the Employee was first employed by the Company after the beginning of the earliest of such three fiscal years, the average of the bonuses paid or payable under such plan(s) in respect of the fiscal years ending before the date of the Change in Control during which the Employee was employed by the Company, with such bonus being annualized with respect to any such fiscal year if the Employee was not employed by the Company for the whole of such fiscal year);in either case, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee; or
- (c) the Company's requiring the Employee, without the Employee's consent, to:
 - 1. be based at any office or location that is more than 35 miles from the location where the Employee was employed immediately preceding the date of the Change in Control; or
 - 2. travel on Company business to a substantially greater extent than required immediately prior to the date of the Change in Control.

For purposes of this Agreement, any good faith determination of "good reason" made by the Employee shall be conclusive.

**PHINIA INC.
2023 STOCK INCENTIVE PLAN**

**Conversion Award
Stock Unit Award Agreement – Non-U.S. Employees**

PHINIA Inc., a Delaware corporation (the “Company”), hereby awards to the Employee indicated below a Stock Units Award (the “Award”) under the PHINIA Inc. 2023 Stock Incentive Plan (the “Plan”), as specified below, effective as of the Grant Date, according to the terms and conditions of this Stock Units Agreement (this “Agreement”) and the Plan. The Award represents a Conversion Award granted in connection with the equitable replacement and adjustment of equity-based awards granted by BorgWarner Inc. (“BorgWarner”) that were outstanding immediately prior to the separation of the Company from BorgWarner. All capitalized terms shall have the meanings ascribed to them in the Plan, unless specifically set forth otherwise herein. The parties hereto agree as follows:

Grant Information:

Employee Name: _____

Grant Date: July 18, 2023

Number of Stock Units Awarded: ____ Stock Units

Each Stock Unit represents a contingent right to receive one Share (or a cash payment equivalent to the value of one Share) upon satisfaction of the conditions in this Agreement and the Plan.

Terms and Conditions:

1. Vesting of Stock Units. Subject to the terms and conditions of this Agreement and to the provisions of the Plan, the Stock Units shall vest in accordance with the following schedule, provided that the Employee remains continuously employed or in the service of the Company or an Affiliate through the applicable vesting date:

<u>Vesting Date</u>	<u>Vested Percentage</u>
_____	___% of the Awarded Stock Units

_____	___% of the Awarded Stock Units
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Notwithstanding the foregoing, if the application of the above vesting schedule would result in the vesting of a fractional Stock Unit, then the number of Stock Units that vest on such date shall be rounded down to the nearest whole number.

2. Tracking and Settlement of Award.
 - (a) Bookkeeping Account. On the Grant Date, the Company shall credit the Employee’s Stock Units to a Stock Units account established and maintained for the Employee on the books of the Company. The account shall constitute the record of the Stock Units awarded to the Employee under this Agreement, is solely for accounting purposes, and shall not require a segregation of any Company assets.
 - (b) Issuance of Shares or Cash Payment. The Company shall deliver Shares to the Employee in settlement of the Stock Units awarded by this Agreement equal to

the number of the Employee's vested Stock Units (including any additional Stock Units acquired as a result of dividend equivalents that have vested). Payment shall be made to the Employee as soon as practicable on or after the specified vesting date, but in no event no later than December 31 of the year in which the vesting date occurs. Notwithstanding the foregoing, the Company may, in its sole discretion, settle the Stock Units in the form of: (i) a cash payment to the extent settlement in shares of Stock (A) is prohibited under local law, (B) would require the Employee or the Company to obtain the approval of any governmental and/or regulatory body in the Employee's country of residence (and/or country of employment, if different) or (C) is administratively burdensome; or (ii) Shares, but require the Employee to immediately sell such Shares (in which case, this Agreement shall give the Company the authority to issue sales instructions on behalf of the Employee to the extent consistent with applicable law).

3. Termination of Employment. Except as otherwise provided in this Section 3 or Section 4 or as otherwise determined by the Committee in its sole discretion, the Employee shall forfeit the Stock Units that are unvested as of the effective date of the Employee's Termination of Employment. Notwithstanding the foregoing, except as otherwise determined by the Committee, in its sole discretion, at the time of the Employee's Termination of Employment, the following provisions shall apply.
 - (a) Death or Disability. If the Employee's Termination of Employment is due to the Employee's death or Disability, then all the unvested Stock Units shall immediately vest.
 - (b) Retirement. If the Employee's Termination of Employment is due to Retirement, then the Committee may, in its sole discretion, cause all or a portion of the unvested Stock Units to vest.
 - (c) Effective Date of Termination of Employment. For purposes of this Agreement, any Termination of Employment shall be effective as of the earlier of (1) the date that the Company receives the Employee's notice of resignation of employment, or (2) the date that the Employee ceases to actively provide services. In connection with the foregoing, the applicable termination date shall not be extended by any notice period mandated under local law (e.g., "garden leave" or similar period pursuant to local law), and the Company shall have the exclusive discretion to determine when the Employee is no longer actively providing service for purposes of the Stock Units. Notwithstanding the foregoing, the Employee will be deemed to have experienced a Termination of Employment upon the Employee's "separation from service" within the meaning of Section 409A of the Code to the extent this Award is subject to Section 409A of the Code.
 4. Change in Control. In the event of a Change in Control, this Award shall be treated in accordance with Section 15 of the Plan, provided, however, that for purposes of Section 15.1(a)(5), an Employee will be considered to have terminated the Employee's employment or service for "good reason" if the Employee's termination either (a) meets the requirements set forth in Exhibit A attached to this Agreement or (b) constitutes a "good reason" termination under the Employee's employment, retention, change in control, severance or similar agreement with the successor, purchaser, the Company, or any affiliate thereof, if any.
 5. Stockholder Rights; Dividend Equivalents.
 - (a) No Stockholder Rights. Prior to the actual delivery of Shares to the Employee in settlement of the Stock Units awarded and vested hereunder (if any), the Employee shall have no rights as a stockholder with respect to the Stock Units or any underlying Shares, including but not limited to voting or dividend rights.
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(b) Dividend Equivalents. If the Company pays any cash or other dividend or makes any other distribution in respect of the Stock after the Grant Date and before the Stock Units are settled in accordance with Section 2(b) of this Agreement, the Employee's Stock Units account shall be credited with an additional number of Stock Units determined by multiplying (i) the number of Stock Units credited to the Employee on the dividend record date by (ii) the dividend paid on each Share, dividing the result of such multiplication by (iii) the Fair Market Value of a Share on the dividend payment date, and (iv) rounding the result to the nearest Stock Unit. Credits shall be made effective as of the date of the dividend or other distribution in respect of the Stock. Dividend equivalents credited to the Employee's account shall be subject to the same restrictions as the Stock Units in respect of which the dividends or other distribution were credited, including, without limitation, the Award's vesting conditions and distribution provisions.

6. Tax and Social Insurance Contributions Withholding. Regardless of any action the Company and/or the affiliate that employs the Employee (the "Employer") take with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Employee acknowledges that the ultimate liability for all Tax-Related Items legally due by the Employee is and remains the Employee's responsibility, and the Company and the Employer: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Stock Units, including the grant of the Stock Units, the vesting of the Stock Units, the subsequent sale of any Stock acquired pursuant to the Stock Units and the receipt of any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the grant or any aspect of the Stock Units to reduce or eliminate the Employee's liability for Tax-Related Items.

Prior to the delivery of Shares upon the vesting of the Stock Units, if any taxing jurisdiction requires withholding of Tax-Related Items, the Company may withhold a sufficient number of whole Shares otherwise issuable upon the vesting of the Stock Units that have an aggregate Fair Market Value not to exceed the maximum statutory Tax-Related Items required to be withheld with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items (determined by reference to the Fair Market Value of the Stock on the applicable vesting date). No fractional Shares will be withheld or issued pursuant to the grant of the Stock Units and the issuance of Stock hereunder. Alternatively, the Company and/or the Employer may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from the Employee's salary/wages or other amounts payable to the Employee, with no withholding in Shares, or may require the Employee to remit to the Company an amount of cash sufficient to satisfy withholding relating to Tax-Related Items.

In the event the withholding requirements are not satisfied through the withholding of Shares or through the withholding from the Employee's salary/wages or other amounts payable to the Employee, no Shares will be issued upon vesting of the Stock Units unless and until satisfactory arrangements (as determined by the Committee) have been made by the Employee with respect to the payment of any Tax-Related Items which the Company and/or the Employer determine, in its sole discretion, must be withheld or collected with respect to such Stock Units. If the Employee is subject to taxation in more than one jurisdiction, the Employee acknowledges that the Company, the Employer or another subsidiary or Affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction. By accepting this grant of Stock Units, the Employee expressly consents to the withholding of Shares and/or the withholding of amounts from the Employee's salary/wages or other amounts payable to the Employee as provided for hereunder. All other Tax-Related Items related to the Stock Units and any Stock delivered in payment thereof are the Employee's sole responsibility.

