

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 March 31, 2024

OR

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

For the transition period from to

Commission file number 001-41708

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 April 19, 2024, the registrant had 45,682,984 shares of voting common stock outstanding.

PHINIA INC.
FORM 10-Q
THREE MONTHS ENDED MARCH 31, 2024

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PHINIA INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions)	March 31, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	\$ 325	\$ 365
Receivables, net	1,023	1,017
Inventories	489	487
Prepayments and other current assets	80	58
Total current assets	1,917	1,927
Property, plant and equipment, net	888	921
Investments and long-term receivables	120	115
Goodwill	491	499
Other intangible assets, net	403	417
Other non-current assets	159	162
Total assets	\$ 3,978	\$ 4,041
LIABILITIES AND EQUITY		
Short-term borrowings and current portion of long-term debt	\$ 90	\$ 89
Accounts payable	612	639
Other current liabilities	420	420
Total current liabilities	1,122	1,148
Long-term debt	706	709
Retirement-related liabilities	133	132
Other non-current liabilities	167	165
Total liabilities	2,128	2,154
Commitments and contingencies (Note 15)		
Common stock	1	1
Additional paid-in capital	2,018	2,031
Retained earnings	26	9
Accumulated other comprehensive loss	(153)	(131)
Treasury stock	(42)	(23)
Total equity	1,850	1,887
Total liabilities and equity	\$ 3,978	\$ 4,041

See accompanying Notes to Condensed Consolidated Financial Statements.

PHINIA INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in millions, except per share amounts)	Three Months Ended March 31,	
	2024	2023
Net sales	\$ 863	\$ 835
Cost of sales	671	663
Gross profit	192	172
Selling, general and administrative expenses	104	99
Other operating expense, net	17	15
Operating income	71	58
Equity in affiliates' earnings, net of tax	(3)	(3)
Interest expense	22	6
Interest income	(4)	(3)
Earnings before income taxes	56	58
Provision for income taxes	27	23
Net earnings	\$ 29	\$ 35
Earnings per share — basic	\$ 0.63	\$ 0.75
Earnings per share— diluted	\$ 0.62	\$ 0.75
Weighted average shares outstanding:		
Basic	46.1	47.0
Diluted	46.5	47.0

See accompanying Notes to Condensed Consolidated Financial Statements.

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

(in millions)	Three Months Ended March 31,	
	2024	2023
Net earnings	\$ 29	\$ 35
Other comprehensive (loss) income		
Foreign currency translation adjustments ⁽¹⁾	(21)	20
Defined benefit pension plans ⁽¹⁾	(1)	(1)
Hedge instruments ⁽¹⁾	—	2
Total other comprehensive (loss) income	(22)	21
Comprehensive income	\$ 7	\$ 56

⁽¹⁾ Net of income taxes.

See accompanying Notes to Condensed Consolidated Financial Statements.

PHINIA INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Three Months Ended March 31,	
	2024	2023
OPERATING		
Net earnings	\$ 29	\$ 35
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and tooling amortization	34	34
Intangible asset amortization	7	7
Restructuring expense, net of cash paid	2	3
Stock-based compensation expense	4	1
Deferred income tax expense	4	8
Other non-cash adjustments, net	2	(8)
Changes in assets and liabilities, excluding foreign currency translation adjustments:		
Receivables	(36)	(36)
Inventories	(6)	(29)
Prepayments and other current assets	(13)	1
Accounts payable and other current liabilities	6	(43)
Prepaid taxes and income taxes payable	12	24
Other assets and liabilities	(14)	(29)
Retirement benefit plan contributions	—	(1)
Net cash provided by (used in) operating activities	31	(33)
INVESTING		
Capital expenditures, including tooling outlays	(43)	(38)
Proceeds from asset disposals and other, net	1	—
Net cash used in investing activities	(42)	(38)
FINANCING		
Repayments of debt, including current portion	(3)	—
Dividends paid to PHINIA stockholders	(12)	—
Payments for purchase of treasury stock	(23)	—
Payments for stock-based compensation items	(3)	—
Cash outflows related to debt due to former parent	—	(100)
Cash inflows related to debt due from former parent	—	30
Net transfers to former parent	—	67
Net cash used in financing activities	(41)	(3)
Effect of exchange rate changes on cash	12	4
Net decrease in cash and cash equivalents	(40)	(70)
Cash and cash equivalents at beginning of year	365	251
Cash and cash equivalents at end of period	\$ 325	\$ 181
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest, net	\$ 14	\$ —
Income taxes, net of refunds	\$ 18	\$ 1

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., a manufacturer and supplier of automotive industry components and parts (BorgWarner, or Former Parent) announced plans for the complete legal and structural separation of its Fuel Systems and Aftermarket businesses 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 BorgWarner common stock received one share of PHINIA common stock for every five shares of BorgWarner common stock held on June 23, 2023, the record date. In lieu of fractional shares of PHINIA, BorgWarner stockholders 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 months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. The balance sheet as of December 31, 2023 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. The Company has also corrected for certain immaterial errors that impacted balance sheet footnote disclosures as of December 31, 2023.

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. For the three months ended March 31, 2023, net corporate allocation expenses totaled \$35 million. 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 and \$1 million at March 31, 2024 and December 31, 2023, respectively, 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. As of March 31, 2024, the balance of contract liabilities was \$7 million, all of which was recorded in Other non-current liabilities. As of December 31, 2023, the balance of contract liabilities was \$7 million, of which \$6 million was reflected in Other current liabilities and \$1 million was reflected as Other non-current liabilities. These amounts are reflected as revenue over the term of the arrangement (typically three to seven 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 months ended March 31, 2024 and 2023. Refer to Note 18, "Reportable Segments And Related Information" to the Condensed Consolidated Financial Statements, for more information.