7. Acquisition of Shares for Investment Purposes Only. By accepting this Award, the Employee hereby agrees with the Company as follows:
- (a) The Employee is acquiring the Shares covered by this Award for investment purposes only and not with a view to resale or other distribution thereof to the public in violation of the Securities Act of 1933, as amended (the "1933 Act"), and shall not dispose of any of the Shares in transactions which, in the opinion of counsel to the Company, violate the 1933 Act, or the rules and regulations thereunder, or any applicable state securities or "blue sky" laws;
 - (b) If any of the Shares covered by this Award shall be registered under the 1933 Act, no public offering (otherwise than on a national securities exchange, as defined in the Exchange Act) of any such Shares shall be made by the Employee (or any other person) under such circumstances that he or she (or any other such person) may be deemed an underwriter, as defined in the 1933 Act; and
 - (c) The Company shall have the authority to include stop-transfer orders, legends or other restrictions relating to the Shares covered by this Agreement referring to the foregoing.
8. Miscellaneous.
- (a) Non-transferability. This Award may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution or as otherwise permitted by the Company, and shall not be subject to execution, attachment or similar process. In addition, by accepting this Award, Employee agrees not to sell any shares of Stock acquired under this Award other than as set forth in the Plan and at a time when applicable laws, Company policies or an agreement between the Company and its underwriters do not prohibit a sale.
 - (b) Notices. Any written notice required or permitted under this Agreement shall be deemed given when delivered personally, as appropriate, either to the Employee or to the Executive Compensation Department of the Company, or when deposited in a United States Post Office as registered mail, postage prepaid, addressed, as appropriate, either to the Employee at his or her address in the Company's records or such other address as he or she may designate in writing to the Company, or to the Attention: Executive Compensation, PHINIA Inc., at its headquarters office or such other address as the Company may designate in writing to the Employee. Notice also may be given under this Agreement to the Employee by the Company by electronic means, including e-mail or through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
 - (c) Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.
 - (d) Governing Law. The Award made and actions taken under the Plan and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without taking into account its conflict of laws provisions.
 - (e) Provisions of Plan. This Award is granted pursuant to the Plan, and this Award and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement solely by reference or expressly cited herein. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the
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Plan and this Agreement, all of which shall be binding upon the Employee. If there is any conflict between the terms of this Agreement and the terms of the Plan, other than with respect to any provisions relating to Termination of Employment or Change in Control, the Plan's terms shall supersede and replace the conflicting terms of this Agreement to the minimum extent necessary to resolve the conflict. Notwithstanding any terms of the Plan to the contrary, the termination provisions of Section 3 and the change in control provisions of Section 4 of this Award control.

- (f) Section 16 Compliance. To the extent necessary to comply with, or to avoid disgorgement of profits under the short-swing matching rules of, Section 16 of the Exchange Act, the Employee shall not sell or otherwise dispose of the Shares issued as payment for any earned Stock Units.
 - (g) 409A Six Month Delay. If the Employee is a "specified employee" within the meaning of Section 409A of the Code at the time of the Employee's Termination of Employment, then any payment made to the Employee as a result of such Termination of Employment shall be delayed for six months following the Employee's termination to the extent required by Section 409A of the Code.
 - (h) No Right to Continued Employment. Nothing contained in the Plan or this Agreement shall confer upon the Employee any right to continued employment nor shall it interfere in any way with the right of the Employer to terminate the employment of the Employee at any time.
 - (i) Discretionary Nature of Plan; No Right to Additional Awards. The Employee acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of an Award under the Plan is a one-time benefit and does not create any contractual or other right to receive an Award or benefits in lieu of an Award. Future Awards, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of an award, the number of Shares subject to the award, and the vesting provisions.
 - (j) Termination Indemnities. The value of this Award is an extraordinary item of compensation outside the scope of the Employee's employment contract, if any. As such, Awards are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.
 - (k) Acceptance of Award. By not rejecting this Award, the Employee agrees and is deemed to accept all the terms and conditions of the Award, as set forth in this Agreement and in the Plan. This Award is in full replacement and cancellation of any and all equity-based awards Employee had previously been awarded relating to the common stock of BorgWarner, Inc. prior to the Grant Date.
 - (l) Binding Effect. Subject to the limitations stated above, this Agreement shall be binding upon and inure to the benefit of the parties' respective heirs, legal representatives, successors, and assigns.
 - (m) Amendment of the Agreement. Except as otherwise provided in the Plan, the Company and the Employee may amend this Agreement only by a written instrument signed by both parties.
 - (n) Counterparts. This Agreement may be executed in one or more counterparts, all of which together shall constitute but one agreement.
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- (o) Entire Agreement; Headings. This Agreement is the entire agreement between the parties hereto, and all prior oral and written representations are merged into this Agreement. The headings in this Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent, or intent of this Agreement or any provision hereof.
- (p) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to this Award by electronic means. The Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
- (q) Private Placement. The grant of the Stock Units outside of the United States is not intended to be a public offering of securities in the Employee's country of residence (or country of employment, if different) but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Stock Units is not subject to the supervision of the local securities authorities.
- (r) Consent to Collection, Processing and Transfer of Personal Data. Pursuant to applicable personal data protection laws, the Company and the Employer hereby notify the Employee of the following in relation to the Employee's personal data and the collection, use, processing and transfer of such data in relation to the Company's grant of this Award and the Employee's participation in the Plan. The collection, use, processing and transfer of the Employee's personal data is necessary for the Company's administration of the Plan and the Employee's participation in the Plan. The Employee's denial and/or objection to the collection, use, processing and transfer of personal data may affect the Employee's participation in the Plan. As such, the Employee voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and the Employer hold certain personal information about the Employee, including name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of Stock or directorships held in the Company, details of all Stock Units, or any other entitlement to shares of Stock awarded, canceled, purchased, vested, unvested or outstanding in the Employee's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Employee or collected, where lawful, from third parties, and the Company and the Employer each will process the Data for the exclusive purpose of implementing, administering and managing the Employee's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Employee's country of residence (and country of employment, if different). Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Employee's participation in the Plan.

The Company and the Employer each will transfer Data internally as necessary for the purpose of implementation, administration and management of the

Employee's participation in the Plan, and the Company and the Employer each may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Employee hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Employee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of Stock on the Employee's behalf by a broker or other third party with whom the Employee may elect to deposit any shares of Stock acquired pursuant to the Plan.

The Employee may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (d) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Employee's participation in the Plan. The Employee may seek to exercise these rights by contacting the Employer's local HR manager or the Company's Human Resources Department.

- (s) EU Age Discrimination. For purposes of this Agreement, if the Employee is a local national of and employed in a country that is a member of the European Union, the grant of the Stock Units and the terms and conditions governing the Award are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent a court or tribunal of competent jurisdiction determines that any provision of the Award is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.
 - (t) Repatriation; Compliance with Laws. The Employee agrees, as a condition of the grant of the Stock Units, to repatriate all payments attributable to the Stock Units and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents, and any proceeds derived from the sale of the Stock acquired pursuant to the Stock Units) in accordance with all foreign exchange rules and regulations applicable to the Employee. In addition, the Employee also agrees to take any and all actions, and consents to any and all actions taken by the Company and its subsidiaries and Affiliates, as may be required to allow the Company and its subsidiaries and Affiliates to comply with all applicable laws, rules and regulations. Finally, the Employee agrees to take any and all actions as may be required to comply with the Employee's personal legal and tax obligations under all applicable laws, rules and regulations.
 - (u) English Language. The Employee acknowledges and agrees that it is the Employee's express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Stock Units, be drawn up in English. If the Employee has received this Agreement, the Plan or any other documents related to the Stock Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version shall control.
 - (v) Additional Requirements. The Company reserves the right to impose other requirements on the Stock Units, any Shares acquired pursuant to the Stock
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Units, and the Employee's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Stock Units and the Plan. Such requirements may include (but are not limited to) requiring the Employee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

- (w) Addendum. Notwithstanding any provisions herein to the contrary, the Stock Units shall be subject to any special terms and conditions for the Employee's country of residence (and country of employment, if different), as may be set forth in an addendum to this Agreement (the "Addendum"). Further, if the Employee transfers the Employee's residence and/or employment to another country reflected in an Addendum, the special terms and conditions for such country will apply to the Employee to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Employee's transfer). In all circumstances, any applicable Addendum shall constitute part of this Agreement.