(In millions)	Three Months Ended March 31, 2024		
	Fuel Systems	Aftermarket	Total
Americas	\$ 187	\$ 192	\$ 379
Europe	227	125	352
Asia	113	19	132
Total	<u>\$ 527</u>	<u>\$ 336</u>	<u>\$ 863</u>

(In millions)	Three Months Ended March 31, 2023		
	Fuel Systems	Aftermarket	Total
Americas	\$ 167	\$ 198	\$ 365
Europe	223	112	335
Asia	119	16	135
Total	<u>\$ 509</u>	<u>\$ 326</u>	<u>\$ 835</u>

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 March 31,	
	2024	2023
Gross R&D expenditures	\$ 52	\$ 49
Customer reimbursements	(25)	(20)
Net R&D expenditures	<u>\$ 27</u>	<u>\$ 29</u>

NOTE 4 OTHER OPERATING EXPENSE, NET

Items included in Other operating expense, net consist of:

(in millions)	Three Months Ended March 31,	
	2024	2023
Separation and transaction costs	\$ 17	\$ 18
Restructuring	2	4
Royalty income from Former Parent	—	(5)
R&D income from Former Parent	—	(1)
Other operating income, net	(2)	(1)
Other operating expense, net	\$ 17	\$ 15

Separation and transaction costs: During the three months ended March 31, 2024 and 2023, the Company recorded separation and transaction costs of \$17 million and \$18 million, respectively, primarily related to professional fees and other costs associated with the separation of the Company.

Restructuring: The Company recorded \$2 million and \$4 million of restructuring costs for individually approved restructuring actions that primarily related to reductions in headcount in the three months ended March 31, 2024 and 2023, respectively, in the Fuel Systems segment.

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

R&D income from Former Parent: The Company provided application testing and other R&D services for other BorgWarner businesses prior to the Spin-Off.

NOTE 5 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 March 31, 2024 and 2023 was 48% and 39%, respectively. The effective tax rate for the three months ended March 31, 2024 increased as compared to the prior year as a result of a change in the jurisdictional mix of pre-tax earnings as well as releases of unrecognized tax benefit reserves that occurred in the three months ended March 31, 2023 that did not occur in the three months ended March 31, 2024.

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 Former Parent'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 the Former Parent). 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 the Former Parent 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 the Former Parent. Items such as net operating losses, other deferred taxes, income taxes payable, liabilities for uncertain tax positions and valuation allowances may exist in the Consolidated Financial Statements that may or may not exist in the Former Parent's Consolidated Financial Statements.

For periods subsequent to July 3, 2023, these items are reported based on tax filings and tax attributes of the Company's legal entities. Indemnification assets and liabilities have been reported for amounts payable to or recoverable from the Former Parent under the Tax Matters Agreement for taxes associated with the period prior to the Spin-Off. The Tax Matters Agreement generally governs the Company's and the Former Parent's respective rights, responsibilities and obligations after the distribution with respect to taxes for any tax period ending on or before the distribution date, as well as tax periods beginning before and ending after the distribution date. Generally, the Former Parent is liable for all pre-distribution U.S. income taxes, foreign income taxes, certain non-income taxes attributable to the company's business, and liabilities for taxes that were incurred as a result of restructuring activities undertaken to effectuate the separation. The Company is generally liable for all other taxes attributable to its business.

The Organization for Economic Co-operation and Development (OECD) has a framework to implement a global minimum corporate tax of 15% for companies with global revenues and profits above certain thresholds (referred to as Pillar 2), with certain aspects of Pillar 2 effective January 1, 2024 and other aspects effective January 1, 2025. While it is uncertain whether the U.S. will enact legislation to adopt Pillar 2, certain countries in which the Company operates have adopted legislation, and other countries are in the process of introducing legislation to implement Pillar 2. The Company does not expect Pillar 2 to have a material impact on its effective tax rate or its consolidated results of operation, financial position or cash flows.

NOTE 6 INVENTORIES

A summary of Inventories is presented below:

<u>(in millions)</u>	March 31, 2024	December 31, 2023
Raw material and supplies	\$ 264	\$ 286
Work-in-progress	51	46
Finished goods	174	155
Inventories	<u>\$ 489</u>	<u>\$ 487</u>

NOTE 7 OTHER CURRENT AND NON-CURRENT ASSETS

(in millions)	March 31, 2024	December 31, 2023
Prepayments and other current assets:		
Prepaid taxes	\$ 36	\$ 26
Prepaid software	12	5
Customer return assets	8	8
Prepaid engineering	6	3
Prepaid customer tooling	4	3
Deposits	3	3
Prepaid insurance	2	3
Other	9	7
Total prepayments and other current assets	<u>\$ 80</u>	<u>\$ 58</u>
Investments and long-term receivables:		
Long-term receivables	\$ 50	\$ 46
Investment in equity affiliates	49	48
Due from Former Parent	17	17
Investment in equity securities	4	4
Total investments and long-term receivables	<u>\$ 120</u>	<u>\$ 115</u>
Other non-current assets:		
Deferred income taxes	\$ 61	\$ 61
Operating leases	59	63
Customer incentive payments	10	10
Other	29	28
Total other non-current assets	<u>\$ 159</u>	<u>\$ 162</u>

NOTE 8 GOODWILL AND OTHER INTANGIBLES

During the fourth quarter of each year, the Company assesses its goodwill and indefinite-lived intangibles assigned to each of its reporting units for impairment by either performing a qualitative assessment or a quantitative analysis. No events or circumstances were noted in the first three months of 2024 requiring additional assessment or testing.