* * * * *

IN WITNESS WHEREOF, PHINIA Inc. and the Employee have executed this Agreement to be effective as of the date first written above.

PHINIA Inc.

_____ By:

_____ Title:

I acknowledge receipt of a copy of the Plan (either as an attachment hereto or that has been previously received by me) and that I have carefully read this Agreement, the Addendum and the Plan. I agree to be bound by all of the provisions set forth in this Agreement, the Addendum and the Plan. I also acknowledge and agree that the Award is in full replacement and cancellation of any and all equity-based awards I had previously been awarded relating to the common stock of BorgWarner prior to the Grant Date.

Date _____ Employee

Exhibit A
To Stock Units Award Agreement

Definition of "Good Reason"

For purposes of Section 4 of the Agreement, the Employee will be treated as having terminated the Employee's employment for good reason if, after a Change in Control, the Employee terminates employment after any of the following events occurs:

- (a) the assignment to the Employee of any duties inconsistent in any respect with the Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as of the date of the Change in Control or any higher position, authority, duties or responsibilities assigned to the Employee after the date of the Change in Control, or any other diminution in the Employee's position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee; or
- (b) any failure by the Company to:
1. pay the Employee an annual base salary at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Employee by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Change in Control occurs; or
 2. provide the Employee, for each fiscal year ending prior to the second anniversary of the effective date of the Change in Control, an annual bonus (the "Annual Bonus") opportunity at least equal to the Employee's average of the bonuses paid or payable under the Company's Management Incentive Bonus Plan, or any comparable annual bonus under any predecessor or successor plan, in respect of the last three full fiscal years prior to the date of the Change in Control (or, if the Employee was first employed by the Company after the beginning of the earliest of such three fiscal years, the average of the bonuses paid or payable under such plan(s) in respect of the fiscal years ending before the date of the Change in Control during which the Employee was employed by the Company, with such bonus being annualized with respect to any such fiscal year if the Employee was not employed by the Company for the whole of such fiscal year);
- in either case, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee; or
- (c) the Company's requiring the Employee, without the Employee's consent, to:
1. be based at any office or location that is more than 35 miles from the location where the Employee was employed immediately preceding the date of the Change in Control; or
 2. travel on Company business to a substantially greater extent than required immediately prior to the date of the Change in Control.

For purposes of this Agreement, any good faith determination of "good reason" made by the Employee shall be conclusive.

**PHINIA INC.
2023 STOCK INCENTIVE PLAN**

Restricted Stock Agreement – Employees

PHINIA Inc., a Delaware corporation (the “Company”), hereby awards to the Employee indicated below a Restricted Stock Award (the “Award”) under the PHINIA Inc. 2023 Stock Incentive Plan (the “Plan”), as specified below, effective as of the Grant Date, according to the terms and conditions of this Restricted Stock Agreement (this “Agreement”) and the Plan. All capitalized terms shall have the meanings ascribed to them in the Plan, unless specifically set forth otherwise herein. The parties hereto agree as follows:

Grant Information:

Employee Name: _____

Grant Date: _____

Number of Restricted Shares Awarded: _____ Shares

Terms and Conditions:

1. **Restriction Period.** Except as otherwise provided in this Agreement, the Restriction Period for the Restricted Stock awarded to the Employee under this Agreement shall commence with the Grant Date set forth above and shall end, for the percentage of the Shares indicated below, on the date when the Restricted Stock shall have vested in accordance with the following schedule provided that the Employee remains continuously employed by or in the service of the Company or an Affiliate through the applicable vesting date:

<u>Vesting Date</u>	<u>Vested Percentage</u>
_____	___% of the Awarded Shares
_____	___% of the Awarded Shares

Notwithstanding the foregoing, if the application of the above vesting schedule would cause a fractional Share to vest, then the number of Shares that vest on such date shall be rounded down to the nearest whole number.

Prior to the date that the Restriction Period applicable to Shares of Restricted Stock lapses, the Employee shall not be permitted to sell, assign, transfer, pledge or otherwise encumber such Shares of Restricted Stock.

2. **Book Entry Record.** The Company shall, as soon as administratively feasible after execution of this Agreement by the Employee, direct the Company’s transfer agent for the Stock to make a book entry record showing ownership for the Restricted Stock in the name of the Employee or take other action to evidence the issuance of Restricted Stock as determined in the Company’s discretion, subject to the terms and conditions of the Plan and this Agreement and any other restrictions pursuant to applicable laws, rules or regulations or the requirements of any national securities exchange. The Restricted Stock may be held in an account at the Company’s transfer agent pending vesting.
3. **Termination of Employment.** Except as otherwise provided in this Section 3 or Section 4 or as otherwise determined by the Committee in its sole discretion, the Employee shall forfeit the Shares that are unvested as of the effective date of the Employee’s Termination of Employment. Notwithstanding the foregoing, except as otherwise

determined by the Committee, in its sole discretion, at the time of the Employee's Termination of Employment, the following provisions shall apply.

- (a) Death or Disability. If the Employee's Termination of Employment is due to the Employee's death or Disability, then all the unvested Shares shall immediately vest.
 - (b) Retirement. If the Employee's Termination of Employment is due to Retirement at a time when Employee could not have been terminated for Cause, and the Employee has provided the Company with at least six months' advance written notice, then, upon such Termination of Employment, a pro rata portion of the unvested Shares shall vest. The pro rata portion of the unvested Shares eligible to vest shall be determined by subtracting (1) the number of Awarded Shares that have previously vested, if any, from (2) the product of the total number of Awarded Shares multiplied by a fraction, the numerator of which is the number of whole months during which the Employee was employed from the Grant Date to the date of such Termination of Employment and the denominator of which is 36.
 - (c) Effective Date of Termination of Employment. For purposes of this Agreement, any Termination of Employment shall be effective as of the earlier of (1) the date that the Company receives the Employee's notice of resignation of employment (except in the case of advance written notice of Retirement, in which case the date for purposes of this clause (1) shall be the date provided in the notice), or (2) the date that the Employee ceases to actively provide services. In connection with the foregoing, the applicable termination date shall not be extended by any notice period mandated under local law (e.g., "garden leave" or similar period pursuant to local law), and the Company shall have the exclusive discretion to determine when the Employee is no longer actively providing service for purposes of this Award. Notwithstanding the foregoing, the Employee will be deemed to have experienced a Termination of Employment upon the Employee's "separation from service" within the meaning of Section 409A of the Code to the extent this Award is subject to Section 409A of the Code.
4. Change in Control. In the event of a Change in Control, this Award shall be treated in accordance with Section 15 of the Plan, provided, however, that for purposes of Section 15.1(a)(5), the Employee will be considered to have terminated the Employee's employment or service for "good reason" if the Employee's termination either (a) meets the requirements set forth in Exhibit A attached to this Agreement or (b) constitutes a "good reason" termination under the Employee's employment, retention, change in control, severance or similar agreement with the successor, purchaser, the Company, or any affiliate thereof, if any.
 5. Stockholder Rights. Subject to the restrictions imposed by this Agreement and the Plan, the Employee shall have, with respect to the Restricted Stock covered by this Award, all of the rights of a stockholder of the Company holding Stock, including the right to vote the Shares and the right to receive dividends; provided, however, that any cash dividends payable with respect to the Restricted Stock covered by this Award shall be automatically reinvested in additional Shares of Restricted Stock, the number of which shall be determined by multiplying (a) the number of Shares that the Employee has been issued under this Agreement as of the dividend record date that have not vested as of such record date by (b) the dividend paid on each Share, dividing the result by (c) the Fair Market Value of a Share on the dividend payment date, and (d) rounding the result to the nearest Share. Such additional Shares so awarded shall vest at the same time, and to the same extent, as the Restricted Stock to which it relates and shall be subject to the same restrictions, terms and conditions contained herein. Dividends payable with respect to the Restricted Stock covered by this Award that are payable in Stock shall also be paid in the form of additional Shares of Restricted Stock and shall vest at the same time, and to the same extent, as the Restricted Stock to which it relates and shall be subject to the same restrictions, terms, and conditions contained herein.
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6. Tax and Social Security Contributions Withholding. Regardless of any action the Company and/or the affiliate that employs the Employee (the "Employer") take with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Employee acknowledges that the ultimate liability for all Tax-Related Items legally due by the Employee is and remains the Employee's responsibility, and the Company and the Employer: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock, including the grant of the Restricted Stock, the vesting of the Restricted Stock, the subsequent sale of any Stock acquired pursuant to the Restricted Stock and the receipt of any dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the Restricted Stock to reduce or eliminate the Employee's liability for Tax-Related Items.

If any taxing jurisdiction requires withholding of Tax-Related Items, the Company may withhold a sufficient number of whole Shares otherwise subject to this Award that have an aggregate Fair Market Value not to exceed the maximum statutory Tax-Related Items required to be withheld with respect to this Award. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items (determined by reference to the Fair Market Value of the Stock on the applicable vesting date). No fractional Shares will be withheld or issued pursuant to the grant of this Award and the issuance of Stock hereunder. Alternatively, the Company and/or the Employer may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from the Employee's salary/wages or other amounts payable to the Employee, with no withholding in Shares, or may require the Employee to remit to the Company an amount of cash sufficient to satisfy withholding relating to Tax-Related Items.

In the event the withholding requirements are not satisfied through the withholding of Shares or through the withholding from the Employee's salary/wages or other amounts payable to the Employee, no Shares will be released upon vesting of the Restricted Stock unless and until satisfactory arrangements (as determined by the Committee) have been made by the Employee with respect to the payment of any Tax-Related Items which the Company and/or the Employer determine, in its sole discretion, must be withheld or collected with respect to such Restricted Stock. If the Employee is subject to taxation in more than one jurisdiction, the Employee acknowledges that the Company, the Employer or another subsidiary or Affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction. By accepting this grant of Restricted Stock, the Employee expressly consents to the withholding of Shares and/or the withholding of amounts from the Employee's salary/wages or other amounts payable to the Employee as provided for hereunder. All other Tax-Related Items related to the Restricted Stock and any Stock delivered under this Award are the Employee's sole responsibility.

7. Acquisition of Shares for Investment Purposes Only. By accepting this Award, the Employee hereby agrees with the Company as follows:
- (a) The Employee is acquiring the Shares covered by this Award for investment purposes only and not with a view to resale or other distribution thereof to the public in violation of the Securities Act of 1933, as amended (the "1933 Act"), and shall not dispose of any of the Shares in transactions which, in the opinion of counsel to the Company, violate the 1933 Act, or the rules and regulations thereunder, or any applicable state securities or "blue sky" laws;
 - (b) If any of the Shares covered by this Award shall be registered under the 1933 Act, no public offering (otherwise than on a national securities exchange, as defined in the Exchange Act) of any such Shares shall be made by the Employee (or any other person) under such circumstances that he or she (or any other such person) may be deemed an underwriter, as defined in the 1933 Act; and
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- (c) The Company shall have the authority to include stop-transfer orders, legends or other restrictions relating to the Shares referring to the foregoing.
8. Miscellaneous.
- (a) Non-transferability. Neither the Restricted Shares nor this Award may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution or as otherwise permitted by the Company, and neither the Restricted Shares nor this Award shall be subject to execution, attachment or similar process. In addition, by accepting this Award, Employee agrees not to sell any shares of Stock acquired under this Award other than as set forth in the Plan and at a time when applicable laws, Company policies or an agreement between the Company and its underwriters do not prohibit a sale.
- (b) Notices. Any written notice required or permitted under this Agreement shall be deemed given when delivered personally, as appropriate, either to the Employee or to the Executive Compensation Department of the Company, or when deposited in a United States Post Office as registered mail, postage prepaid, addressed, as appropriate, either to the Employee at his or her address in the Company's records or to Attention: Executive Compensation, PHINIA Inc., at its headquarters office or such other address as the Company may designate in writing to the Employee. Notice also may be given under this Agreement to the Employee by the Company by electronic means, including e-mail or through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
- (c) Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.
- (d) Governing Law. The Award made and actions taken under the Plan and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without taking into account its conflict of laws provisions.
- (e) Provisions of Plan. This Award is granted pursuant to the Plan, and this Award and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement solely by reference or expressly cited herein. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Employee. If there is any conflict between the terms of this Agreement and the terms of the Plan, other than with respect to any provisions relating to Termination of Employment or Change in Control, the Plan's terms shall supersede and replace the conflicting terms of this Agreement to the minimum extent necessary to resolve the conflict. Notwithstanding any terms of the Plan to the contrary, the termination provisions of Section 3 or the change in control provision of Section 4 of this Agreement control.
- (f) Section 16 Compliance. To the extent necessary to comply with, or to avoid disgorgement of profits under the short-swing matching rules of, Section 16 of the Exchange Act, the Employee shall not sell or otherwise dispose of the Shares.
- (g) No Right to Continued Employment. Nothing contained in the Plan or this Agreement shall confer upon the Employee any right to continued employment nor shall it interfere in any way with the right of the Company or any subsidiary or Affiliate to terminate the employment of the Employee at any time.
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- (h) Discretionary Nature of Plan; No Right to Additional Awards. The Employee acknowledges and agrees that the Plan is discretionary in nature and limited in duration and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of an Award under the Plan is a one-time benefit and does not create any contractual or other right to receive an Award or benefits in lieu of an Award. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of an award, the number of Shares subject to the award, and the vesting provisions.
- (i) Termination Indemnities. The value of this Award is an extraordinary item of compensation outside the scope of the Employee's employment contract, if any. As such, Awards are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.
- (j) Acceptance of Award. By not rejecting this Award, the Employee agrees and is deemed to accept all the terms and conditions of the Award, as set forth in this Agreement and in the Plan.
- (k) Binding Effect. Subject to the limitations stated above, this Agreement shall be binding upon and inure to the benefit of the parties' respective heirs, legal representatives, successors, and assigns.
- (l) Amendment of the Agreement. Except as otherwise provided in the Plan, the Company and the Employee may amend this Agreement only by a written instrument signed by both parties.
- (m) Counterparts. This Agreement may be executed in one or more counterparts, all of which together shall constitute but one Agreement.
- (n) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to this Award by electronic means. The Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
- (o) Entire Agreement; Headings. This Agreement is the entire agreement between the parties hereto, and all prior oral and written representations are merged into this Agreement. The headings in this Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent, or intent of this Agreement or any provision hereof.

* * * * *

IN WITNESS WHEREOF, PHINIA Inc. and the Employee have executed this Agreement to be effective as of the date first written above.

PHINIA Inc.

_____ By:

_____ Title:

I acknowledge receipt of a copy of the Plan (either as an attachment hereto or that has been previously received by me) and that I have carefully read this Agreement and the Plan. I agree to be bound by all of the provisions set forth in this Agreement and the Plan.

____ Date _____ Employee

Exhibit A
To Restricted Stock Agreement for Employees

Definition of "Good Reason"

For purposes of Section 4 of the Agreement, the Employee will be treated as having terminated the Employee's employment for "good reason" if, after a Change in Control, the Employee terminates employment after any of the following events occurs:

- (a) the assignment to the Employee of any duties inconsistent in any respect with the Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as of the date of the Change in Control or any higher position, authority, duties or responsibilities assigned to the Employee after the date of the Change in Control, or any other diminution in the Employee's position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee; or
- (b) any failure by the Company to:
 - 1. pay the Employee an annual base salary at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Employee by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Change in Control occurs; or
 - 2. provide the Employee, for each fiscal year ending during the applicable Restriction Period (or, if earlier, before the second anniversary of the effective date of the Change in Control), an annual bonus (the "Annual Bonus") opportunity at least equal to the Employee's average of the bonuses paid or payable under the Company's Management Incentive Bonus Plan, or any comparable annual bonus under any predecessor or successor plan, in respect of the last three full fiscal years prior to the date of the Change in Control (or, if the Employee was first employed by the Company after the beginning of the earliest of such three fiscal years, the average of the bonuses paid or payable under such plan(s) in respect of the fiscal years ending before the date of the Change in Control during which the Employee was employed by the Company, with such bonus being annualized with respect to any such fiscal year if the Employee was not employed by the Company for the whole of such fiscal year);

in either case, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee; or

- (c) the Company's requiring the Employee, without the Employee's consent, to:
 - 1. be based at any office or location that is more than 35 miles from the location where the Employee was employed immediately preceding the date of the Change in Control; or
 - 2. travel on Company business to a substantially greater extent than required immediately prior to the date of the Change in Control.

For purposes of this Exhibit, any good faith determination of "good reason" made by the Employee shall be conclusive.

**PHINIA INC.
2023 STOCK INCENTIVE PLAN**

Stock Unit Award Agreement – U.S. Employees

PHINIA Inc., a Delaware corporation (the “Company”), hereby awards to the Employee indicated below a Stock Units Award (the “Award”) under the PHINIA Inc. 2023 Stock Incentive Plan (the “Plan”), as specified below, effective as of the Grant Date, according to the terms and conditions of this Stock Units Agreement (this “Agreement”) and the Plan. All capitalized terms shall have the meanings ascribed to them in the Plan, unless specifically set forth otherwise herein. The parties hereto agree as follows:

Grant Information:

Employee Name: _____

Grant Date: _____

Number of Stock Units Awarded: _____ Stock Units

Each Stock Unit represents a contingent right to receive one Share (or a cash payment equivalent to the value of one Share) upon satisfaction of the conditions in this Agreement and the Plan.