A summary of the components in the carrying amount of goodwill as of March 31, 2024 and December 31, 2023 is as follows:

(in millions)	Fuel Systems	Aftermarket	Total
Gross goodwill balance, December 31, 2023	\$ 61	\$ 551	\$ 612
Accumulated impairment losses	—	(113)	(113)
Net goodwill balance, December 31, 2023	\$ 61	\$ 438	\$ 499
Goodwill during the period:			
Translation adjustment	(2)	(6)	(8)
Net goodwill balance, March 31, 2024	<u>\$ 59</u>	<u>\$ 432</u>	<u>\$ 491</u>

The Company's other intangible assets, primarily from acquisitions, consist of the following:

		March 31, 2024			December 31, 2023		
(in millions)	Estimated useful lives (years)	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	\$ 146	\$ 43	\$ 103	\$ 149	\$ 41	\$ 108
Customer relationships	14 - 15	265	107	158	268	104	164
Total amortized intangible assets		411	150	261	417	145	272
Unamortized trade names		142	—	142	145	—	145
Total other intangible assets		\$ 553	\$ 150	\$ 403	\$ 562	\$ 145	\$ 417

NOTE 9 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. Costs of product recalls, which may include the cost of the product being replaced as well as the customer's cost of the recall, including labor to remove and replace the recalled part, are accrued as part of the Company's warranty accrual at the time an obligation becomes probable and can be reasonably estimated. Management believes that the warranty accrual is appropriate; however, in certain cases, initial customer claims exceed the amount accrued. Facts may become known related to these claims that may result in additional losses that could be material to the Company's results of operations or cash flows. 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)	2024	2023
Beginning balance, January 1	\$ 56	\$ 60
Provisions for current period sales	9	8
Payments	(10)	(13)
Ending balance, March 31,	\$ 55	\$ 55

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

(in millions)	March 31, 2024	December 31, 2023
Other current liabilities	\$ 32	\$ 30
Other non-current liabilities	23	26
Total product warranty liability	\$ 55	\$ 56

NOTE 10 NOTES PAYABLE AND DEBT

As of March 31, 2024 and December 31, 2023, the Company had debt outstanding as follows:

(in millions)	March 31, 2024	December 31, 2023
Short-term debt		
Short-term borrowings	\$ 75	\$ 75
Long-term debt		
5.000% Senior Notes due 10/01/25 (\$24 million par value)	\$ 25	\$ 25
Term Loan A Facility (net of \$3 unamortized issuance costs)	293	295
Term Loan B Facility (net of \$5 unamortized issuance costs and \$15 unamortized discount)	403	403
Total long-term debt	\$ 721	\$ 723
Less: current portion	15	14
Long-term debt, net of current portion	\$ 706	\$ 709

As of March 31, 2024, the estimated fair values of the Company's Senior Notes, Term Loan A Facility and Term Loan B Facility (each as defined below) totaled \$753 million, which is \$32 million higher than carrying value for the same period. As of December 31, 2023, the estimated fair value of the Company's Senior Notes, Term Loan A Facility and Term Loan B Facility totaled \$758 million, which is \$35 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 (the 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 connection with the Spin-Off that occurred on the same date. As of March 31, 2024, the Company had \$75 million of outstanding borrowings under the Revolving Facility (exclusive of \$1 million of letters of credit outstanding). As of March 31, 2024, the Company had availability under the Revolving Facility of \$424 million. The Company was in compliance with all covenants as of March 31, 2024.

On April 4, 2024, the Company, as borrower, and certain subsidiaries of the Company, each acting as guarantors, entered into Amendment No. 1 to the Credit Agreement (the Credit Agreement Amendment). The Credit Agreement Amendment, among other things, (i) modifies certain covenants in the Credit Agreement, (ii) removes the mandatory prepayment based on quarterly and annual operating cash flow calculations, and (iii) increases the total net leverage ratio required to be satisfied under the Company's financial covenant from 3.00:1.00 to 3.25:1.00 (subject to a step-up to 3.75:1.00 in connection with a qualifying acquisition for the fiscal quarter when such qualifying acquisition is consummated and the following three fiscal quarters).

Senior Secured Notes due 2029

On April 4, 2024, the Company issued \$525 million aggregate principal amount of 6.75% Senior Secured Notes due 2029 (the "2029 Notes") pursuant to an indenture among the Company, as issuer, certain subsidiaries of the Company named as guarantors, and U.S. Bank Trust Company, National Association, as trustee and collateral agent. The 2029 Notes were sold to investors at 100% plus accrued interest, if any, from April 4, 2024 in a private transaction exempt from the registration requirements of the Securities

Act of 1933, as amended. The net proceeds of the offering of the 2029 Notes were used to repay all of the Company's outstanding borrowings and accrued interest under the Term Loan B Facility and the Revolving Facility and to pay fees and expenses in connection with the offering. During the second quarter of 2024, the Company expects to record a non-cash pre-tax loss on extinguishment of approximately \$20 million related to the difference between the repayment amount and net carrying amount of the Term Loan B Facility.

The 2029 Notes bear interest at a rate of 6.75% per annum. Interest on the 2029 Notes is payable semiannually on April 15 and October 15 of each year, commencing on October 15, 2024. The 2029 Notes will mature on April 15, 2029.

The 2029 Notes are senior secured obligations of the Company and are jointly and severally, fully and unconditionally, guaranteed on a senior secured basis by each of the Company's existing and future direct and indirect domestic subsidiaries that incurs or guarantees indebtedness under the Facilities. The 2029 Notes and the guarantees are secured by a first-priority security interest in substantially all of the Company's and the guarantors' assets, subject to certain excluded assets, exceptions and permitted liens, which security interest ranks equally with the first-priority security interest securing the Facilities.

Senior Notes due 2025

In 2020, the Former Parent completed its acquisition of Delphi Technologies PLC (Delphi Technologies). In connection therewith, the Former Parent completed its offer to exchange Delphi Technologies' outstanding 5.0% Senior Notes due 2025 (the 2025 Notes). Approximately 97% of the \$800 million total outstanding principal amount of the 2025 Notes, were validly exchanged and cancelled for new BorgWarner notes. In connection with the Spin-Off, the obligations under the remaining \$24 million in aggregate principal amount of the 2025 Notes were assumed by the Company.

NOTE 11 OTHER CURRENT AND NON-CURRENT LIABILITIES

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

(in millions)	March 31, 2024	December 31, 2023
Other current liabilities:		
Customer related	\$ 112	\$ 109
Payroll and employee related	79	92
Income taxes payable	61	39
Product warranties (Note 9)	32	30
Accrued freight	21	21
Operating leases	17	17
Supplier related	13	14
Other non-income taxes	10	8
Employee termination benefits	7	9
Legal and professional fees	7	6
Deferred engineering	2	6
Deferred income	—	6
Other	59	63
Total other current liabilities	<u>\$ 420</u>	<u>\$ 420</u>
Other non-current liabilities:		
Deferred income taxes	\$ 60	\$ 56
Operating leases	46	49
Product warranties (Note 9)	23	26
Deferred income	13	7
Uncertain tax positions	14	15
Other	11	12
Total other non-current liabilities	<u>\$ 167</u>	<u>\$ 165</u>

NOTE 12 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 2024 range from \$4 million to \$8 million, of which less than \$1 million has been contributed through the first three 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 March 31,	
	2024	2023
Service cost	\$ 1	\$ —
Interest cost	11	10
Expected return on plan assets	(10)	(10)
Amortization of unrecognized loss	(1)	—
Net periodic benefit cost	<u>\$ 1</u>	<u>\$ —</u>

The non-service cost components of net periodic benefit cost are included in Earnings before income taxes in the Condensed Consolidated Statements of Operations.

NOTE 13 STOCKHOLDERS' EQUITY

The changes of the Stockholders' Equity items during the three months ended March 31, 2024 and 2023, are as follows:

(in millions)	Issued common stock	Additional paid- in-capital	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance, December 31, 2023	\$ 1	\$ 2,031	\$ (23)	\$ 9	(131)	\$ 1,887
Dividends declared (0.25 per share)	—	—	—	(12)	—	(12)
Spin-Off related adjustments	—	(10)	—	—	—	(10)
Share-based compensation expense	—	4	—	—	—	4
Purchase of treasury stock	—	—	(23)	—	—	(23)
Net issuance of executive stock plan	—	(7)	4	—	—	(3)
Net earnings	—	—	—	29	—	29
Other comprehensive loss	—	—	—	—	(22)	(22)
Balance, March 31, 2024	<u>\$ 1</u>	<u>\$ 2,018</u>	<u>\$ (42)</u>	<u>\$ 26</u>	<u>\$ (153)</u>	<u>\$ 1,850</u>

(in millions)	Former Parent investment	Accumulated other comprehensive income (loss)	Total equity
Balance, December 31, 2022	\$ 1,731	\$ (88)	\$ 1,643
Net earnings	35	—	35
Other comprehensive income	—	21	21
Net transfers from Former Parent	93	—	93
Balance, March 31, 2023	<u>\$ 1,859</u>	<u>\$ (67)</u>	<u>\$ 1,792</u>

NOTE 14 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, December 31, 2023	\$ (98)	\$ (33)	\$ —	\$ (131)
Comprehensive loss before reclassifications	(21)	(2)	—	(23)
Reclassification from accumulated other comprehensive (loss) income	—	1	—	1
Ending Balance, March 31, 2024	<u>\$ (119)</u>	<u>\$ (34)</u>	<u>\$ —</u>	<u>\$ (153)</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)	20	(1)	2	21
Ending Balance, March 31, 2023	<u>\$ (65)</u>	<u>\$ (7)</u>	<u>\$ 5</u>	<u>\$ (67)</u>

NOTE 15 CONTINGENCIES

In the normal course of 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 expect that an adverse outcome in any of these commercial and legal claims, actions and complaints that are currently pending will 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, financial position or cash flows.

NOTE 16 RELATED-PARTY TRANSACTIONS

Pursuant to the Spin-Off, the Former Parent 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 the Former Parent 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 the Former Parent 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 the Former Parent 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 the Former Parent'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 the Former Parent had been allocated to the Former Parent. 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, primarily related to separation and transaction costs, in three months ended March 31, 2023 totaled \$ 35 million. These expenses were primarily included in Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations.

Royalty Income from Former Parent and R&D Income from Former Parent

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

Net Transfers from (to) Former Parent

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

	Three Months Ended March 31, 2023	
(in millions)		
General financing activities	\$	169
Cash pooling and other equity settled balances with Former Parent		(70)
Related-party notes converted to equity		(40)
Corporate allocations		35
Research and development income from Former Parent		(1)
Total net transfers from Former Parent	\$	93
Exclude non-cash items:		
Stock-based compensation	\$	(1)
Other non-cash activities with Former Parent, net		(8)
Related-party notes converted to equity		40
Cash pooling and intercompany financing activities with Former Parent, net		(57)
Total net transfers to Former Parent per Condensed Consolidated Statements of Cash Flow	\$	67

NOTE 17 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 March 31,	
	2024	2023
Basic earnings per share:		
Net earnings	\$ 29	\$ 35
Weighted average shares of common stock outstanding	46.1	47.0
Basic earnings per share of common stock	\$ 0.63	\$ 0.75
Diluted earnings per share:		
Net earnings	\$ 29	\$ 35
Weighted average shares of common stock outstanding	46.1	47.0
Effect of stock-based compensation	0.4	—
Weighted average shares of common stock outstanding including dilutive shares	46.5	47.0
Diluted earnings per share of common stock	\$ 0.62	\$ 0.75