Terms and Conditions:

1. Vesting of Stock Units. Subject to the terms and conditions of this Agreement and to the provisions of the Plan, the Stock Units shall vest in accordance with the following schedule, provided that the Employee remains continuously employed or in the service of the Company or an Affiliate through the applicable vesting date:

Vesting Date

Vested Percentage

_____ % of the Awarded Stock Units

_____ % of the Awarded Stock Units

Notwithstanding the foregoing, if the application of the above vesting schedule would result in the vesting of a fractional Stock Unit, then the number of Stock Units that vest on such date shall be rounded down to the nearest whole number.

2. Tracking and Settlement of Award.

(a) Bookkeeping Account. On the Grant Date, the Company shall credit the Employee’s Stock Units to a Stock Units account established and maintained for the Employee on the books of the Company. The account shall constitute the record of the Stock Units awarded to the Employee under this Agreement, is solely for accounting purposes, and shall not require a segregation of any Company assets.

(b) Issuance of Shares or Cash Payment. The Company shall deliver Shares to the Employee in settlement of the Stock Units awarded by this Agreement equal to the number of the Employee’s vested Stock Units (including any additional Stock Units acquired as a result of dividend equivalents that have vested). Payment shall be made to the Employee as soon as practicable on or after the specified vesting date, but in no event no later than December 31 of the year in which the

vesting date occurs. Notwithstanding the foregoing, the Company may, in its sole discretion, settle the Stock Units in the form of: (i) a cash payment to the extent settlement in shares of Stock (A) is prohibited under local law, (B) would require the Employee or the Company to obtain the approval of any governmental and/or regulatory body in the Employee's country of residence (and/or country of employment, if different) or (C) is administratively burdensome; or (ii) Shares, but require the Employee to immediately sell such Shares (in which case, this Agreement shall give the Company the authority to issue sales instructions on behalf of the Employee to the extent consistent with applicable law).

3. Termination of Employment. Except as otherwise provided in this Section 3 or Section 4 or as otherwise determined by the Committee in its sole discretion, the Employee shall forfeit the Stock Units that are unvested as of the effective date of the Employee's Termination of Employment. Notwithstanding the foregoing, except as otherwise determined by the Committee, in its sole discretion, at the time of the Employee's Termination of Employment, the following provisions shall apply.
 - (a) Death or Disability. If the Employee's Termination of Employment is due to the Employee's death or Disability, then all the unvested Stock Units shall immediately vest.
 - (b) Retirement. If the Employee's Termination of Employment is due to Retirement at a time when Employee could not have been terminated for Cause, and the Employee has provided the Company with at least six months' advance written notice, then, upon such Termination of Employment, a pro rata portion of the unvested Shares shall vest. The pro rata portion of the unvested Shares eligible to vest shall be determined by subtracting (1) the number of Awarded Shares that have previously vested, if any, from (2) the product of the total number of Awarded Shares multiplied by a fraction, the numerator of which is the number of whole months during which the Employee was employed from the Grant Date to the date of such Termination of Employment and the denominator of which is 36.
 - (c) Effective Date of Termination of Employment. For purposes of this Agreement, any Termination of Employment shall be effective as of the earlier of (1) the date that the Company receives the Employee's notice of resignation of employment (except in the case of advance written notice of Retirement, in which case the date for purposes of this clause (1) shall be the date provided in the notice), or (2) the date that the Employee ceases to actively provide services. In connection with the foregoing, the applicable termination date shall not be extended by any notice period mandated under local law (e.g., "garden leave" or similar period pursuant to local law), and the Company shall have the exclusive discretion to determine when the Employee is no longer actively providing service for purposes of the Stock Units. Notwithstanding the foregoing, the Employee will be deemed to have experienced a Termination of Employment upon the Employee's "separation from service" within the meaning of Section 409A of the Code to the extent this Award is subject to Section 409A of the Code.
 4. Change in Control. In the event of a Change in Control, this Award shall be treated in accordance with Section 15 of the Plan, provided, however, that for purposes of Section 15.1(a)(5), an Employee will be considered to have terminated the Employee's employment or service for "good reason" if the Employee's termination either (a) meets the requirements set forth in Exhibit A attached to this Agreement or (b) constitutes a "good reason" termination under the Employee's employment, retention, change in control, severance or similar agreement with the successor, purchaser, the Company, or any affiliate thereof, if any.
 5. Stockholder Rights; Dividend Equivalents.
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- (a) No Stockholder Rights. Prior to the actual delivery of Shares to the Employee in settlement of the Stock Units awarded and vested hereunder (if any), the Employee shall have no rights as a stockholder with respect to the Stock Units or any underlying Shares, including but not limited to voting or dividend rights.
- (b) Dividend Equivalents. If the Company pays any cash or other dividend or makes any other distribution in respect of the Stock after the Grant Date and before the Stock Units are settled in accordance with Section 2(b) of this Agreement, the Employee's Stock Units account shall be credited with an additional number of Stock Units determined by multiplying (i) the number of Stock Units credited to the Employee on the dividend record date by (ii) the dividend paid on each Share, dividing the result of such multiplication by (iii) the Fair Market Value of a Share on the dividend payment date, and (iv) rounding the result to the nearest Stock Unit. Credits shall be made effective as of the date of the dividend or other distribution in respect of the Stock. Dividend equivalents credited to the Employee's account shall be subject to the same restrictions as the Stock Units in respect of which the dividends or other distribution were credited, including, without limitation, the Award's vesting conditions and distribution provisions.

6. Tax and Social Insurance Contributions Withholding. Regardless of any action the Company and/or the affiliate that employs the Employee (the "Employer") take with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Employee acknowledges that the ultimate liability for all Tax-Related Items legally due by the Employee is and remains the Employee's responsibility, and the Company and the Employer: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Stock Units, including the grant of the Stock Units, the vesting of the Stock Units, the subsequent sale of any Stock acquired pursuant to the Stock Units and the receipt of any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the grant or any aspect of the Stock Units to reduce or eliminate the Employee's liability for Tax-Related Items.

Prior to the delivery of Shares upon the vesting of the Stock Units, if any taxing jurisdiction requires withholding of Tax-Related Items, the Company may withhold a sufficient number of whole Shares otherwise issuable upon the vesting of the Stock Units that have an aggregate Fair Market Value not to exceed the maximum statutory Tax-Related Items required to be withheld with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items (determined by reference to the Fair Market Value of the Stock on the applicable vesting date). No fractional Shares will be withheld or issued pursuant to the grant of the Stock Units and the issuance of Stock hereunder. Alternatively, the Company and/or the Employer may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from the Employee's salary/wages or other amounts payable to the Employee, with no withholding in Shares, or may require the Employee to remit to the Company an amount of cash sufficient to satisfy withholding relating to Tax-Related Items.

In the event the withholding requirements are not satisfied through the withholding of Shares or through the withholding from the Employee's salary/wages or other amounts payable to the Employee, no Shares will be issued upon vesting of the Stock Units unless and until satisfactory arrangements (as determined by the Committee) have been made by the Employee with respect to the payment of any Tax-Related Items which the Company and/or the Employer determine, in its sole discretion, must be withheld or collected with respect to such Stock Units. If the Employee is subject to taxation in more than one jurisdiction, the Employee acknowledges that the Company, the Employer or another subsidiary or Affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction. By accepting this grant of Stock Units, the Employee expressly consents to the withholding of Shares and/or the withholding of amounts from

the Employee's salary/wages or other amounts payable to the Employee as provided for hereunder. All other Tax-Related Items related to the Stock Units and any Stock delivered in payment thereof are the Employee's sole responsibility.