NOTE 18 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, separation and transaction costs, 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 March 31, 2024		
	Customers	Inter-segment	Net
Fuel Systems	\$ 527	\$ 49	\$ 576
Aftermarket	336	2	338
Inter-segment eliminations	—	(51)	(51)
Total	<u>\$ 863</u>	<u>\$ —</u>	<u>\$ 863</u>

(in millions)	Three Months Ended March 31, 2023		
	Customers	Inter-segment	Net
Fuel Systems	\$ 509	\$ 58	\$ 567
Aftermarket	326	4	330
Inter-segment eliminations	—	(62)	(62)
Total	<u>\$ 835</u>	<u>\$ —</u>	<u>\$ 835</u>

Segment Adjusted Operating Income

(in millions)	Three Months Ended March 31,	
	2024	2023
Fuel Systems	\$ 55	\$ 43
Aftermarket	60	48
Segment AOI	115	91
Corporate, including stock-based compensation	18	4
Separation and transaction costs	17	18
Intangible asset amortization expense	7	7
Restructuring expense	2	4
Equity in affiliates' earnings, net of tax	(3)	(3)
Interest expense	22	6
Interest income	(4)	(3)
Earnings before income taxes	56	58
Provision for income taxes	27	23
Net earnings	<u>\$ 29</u>	<u>\$ 35</u>

Cautionary Statements For Forward-Looking Information

This Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements other than historical fact that provide current expectations or forecasts of future events based on certain assumptions and are not guarantees of future performance. Forward-looking statements use words such as “anticipate,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “likely,” “may,” “outlook,” “plan,” “potential,” “predict,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “will,” “would,” or other words of similar meaning.

Forward-looking statements are subject to risks, uncertainties, and factors relating to our business and operations, all of which are difficult to predict and which could cause our actual results to differ materially from the expectations expressed in or implied by such forward-looking statements. Risks, uncertainties, and factors that could cause actual results to differ materially from those implied by these forward-looking statements include, but are not limited to: adverse changes in general business and economic conditions, including recessions, adverse market conditions or downturns impacting the vehicle and industrial equipment industries; our ability to deliver new products, services and technologies in response to changing consumer preferences, increased regulation of greenhouse gas emissions, and acceleration of the market for electric vehicles; competitive industry conditions; failure to identify, consummate, effectively integrate or realize the expected benefits from acquisitions or partnerships; pricing pressures from original equipment manufacturers (OEMs); inflation rates and volatility in the costs of commodities used in the production of our products; changes in U.S. administrative policy, including changes to existing trade agreements and any resulting changes in international trade relations; our ability to protect our intellectual property; failure of or disruption in our information technology infrastructure, including a disruption related to cybersecurity; our ability to identify, attract, retain and develop a qualified global workforce; difficulties launching new vehicle programs; failure to achieve the anticipated savings and benefits from restructuring and product portfolio optimization actions; extraordinary events (including natural disasters or extreme weather events), political disruptions, terrorist attacks, pandemics or other public health crises, and acts of war; risks related to our international operations; the impact of economic, political, and market conditions on our business in China; our reliance on a limited number of OEM customers; supply chain disruptions; work stoppages, production shutdowns and similar events or conditions; governmental investigations and related proceedings regarding vehicle emissions standards, including the ongoing investigation into diesel defeat devices; current and future environmental and health and safety laws and regulations; the impact of climate change and regulations related to climate change, including new and evolving greenhouse gas emissions regulations in California, the U.S. and European Union; liabilities related to product warranties, litigation and other claims; compliance with legislation, regulations, and policies, investigations and legal proceedings, and new interpretations of existing rules and regulations; tax audits and changes in tax laws or tax rates taken by taxing authorities; volatility in the credit market environment; impairment charges on goodwill and indefinite-lived intangible assets; the impact of changes in interest rates and asset returns on our pension funding obligations; the impact of restrictive covenants and requirements in the agreements governing our indebtedness on our financial and operating flexibility; our ability to achieve some or all of the benefits that we expect to achieve from the Spin-off; other risks relating to the Spin-off, including a delay or inability to transition key infrastructure, services and solutions, a determination that the Spin-off does not qualify as tax-free for U.S. federal income tax purposes, restrictions under the Tax Matters Agreement, and our or BorgWarner Inc.'s failure to perform under various transaction agreements; and other risks and uncertainties described in our reports filed from time to time with the Securities and Exchange Commission (SEC).

We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Use of Non-GAAP Financial Measures

This Form 10-Q contains information about PHINIA's financial results that is not presented in accordance with accounting principles generally accepted in the United States (GAAP). Such non-GAAP financial measures are reconciled to their most directly comparable GAAP financial measures in this Form 10-Q. The provision of these comparable GAAP financial measures is not intended to indicate that PHINIA is explicitly or implicitly providing projections on those GAAP financial measures, and actual results for such measures are likely to vary from those presented. The reconciliations include all information reasonably available to the Company at the date of this Form 10-Q and the adjustments that management can reasonably predict.

Management believes that these non-GAAP financial measures are useful to management, investors, and banking institutions in their analysis of the Company's business and operating performance. Management also uses this information for operational planning and decision-making purposes.

Non-GAAP financial measures are not and should not be considered a substitute for any GAAP measure. Additionally, because not all companies use identical calculations, the non-GAAP financial measures as presented by PHINIA may not be comparable to similarly titled measures reported by other companies.

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., a manufacturer and supplier of automotive industry components and parts (BorgWarner, or Former Parent) announced plans for the complete legal and structural separation of its Fuel Systems and Aftermarket businesses 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 BorgWarner common stock 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

We expect strong earnings and cash generation in 2024 as we expect to continue to drive operational efficiencies, exit agreements with our Former Parent and grow our Aftermarket sales. On the original equipment (OE) side, industry-wide commercial vehicle (CV) volumes in 2024 are expected to decline by mid to high single digits percentages in North America and Europe, while other global CV markets are expected to be flat. Global light vehicle (LV) volumes are expected to be slightly down with engine production declining by approximately 4%. Assuming constant foreign exchange rates, we expect modest year-over-year sales growth driven by higher Aftermarket segment sales.

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 market share expansion in the CV market, growth in overall vehicle parc that supports aftermarket demand, increased consumer interest in hybrid and plug-in vehicles, and adoption of additional product offerings enabling low carbon fuel and hydrogen solutions for combustion vehicles. In

addition, we believe we are well positioned to continue to expand our differentiated offerings and capabilities across electronics, software and complete systems.

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 limited transition and other services described under the heading “Certain Relationships and Related Party Transactions” in the Company’s proxy statement for its 2024 Annual Meeting of Stockholders filed on March 27, 2024. 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 BorgWarner transactional and operational systems and data centers we currently use. 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

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

(in millions)	Three Months Ended March 31,			
	2024		2023	
	% of net sales		% of net sales	
Net sales				
Fuel Systems	\$ 576	66.7 %	\$ 567	67.9 %
Aftermarket	338	39.2 %	330	39.5 %
Inter-segment eliminations	(51)	(5.9)%	(62)	(7.4)%
Total net sales	863	100.0 %	835	100.0 %
Cost of sales	671	77.8 %	663	79.4 %
Gross profit	192	22.2 %	172	20.6 %
Selling, general and administrative expenses	104	12.1 %	99	11.9 %
Other operating expense, net	17	2.0 %	15	1.8 %
Operating income	71	8.1 %	58	6.9 %
Equity in affiliates’ earnings, net of tax	(3)	(0.3)%	(3)	(0.4)%
Interest expense	22	2.5 %	6	0.7 %
Interest income	(4)	(0.5)%	(3)	(0.4)%
Earnings before income taxes	56	6.4 %	58	7.0 %
Provision for income taxes	27	3.1 %	23	2.8 %
Net earnings	\$ 29	3.3 %	\$ 35	4.2 %

Net sales

Net sales for the three months ended March 31, 2024 totaled \$863 million, an increase of \$28 million, or 3%, compared to the three months ended March 31, 2023. The change in net sales for the three months ended March 31, 2024 was primarily driven by the following:

- Sales increased \$17 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 the second quarter of 2024.
- Customer pricing increased net sales by approximately \$12 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 \$6 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 decreased sales approximately by \$7 million, or 1%. This decrease was primarily driven by lower commercial vehicle sales in Europe.

Cost of sales and gross profit

Cost of sales and cost of sales as a percentage of net sales were \$671 million and 78%, respectively, during the three months ended March 31, 2024, compared to \$663 million and 79%, respectively, during the three months ended March 31, 2023. The increase of \$8 million in cost of sales for the three months ended March 31, 2024 was primarily driven by the following:

- Cost of sales increased \$17 million related to certain contract manufacturing agreements with Former Parent that were entered into in connection with the Spin-Off.
- Employee costs increased cost of sales by \$11 million compared to the three months ended March 31, 2023, primarily related to inflation and incentive compensation.
- Fluctuations in foreign currencies resulted in a period-over-period increase in cost of sales of approximately \$6 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 supplier-related and inflationary costs decreased cost of sales by approximately \$19 million driven primarily by supplier savings and a lump sum supplier settlement of \$7 million.
- Lower sales volume, mix and net new business decreased cost of sales by approximately \$14 million. This decrease was primarily driven by lower commercial vehicle sales in Europe in the Fuel Systems segment, as well as favorable mix in Europe and the Americas within the Aftermarket segment.
- Other manufacturing costs increased cost of sales by \$7 million compared to the three months ended March 31, 2023.

Gross profit and gross margin were \$192 million and 22%, respectively, during the three months ended March 31, 2024 compared to \$172 million and 21%, respectively, during the three months ended March 31, 2023. The increase 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 March 31, 2024 was \$104 million as compared to \$99 million for the three months ended March 31, 2023. SG&A as a percentage of net sales was 12% for both the three months ended March 31, 2024 and 2023. SG&A was comprised of the following:

- Employee-related costs were \$35 million for the three months ended March 31, 2024, an increase of \$3 million compared to the three months ended March 31, 2023, primarily related to inflation and incentive compensation.
- IT costs incurred directly by the Company were \$8 million for the three months ended March 31, 2024, an increase of \$1 million compared to the three months ended March 31, 2023.
- Intangible amortization expense was \$7 million for the three months ended March 31, 2024, flat compared to the three months ended March 31, 2023.
- Research and development ("R&D") costs were \$27 million for the three months ended March 31, 2024, a decrease of \$2 million. R&D costs, net of customer reimbursements, were 3.1% of net sales in the three months ended March 31, 2024, compared to 3.5% of net sales in the three months ended March 31, 2023. The Company will continue to invest in R&D programs, which are necessary to support short- and long-term growth. The Company's current long-term expectation for R&D spending is 3% of net sales.
- Former Parent allocations, which no longer exist after the Spin-Off, were replaced by standalone costs, leading to a net increase of \$3 million compared to the three months ended March 31, 2023.