7. Acquisition of Shares for Investment Purposes Only. By accepting this Award, the Employee hereby agrees with the Company as follows:
- (a) The Employee is acquiring the Shares covered by this Award for investment purposes only and not with a view to resale or other distribution thereof to the public in violation of the Securities Act of 1933, as amended (the "1933 Act"), and shall not dispose of any of the Shares in transactions which, in the opinion of counsel to the Company, violate the 1933 Act, or the rules and regulations thereunder, or any applicable state securities or "blue sky" laws;
 - (b) If any of the Shares covered by this Award shall be registered under the 1933 Act, no public offering (otherwise than on a national securities exchange, as defined in the Exchange Act) of any such Shares shall be made by the Employee (or any other person) under such circumstances that he or she (or any other such person) may be deemed an underwriter, as defined in the 1933 Act; and
 - (c) The Company shall have the authority to include stop-transfer orders, legends or other restrictions relating to the Shares covered by this Agreement referring to the foregoing.
8. Miscellaneous.
- (a) Non-transferability. This Award may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution or as otherwise permitted by the Company, and shall not be subject to execution, attachment or similar process. In addition, by accepting this Award, Employee agrees not to sell any shares of Stock acquired under this Award other than as set forth in the Plan and at a time when applicable laws, Company policies or an agreement between the Company and its underwriters do not prohibit a sale.
 - (b) Notices. Any written notice required or permitted under this Agreement shall be deemed given when delivered personally, as appropriate, either to the Employee or to the Executive Compensation Department of the Company, or when deposited in a United States Post Office as registered mail, postage prepaid, addressed, as appropriate, either to the Employee at his or her address in the Company's records or such other address as he or she may designate in writing to the Company, or to the Attention: Executive Compensation, PHINIA Inc., at its headquarters office or such other address as the Company may designate in writing to the Employee. Notice also may be given under this Agreement to the Employee by the Company by electronic means, including e-mail or through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
 - (c) Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.
 - (d) Governing Law. The Award made and actions taken under the Plan and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without taking into account its conflict of laws provisions.
 - (e) Provisions of Plan. This Award is granted pursuant to the Plan, and this Award and this Agreement are in all respects governed by the Plan and subject to all of
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the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement solely by reference or expressly cited herein. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Employee. If there is any conflict between the terms of this Agreement and the terms of the Plan, other than with respect to any provisions relating to Termination of Employment or Change in Control, the Plan's terms shall supersede and replace the conflicting terms of this Agreement to the minimum extent necessary to resolve the conflict. Notwithstanding any terms of the Plan to the contrary, the termination provisions of Section 3 and the change in control provisions of Section 4 of this Award control.

- (f) Section 16 Compliance. To the extent necessary to comply with, or to avoid disgorgement of profits under the short-selling matching rules of, Section 16 of the Exchange Act, the Employee shall not sell or otherwise dispose of the Shares issued as payment for any earned Stock Units.
 - (g) 409A Six Month Delay. If the Employee is a "specified employee" within the meaning of Section 409A of the Code at the time of the Employee's Termination of Employment, then any payment made to the Employee as a result of such Termination of Employment shall be delayed for six months following the Employee's termination to the extent required by Section 409A of the Code.
 - (h) No Right to Continued Employment. Nothing contained in the Plan or this Agreement shall confer upon the Employee any right to continued employment nor shall it interfere in any way with the right of the Employer to terminate the employment of the Employee at any time.
 - (i) Discretionary Nature of Plan; No Right to Additional Awards. The Employee acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of an Award under the Plan is a one-time benefit and does not create any contractual or other right to receive an Award or benefits in lieu of an Award. Future Awards, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of an award, the number of Shares subject to the award, and the vesting provisions.
 - (j) Termination Indemnities. The value of this Award is an extraordinary item of compensation outside the scope of the Employee's employment contract, if any. As such, Awards are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.
 - (k) Acceptance of Award. By not rejecting this Award, the Employee agrees and is deemed to accept all the terms and conditions of the Award, as set forth in this Agreement and in the Plan.
 - (l) Binding Effect. Subject to the limitations stated above, this Agreement shall be binding upon and inure to the benefit of the parties' respective heirs, legal representatives, successors, and assigns.
 - (m) Amendment of the Agreement. Except as otherwise provided in the Plan, the Company and the Employee may amend this Agreement only by a written instrument signed by both parties.
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- (n) Counterparts. This Agreement may be executed in one or more counterparts, all of which together shall constitute but one agreement.
- (o) Entire Agreement; Headings. This Agreement is the entire agreement between the parties hereto, and all prior oral and written representations are merged into this Agreement. The headings in this Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent, or intent of this Agreement or any provision hereof.
- (p) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to this Award by electronic means. The Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

* * * * *

IN WITNESS WHEREOF, PHINIA Inc. and the Employee have executed this Agreement to be effective as of the date first written above.

PHINIA Inc.

_____ By:

_____ Title:

I acknowledge receipt of a copy of the Plan (either as an attachment hereto or that has been previously received by me) and that I have carefully read this Agreement and the Plan. I agree to be bound by all of the provisions set forth in this Agreement and the Plan.

____ Date _____ Employee

Exhibit A
To Stock Units Award Agreement

Definition of "Good Reason"

For purposes of Section 4 of the Agreement, the Employee will be treated as having terminated the Employee's employment for good reason if, after a Change in Control, the Employee terminates employment after any of the following events occurs:

- (a) the assignment to the Employee of any duties inconsistent in any respect with the Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as of the date of the Change in Control or any higher position, authority, duties or responsibilities assigned to the Employee after the date of the Change in Control, or any other diminution in the Employee's position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee; or
- (b) any failure by the Company to:
1. pay the Employee an annual base salary at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Employee by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Change in Control occurs; or
 2. provide the Employee, for each fiscal year ending prior to the second anniversary of the effective date of the Change in Control, an annual bonus (the "Annual Bonus") opportunity at least equal to the Employee's average of the bonuses paid or payable under the Company's Management Incentive Bonus Plan, or any comparable annual bonus under any predecessor or successor plan, in respect of the last three full fiscal years prior to the date of the Change in Control (or, if the Employee was first employed by the Company after the beginning of the earliest of such three fiscal years, the average of the bonuses paid or payable under such plan(s) in respect of the fiscal years ending before the date of the Change in Control during which the Employee was employed by the Company, with such bonus being annualized with respect to any such fiscal year if the Employee was not employed by the Company for the whole of such fiscal year);
- in either case, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee; or
- (c) the Company's requiring the Employee, without the Employee's consent, to:
1. be based at any office or location that is more than 35 miles from the location where the Employee was employed immediately preceding the date of the Change in Control; or
 2. travel on Company business to a substantially greater extent than required immediately prior to the date of the Change in Control.

For purposes of this Agreement, any good faith determination of "good reason" made by the Employee shall be conclusive.

**PHINIA INC.
2023 STOCK INCENTIVE PLAN**

Stock Unit Award Agreement – Non-U.S. Employees

PHINIA Inc., a Delaware corporation (the "Company"), hereby awards to the Employee indicated below a Stock Units Award (the "Award") under the PHINIA Inc. 2023 Stock Incentive Plan (the "Plan"), as specified below, effective as of the Grant Date, according to the terms and conditions of this Stock Units Agreement (this "Agreement") and the Plan. All capitalized terms shall have the meanings ascribed to them in the Plan, unless specifically set forth otherwise herein. The parties hereto agree as follows:

Grant Information:

Employee Name: _____

Grant Date: _____

Number of Stock Units Awarded: ____ Stock Units

Each Stock Unit represents a contingent right to receive one Share (or a cash payment equivalent to the value of one Share) upon satisfaction of the conditions in this Agreement and the Plan.

Terms and Conditions:

1. Vesting of Stock Units. Subject to the terms and conditions of this Agreement and to the provisions of the Plan, the Stock Units shall vest in accordance with the following schedule, provided that the Employee remains continuously employed or in the service of the Company or an Affiliate through the applicable vesting date:

Vesting Date

Vested Percentage

_____ % of the Awarded Stock Units

_____ % of the Awarded Stock Units

Notwithstanding the foregoing, if the application of the above vesting schedule would result in the vesting of a fractional Stock Unit, then the number of Stock Units that vest on such date shall be rounded down to the nearest whole number.

2. Tracking and Settlement of Award.

- (a) Bookkeeping Account. On the Grant Date, the Company shall credit the Employee's Stock Units to a Stock Units account established and maintained for the Employee on the books of the Company. The account shall constitute the record of the Stock Units awarded to the Employee under this Agreement, is solely for accounting purposes, and shall not require a segregation of any Company assets.
- (b) Issuance of Shares or Cash Payment. The Company shall deliver Shares to the Employee in settlement of the Stock Units awarded by this Agreement equal to the number of the Employee's vested Stock Units (including any additional Stock Units acquired as a result of dividend equivalents that have vested). Payment shall be made to the Employee as soon as practicable on or after the specified

vesting date, but in no event no later than December 31 of the year in which the vesting date occurs. Notwithstanding the foregoing, the Company may, in its sole discretion, settle the Stock Units in the form of: (i) a cash payment to the extent settlement in shares of Stock (A) is prohibited under local law, (B) would require the Employee or the Company to obtain the approval of any governmental and/or regulatory body in the Employee's country of residence (and/or country of employment, if different) or (C) is administratively burdensome; or (ii) Shares, but require the Employee to immediately sell such Shares (in which case, this Agreement shall give the Company the authority to issue sales instructions on behalf of the Employee to the extent consistent with applicable law).