Other operating expense, net

Other operating expense, net was \$17 million and \$15 million for the three months ended March 31, 2024 and 2023, respectively. Refer to Note 4, "Other operating expense, net," for more information. Other operating expense, net was comprised of the following:

- For the three months ended March 31, 2024 and 2023, separation and transaction costs were \$17 million and \$18 million, respectively, primarily related to professional fees associated with the Spin-Off.
- Restructuring expense was \$2 million and \$4 million for the three months ended March 31, 2024 and 2023, 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 March 31, 2023, 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 \$5 million. The royalty arrangements stopped after the Spin-Off was completed.
- For the three months ended March 31, 2023, the Company recognized income related to application testing and other R&D services for other BorgWarner businesses of \$1 million. Refer to Note 16, 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 \$3 million in both the three months ended March 31, 2024 and 2023. This line item is driven by the results of the Company's unconsolidated joint venture.

Interest expense

Interest expense was \$22 million and \$6 million in the three months ended March 31, 2024 and 2023, respectively. The increase was primarily related to the issuance of our Term Loan A Facility and Term Loan B Facility, as well as interest incurred on the drawdown of the Revolving Facility.

Interest income

Interest income was \$4 million and \$3 million in the three months ended March 31, 2024 and 2023.

Provision for income taxes

Provision for income taxes was \$27 million for the three months ended March 31, 2024 resulting in an effective tax rate of 48%. This compared to \$23 million, or 39%, for the three months ended March 31, 2023. The increase was primarily the result of a change in the jurisdictional mix of pre-tax earnings as well as releases of unrecognized tax benefit reserves that occurred in the three months ended March 31, 2023 that did not occur in the three months ended March 31, 2024.

For further details, see Note 5, "Income Taxes," to the Condensed Consolidated Financial Statements for the three months ended March 31, 2024 and 2023.

Adjusted earnings per diluted share

The Company defines adjusted net earnings per diluted share as net earnings per share adjusted to exclude the tax-effected impact of restructuring expense, separation and transaction costs, intangible asset amortization, impairment charges, other net expenses, and other gains, losses and tax amounts not reflective of the Company's ongoing operations.

	Three Months Ended March 31,	
	2024	2023
Net earnings per diluted share	\$ 0.62	\$ 0.75
Separation and transaction costs	0.34	0.38
Intangible asset amortization expense	0.13	0.15
Restructuring expense	0.03	0.06
Royalty income from Former Parent	—	(0.11)
Tax adjustments	(0.04)	(0.04)
Adjusted net earnings per diluted share	<u>\$ 1.08</u>	<u>\$ 1.19</u>

Results by Reportable Segment

The Company's business is aggregated into 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, separation and transaction costs, 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 \$18 million and \$4 million for the three months ended March 31, 2024 and 2023, respectively. The increase in corporate expenses in 2024 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 March 31,					
	2024			2023		
	Net Sales to Customers	Segment AOI	% margin	Net Sales to Customers	Segment AOI	% margin
Fuel Systems	\$ 527	\$ 55	10.4 %	\$ 509	\$ 43	8.4 %
Aftermarket	336	60	17.9 %	326	48	14.7 %
Totals	\$ 863	\$ 115		\$ 835	\$ 91	

The Fuel Systems segment's net sales to customers for the three months ended March 31, 2024 increased \$18 million, or 4%, and Segment Adjusted Operating Income increased \$12 million, or 28%, from the three months ended March 31, 2023. The increase in net sales was primarily due to \$17 million related to certain contract manufacturing agreements with BorgWarner and \$7 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 \$6 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 Europe. Segment Adjusted Operating margin was 10.4% in the three months ended March 31, 2024, compared to 8.4% in the three months ended March 31, 2023. The Segment Adjusted Operating margin increase was primarily due to lower supplier related costs.

The Aftermarket segment's net sales to customers for the three months ended March 31, 2024 increased \$10 million, or 3%, and Segment Adjusted Operating Income increased \$12 million, or 25%, from the three months ended March 31, 2023. Foreign currencies resulted in a year-over-year increase in sales of approximately \$6 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 in net sales excluding the impact of foreign currencies was primarily due to \$5 million of customer pricing, offset by approximately \$1 million of volume, mix, and net new business driven by decreased demand for the Company's products compared to the prior year, primarily in the Americas. Segment Adjusted Operating margin was 17.9% in the three months ended March 31, 2024, comparable to 14.7% in the three months ended March 31, 2023. The Segment Adjusted Operating margin increase was primarily driven by favorable mix and customer pricing.

LIQUIDITY AND CAPITAL RESOURCES

Overview

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 March 31, 2024 and December 31, 2023, the Company had \$325 million and \$365 million of cash and cash equivalents, respectively, of which \$288 million and \$347 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 and the foreseeable future thereafter.

Credit Agreement

On July 3, 2023, the Company entered into a \$1.225 billion Credit Agreement (the 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 connection with the Spin-Off that occurred on the same date. As of March 31, 2024, the outstanding principal balance of the Term Loan A Facility was \$296 million, the outstanding principal balance of the Term Loan B Facility was \$424 million, and the Company had \$75 million of outstanding borrowings under the Revolving Facility (exclusive of \$1 million of letters of credit outstanding). As of March 31, 2024, the Company had availability under the Revolving Facility of \$424 million.

Issuance of Senior Notes

On April 4, 2024, the Company issued \$525 million aggregate principal amount of 6.75% Senior Secured Notes due 2029 (the 2029 Notes) pursuant to an indenture among the Company, as issuer, certain subsidiaries of the Company named as guarantors, and U.S. Bank Trust Company, National Association, as trustee and as collateral agent. The 2029 Notes were sold to investors at 100% plus accrued interest, if any, from April 4, 2024 in a private transaction exempt from the registration requirements of the Securities Act of 1933, as amended. The net proceeds of the offering of the 2029 Notes were used to repay all of the Company's outstanding borrowings and accrued interest under the Term Loan B Facility and the Revolving Facility, and to pay fees and expenses in connection with the offering. During the second quarter of 2024, the Company expects to record a non-cash pre-tax loss on extinguishment of approximately \$20 million related to the difference between the repayment amount and net carrying amount of the Term Loan B Facility.