3. Termination of Employment. Except as otherwise provided in this Section 3 or Section 4 or as otherwise determined by the Committee in its sole discretion, the Employee shall forfeit the Stock Units that are unvested as of the effective date of the Employee's Termination of Employment. Notwithstanding the foregoing, except as otherwise determined by the Committee, in its sole discretion, at the time of the Employee's Termination of Employment, the following provisions shall apply.
 - (a) Death or Disability. If the Employee's Termination of Employment is due to the Employee's death or Disability, then all the unvested Stock Units shall immediately vest.
 - (b) Retirement. If the Employee's Termination of Employment is due to Retirement at a time when Employee could not have been terminated for Cause, and the Employee has provided the Company with at least six months' advance written notice, then, upon such Termination of Employment, a pro rata portion of the unvested Shares shall vest. The pro rata portion of the unvested Shares eligible to vest shall be determined by subtracting (1) the number of Awarded Shares that have previously vested, if any, from (2) the product of the total number of Awarded Shares multiplied by a fraction, the numerator of which is the number of whole months during which the Employee was employed from the Grant Date to the date of such Termination of Employment and the denominator of which is 36.
 - (c) Effective Date of Termination of Employment. For purposes of this Agreement, any Termination of Employment shall be effective as of the earlier of (1) the date that the Company receives the Employee's notice of resignation of employment (except in the case of advance written notice of Retirement, in which case the date for purposes of this clause (1) shall be the date provided in the notice), or (2) the date that the Employee ceases to actively provide services. In connection with the foregoing, the applicable termination date shall not be extended by any notice period mandated under local law (e.g., "garden leave" or similar period pursuant to local law), and the Company shall have the exclusive discretion to determine when the Employee is no longer actively providing service for purposes of the Stock Units. Notwithstanding the foregoing, the Employee will be deemed to have experienced a Termination of Employment upon the Employee's "separation from service" within the meaning of Section 409A of the Code to the extent this Award is subject to Section 409A of the Code.
 4. Change in Control. In the event of a Change in Control, this Award shall be treated in accordance with Section 15 of the Plan, provided, however, that for purposes of Section 15.1(a)(5), an Employee will be considered to have terminated the Employee's employment or service for "good reason" if the Employee's termination either (a) meets the requirements set forth in Exhibit A attached to this Agreement or (b) constitutes a "good reason" termination under the Employee's employment, retention, change in control, severance or similar agreement with the successor, purchaser, the Company, or any affiliate thereof, if any.
 5. Stockholder Rights; Dividend Equivalents.
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- (a) No Stockholder Rights. Prior to the actual delivery of Shares to the Employee in settlement of the Stock Units awarded and vested hereunder (if any), the Employee shall have no rights as a stockholder with respect to the Stock Units or any underlying Shares, including but not limited to voting or dividend rights.
 - (b) Dividend Equivalents. If the Company pays any cash or other dividend or makes any other distribution in respect of the Stock after the Grant Date and before the Stock Units are settled in accordance with Section 2(b) of this Agreement, the Employee's Stock Units account shall be credited with an additional number of Stock Units determined by multiplying (i) the number of Stock Units credited to the Employee on the dividend record date by (ii) the dividend paid on each Share, dividing the result of such multiplication by (iii) the Fair Market Value of a Share on the dividend payment date, and (iv) rounding the result to the nearest Stock Unit. Credits shall be made effective as of the date of the dividend or other distribution in respect of the Stock. Dividend equivalents credited to the Employee's account shall be subject to the same restrictions as the Stock Units in respect of which the dividends or other distribution were credited, including, without limitation, the Award's vesting conditions and distribution provisions.
6. Tax and Social Insurance Contributions Withholding. Regardless of any action the Company and/or the affiliate that employs the Employee (the "Employer") take with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Employee acknowledges that the ultimate liability for all Tax-Related Items legally due by the Employee is and remains the Employee's responsibility, and the Company and the Employer: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Stock Units, including the grant of the Stock Units, the vesting of the Stock Units, the subsequent sale of any Stock acquired pursuant to the Stock Units and the receipt of any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the grant or any aspect of the Stock Units to reduce or eliminate the Employee's liability for Tax-Related Items.

Prior to the delivery of Shares upon the vesting of the Stock Units, if any taxing jurisdiction requires withholding of Tax-Related Items, the Company may withhold a sufficient number of whole Shares otherwise issuable upon the vesting of the Stock Units that have an aggregate Fair Market Value not to exceed the maximum statutory Tax-Related Items required to be withheld with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items (determined by reference to the Fair Market Value of the Stock on the applicable vesting date). No fractional Shares will be withheld or issued pursuant to the grant of the Stock Units and the issuance of Stock hereunder. Alternatively, the Company and/or the Employer may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from the Employee's salary/wages or other amounts payable to the Employee, with no withholding in Shares, or may require the Employee to remit to the Company an amount of cash sufficient to satisfy withholding relating to Tax-Related Items.

In the event the withholding requirements are not satisfied through the withholding of Shares or through the withholding from the Employee's salary/wages or other amounts payable to the Employee, no Shares will be issued upon vesting of the Stock Units unless and until satisfactory arrangements (as determined by the Committee) have been made by the Employee with respect to the payment of any Tax-Related Items which the Company and/or the Employer determine, in its sole discretion, must be withheld or collected with respect to such Stock Units. If the Employee is subject to taxation in more than one jurisdiction, the Employee acknowledges that the Company, the Employer or another subsidiary or Affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction. By accepting this grant of Stock Units, the Employee

expressly consents to the withholding of Shares and/or the withholding of amounts from the Employee's salary/wages or other amounts payable to the Employee as provided for hereunder. All other Tax-Related Items related to the Stock Units and any Stock delivered in payment thereof are the Employee's sole responsibility.

7. Acquisition of Shares for Investment Purposes Only. By accepting this Award, the Employee hereby agrees with the Company as follows:
- (a) The Employee is acquiring the Shares covered by this Award for investment purposes only and not with a view to resale or other distribution thereof to the public in violation of the Securities Act of 1933, as amended (the "1933 Act"), and shall not dispose of any of the Shares in transactions which, in the opinion of counsel to the Company, violate the 1933 Act, or the rules and regulations thereunder, or any applicable state securities or "blue sky" laws;
 - (b) If any of the Shares covered by this Award shall be registered under the 1933 Act, no public offering (otherwise than on a national securities exchange, as defined in the Exchange Act) of any such Shares shall be made by the Employee (or any other person) under such circumstances that he or she (or any other such person) may be deemed an underwriter, as defined in the 1933 Act; and
 - (c) The Company shall have the authority to include stop-transfer orders, legends or other restrictions relating to the Shares covered by this Agreement referring to the foregoing.
8. Miscellaneous.
- (a) Non-transferability. This Award may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution or as otherwise permitted by the Company, and shall not be subject to execution, attachment or similar process. In addition, by accepting this Award, Employee agrees not to sell any shares of Stock acquired under this Award other than as set forth in the Plan and at a time when applicable laws, Company policies or an agreement between the Company and its underwriters do not prohibit a sale.
 - (b) Notices. Any written notice required or permitted under this Agreement shall be deemed given when delivered personally, as appropriate, either to the Employee or to the Executive Compensation Department of the Company, or when deposited in a United States Post Office as registered mail, postage prepaid, addressed, as appropriate, either to the Employee at his or her address in the Company's records or such other address as he or she may designate in writing to the Company, or to the Attention: Executive Compensation, PHINIA Inc., at its headquarters office or such other address as the Company may designate in writing to the Employee. Notice also may be given under this Agreement to the Employee by the Company by electronic means, including e-mail or through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
 - (c) Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.
 - (d) Governing Law. The Award made and actions taken under the Plan and this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without taking into account its conflict of laws provisions.
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- (e) Provisions of Plan. This Award is granted pursuant to the Plan, and this Award and this Agreement are in all respects governed by the Plan and subject to all of the terms and provisions thereof, whether such terms and provisions are incorporated in this Agreement solely by reference or expressly cited herein. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Employee. If there is any conflict between the terms of this Agreement and the terms of the Plan, other than with respect to any provisions relating to Termination of Employment or Change in Control, the Plan's terms shall supersede and replace the conflicting terms of this Agreement to the minimum extent necessary to resolve the conflict. Notwithstanding any terms of the Plan to the contrary, the termination provisions of Section 3 and the change in control provisions of Section 4 of this Award control.
 - (f) Section 16 Compliance. To the extent necessary to comply with, or to avoid disgorgement of profits under the short-swing matching rules of, Section 16 of the Exchange Act, the Employee shall not sell or otherwise dispose of the Shares issued as payment for any earned Stock Units.
 - (g) 409A Six Month Delay. If the Employee is a "specified employee" within the meaning of Section 409A of the Code at the time of the Employee's Termination of Employment, then any payment made to the Employee as a result of such Termination of Employment shall be delayed for six months following the Employee's termination to the extent required by Section 409A of the Code.
 - (h) No Right to Continued Employment. Nothing contained in the Plan or this Agreement shall confer upon the Employee any right to continued employment nor shall it interfere in any way with the right of the Employer to terminate the employment of the Employee at any time.
 - (i) Discretionary Nature of Plan; No Right to Additional Awards. The Employee acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of an Award under the Plan is a one-time benefit and does not create any contractual or other right to receive an Award or benefits in lieu of an Award. Future Awards, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of an award, the number of Shares subject to the award, and the vesting provisions.
 - (j) Termination Indemnities. The value of this Award is an extraordinary item of compensation outside the scope of the Employee's employment contract, if any. As such, Awards are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.
 - (k) Acceptance of Award. By not rejecting this Award, the Employee agrees and is deemed to accept all the terms and conditions of the Award, as set forth in this Agreement and in the Plan.
 - (l) Binding Effect. Subject to the limitations stated above, this Agreement shall be binding upon and inure to the benefit of the parties' respective heirs, legal representatives, successors, and assigns.
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- (m) Amendment of the Agreement. Except as otherwise provided in the Plan, the Company and the Employee may amend this Agreement only by a written instrument signed by both parties.
- (n) Counterparts. This Agreement may be executed in one or more counterparts, all of which together shall constitute but one agreement.
- (o) Entire Agreement; Headings. This Agreement is the entire agreement between the parties hereto, and all prior oral and written representations are merged into this Agreement. The headings in this Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent, or intent of this Agreement or any provision hereof.
- (p) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to this Award by electronic means. The Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
- (q) Private Placement. The grant of the Stock Units outside of the United States is not intended to be a public offering of securities in the Employee's country of residence (or country of employment, if different) but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Stock Units is not subject to the supervision of the local securities authorities.
- (r) Consent to Collection, Processing and Transfer of Personal Data. Pursuant to applicable personal data protection laws, the Company and the Employer hereby notify the Employee of the following in relation to the Employee's personal data and the collection, use, processing and transfer of such data in relation to the Company's grant of this Award and the Employee's participation in the Plan. The collection, use, processing and transfer of the Employee's personal data is necessary for the Company's administration of the Plan and the Employee's participation in the Plan. The Employee's denial and/or objection to the collection, use, processing and transfer of personal data may affect the Employee's participation in the Plan. As such, the Employee voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and the Employer hold certain personal information about the Employee, including name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of Stock or directorships held in the Company, details of all Stock Units, or any other entitlement to shares of Stock awarded, canceled, purchased, vested, unvested or outstanding in the Employee's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Employee or collected, where lawful, from third parties, and the Company and the Employer each will process the Data for the exclusive purpose of implementing, administering and managing the Employee's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Employee's country of residence (and country of employment, if different). Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only

by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Employee's participation in the Plan.

The Company and the Employer each will transfer Data internally as necessary for the purpose of implementation, administration and management of the Employee's participation in the Plan, and the Company and the Employer each may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Employee hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Employee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of Stock on the Employee's behalf by a broker or other third party with whom the Employee may elect to deposit any shares of Stock acquired pursuant to the Plan.

The Employee may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (d) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Employee's participation in the Plan. The Employee may seek to exercise these rights by contacting the Employer's local HR manager or the Company's Human Resources Department.

- (s) EU Age Discrimination. For purposes of this Agreement, if the Employee is a local national of and employed in a country that is a member of the European Union, the grant of the Stock Units and the terms and conditions governing the Award are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent a court or tribunal of competent jurisdiction determines that any provision of the Award is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.
 - (t) Repatriation; Compliance with Laws. The Employee agrees, as a condition of the grant of the Stock Units, to repatriate all payments attributable to the Stock Units and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents, and any proceeds derived from the sale of the Stock acquired pursuant to the Stock Units) in accordance with all foreign exchange rules and regulations applicable to the Employee. In addition, the Employee also agrees to take any and all actions, and consents to any and all actions taken by the Company and its subsidiaries and Affiliates, as may be required to allow the Company and its subsidiaries and Affiliates to comply with all applicable laws, rules and regulations. Finally, the Employee agrees to take any and all actions as may be required to comply with the Employee's personal legal and tax obligations under all applicable laws, rules and regulations.
 - (u) English Language. The Employee acknowledges and agrees that it is the Employee's express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the
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Stock Units, be drawn up in English. If the Employee has received this Agreement, the Plan or any other documents related to the Stock Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version shall control.

- (v) Additional Requirements. The Company reserves the right to impose other requirements on the Stock Units, any Shares acquired pursuant to the Stock Units, and the Employee's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Stock Units and the Plan. Such requirements may include (but are not limited to) requiring the Employee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.
- (w) Addendum. Notwithstanding any provisions herein to the contrary, the Stock Units shall be subject to any special terms and conditions for the Employee's country of residence (and country of employment, if different), as may be set forth in an addendum to this Agreement (the "Addendum"). Further, if the Employee transfers the Employee's residence and/or employment to another country reflected in an Addendum, the special terms and conditions for such country will apply to the Employee to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Employee's transfer). In all circumstances, any applicable Addendum shall constitute part of this Agreement.

* * * * *

IN WITNESS WHEREOF, PHINIA Inc. and the Employee have executed this Agreement to be effective as of the date first written above.

PHINIA Inc.

_____ By:

_____ Title:

I acknowledge receipt of a copy of the Plan (either as an attachment hereto or that has been previously received by me) and that I have carefully read this Agreement, the Addendum and the Plan. I agree to be bound by all of the provisions set forth in this Agreement, the Addendum and the Plan.

____ Date _____ Employee

Exhibit A
To Stock Units Award Agreement

Definition of "Good Reason"

For purposes of Section 4 of the Agreement, the Employee will be treated as having terminated the Employee's employment for good reason if, after a Change in Control, the Employee terminates employment after any of the following events occurs:

- (a) the assignment to the Employee of any duties inconsistent in any respect with the Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as of the date of the Change in Control or any higher position, authority, duties or responsibilities assigned to the Employee after the date of the Change in Control, or any other diminution in the Employee's position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee; or
- (b) any failure by the Company to:
1. pay the Employee an annual base salary at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Employee by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Change in Control occurs; or
 2. provide the Employee, for each fiscal year ending prior to the second anniversary of the effective date of the Change in Control, an annual bonus (the "Annual Bonus") opportunity at least equal to the Employee's average of the bonuses paid or payable under the Company's Management Incentive Bonus Plan, or any comparable annual bonus under any predecessor or successor plan, in respect of the last three full fiscal years prior to the date of the Change in Control (or, if the Employee was first employed by the Company after the beginning of the earliest of such three fiscal years, the average of the bonuses paid or payable under such plan(s) in respect of the fiscal years ending before the date of the Change in Control during which the Employee was employed by the Company, with such bonus being annualized with respect to any such fiscal year if the Employee was not employed by the Company for the whole of such fiscal year);
- in either case, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee; or
- (c) the Company's requiring the Employee, without the Employee's consent, to:
1. be based at any office or location that is more than 35 miles from the location where the Employee was employed immediately preceding the date of the Change in Control; or
 2. travel on Company business to a substantially greater extent than required immediately prior to the date of the Change in Control.

For purposes of this Agreement, any good faith determination of "good reason" made by the Employee shall be conclusive.

Certification

I, Brady D. Ericson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PHINIA 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)) 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. 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
 - c. 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 6, 2023

By: /s/ Brady D. Ericson
Brady D. Ericson
President and Chief Executive Officer

Certification

I, Chris P. Gropp, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PHINIA 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)) 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. 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
 - c. 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 6, 2023

By: /s/ Chris P. Gropp

Chris P. Gropp

Vice President and Chief Financial Officer

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

I, Brady D. Ericson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, PHINIA Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of PHINIA Inc.

Date: November 6, 2023

By: /s/ Brady D. Ericson
Brady D. Ericson
President and Chief Executive Officer

This certification accompanies the Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that PHINIA Inc. specifically incorporates it by reference.

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

I, Chris P. Gropp, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, PHINIA Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of PHINIA Inc.

Date: November 6, 2023

By: /s/ Chris P. Gropp
Chris P. Gropp
Vice President and Chief Financial Officer

This certification accompanies the Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that PHINIA Inc. specifically incorporates it by reference.