Refer to Note 10. "Notes Payable And Debt" for further information on the Credit Agreement and the 2029 Notes.

Cash Flows

Operating Activities

Net cash provided by operating activities was \$31 million and net cash used in operating activities was \$33 million in the three months ended March 31, 2024 and 2023, respectively. The change in cash from operating activities for the three months ended March 31, 2024 compared with the three months ended March 31, 2023, was primarily due to working capital changes.

Investing Activities

Net cash used in investing activities was \$42 million and \$38 million in the three months ended March 31, 2024 and 2023, respectively, primarily related to capital expenditures. As a percentage of sales, capital expenditures were 5.0% and 4.6% for the three months ended March 31, 2024 and 2023, respectively.

Financing Activities

Net cash used in financing activities was \$41 million in the three months ended March 31, 2024 primarily related to 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 Form 10-K for the fiscal year ended December 31, 2023 (Form 10-K), filed on February 28, 2024. There were no material changes to this information during the quarter ended March 31, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and qualitative disclosures about market risk appear in "Risk Factors" in the Company's Form 10-K filed on February 28, 2024. There were no material changes to this information during the quarter ended March 31, 2024.

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 these controls and procedures are effective. There have been no 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

In the ordinary course of its business, the Company is involved in a number of lawsuits and claims, both actual and potential. Proceedings that were previously disclosed may no longer be reported because, as a result of rulings in the case, settlements, changes in our business, or other developments, in our judgment, they are no longer material to the Company's business, financial position or results of operations. Refer to Note 15, "Contingencies," to the Condensed Consolidated Financial Statements of this Form 10-Q for additional information.

SEC regulations require disclosure of certain environmental matters when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that the Company reasonably believes will exceed a specified threshold. Pursuant to these regulations, the Company uses a threshold of \$1 million for purposes of determining whether disclosure of any such proceedings is required.

Item 1A. Risk Factors

We face a number of risks and uncertainties that could materially and adversely affect our business, financial condition or results of operations. A discussion of our risk factors can be found in Part I, Item 1A. Risk Factors in the Company's Form 10-K filed on February 28, 2024. Readers should not interpret the disclosure of any risk factor to imply that the risk has not already materialized. During the three months ended March 31, 2024, there were no material changes to our previously disclosed risk factors.

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 \$1 50 million share repurchase program. During the quarter ended March 31, 2024, the Company repurchased \$23 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 March 31, 2024:

Issuer Purchases of Equity Securities

Period	Total number of shares purchased	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)
January 1, 2024 - January 31, 2024				
Common Stock Repurchase Program	—	—	—	\$ 126
February 1, 2024 - February 29, 2024				
Common Stock Repurchase Program	—	\$ —	—	\$ 126
Employee transactions	75,669	\$ 33.52	—	
March 1, 2024 - March 31, 2024				
Common Stock Repurchase Program	653,074	\$ 35.29	653,074	\$ 103
Employee transactions	614	\$ 36.29	—	

Item 5. Other Information

Trading Arrangements

During the three months ended March 31, 2024, 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

4.1	<u>Indenture, dated as of April 4, 2024, by and among the Company, the guarantors named therein and U.S. Bank Trust Company, National Association, as trustee and collateral agent (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filed on April 4, 2024).</u>
10.1	<u>Amendment No. 1 to Credit Agreement, dated as of April 4, 2024, by and among the Company, the guarantors listed on the signature pages thereof, the lenders party thereto and Bank of America, N.A. as administrative agent (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on April 4, 2024).</u>
10.2	<u>Form of Performance Stock Unit Award Agreement for U.S. Employees under the PHINIA Inc. 2023 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on February 21, 2024).</u> ⁺
10.3	<u>Form of Restricted Stock Agreement for Employees under the PHINIA Inc. 2023 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed on February 21, 2024).</u> ⁺
10.4	<u>Form of Performance Stock Unit Award Agreement for Non-U.S. Employees under the PHINIA Inc. 2023 Stock Incentive Plan.</u> ^{*,+}
10.5	<u>Form of Stock Unit Award Agreement for Non-U.S. Employees under the PHINIA Inc. 2023 Stock Incentive Plan.</u> ^{*,+}
10.6	<u>Form of Amendment to Form of Change of Control Agreement (incorporated by reference to Exhibit 10.28 of the Company's Form 10-K for the fiscal year ended December 31, 2023).</u> ⁺
10.7	<u>PHINIA Inc. Amended and Restated Retirement Savings Excess Benefit Plan (incorporated by reference to Exhibit 10.29 of the Company's Form 10-K for the fiscal year ended December 31, 2023).</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> ^{**}
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.

+ Indicates management contract or compensatory plan or arrangement.

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: April 25, 2024

**PHINIA INC.
2023 STOCK INCENTIVE PLAN**

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

PHINIA Inc., a Delaware corporation (the “Company”), hereby awards to the employee indicated below (the “Employee”) a Performance Stock Unit 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 Performance Stock Unit Award 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: [_____]

Target Number of Performance Stock Units: [_____]

Performance Period: January 1, 2024 – December 31, 2026

Potential Payout %: 0% - 200% of the Target Number of Performance Stock Units

Terms and Conditions:

1. Vesting of Performance Stock Units. Subject to the terms and conditions of this Agreement, the Plan and the Statement of Performance Goals approved by the Committee and provided to the Employee with respect to this Award (the “Statement of Performance Goals”), the Performance Stock Units shall become earned (“Earned Performance Stock Units”) to the extent that the Performance Goals for the Performance Stock Units are achieved, as set forth or contemplated in the Statement of Performance Goals, provided that, except as otherwise provided in this Agreement, the Employee remains continuously employed by or in the service of the Company or an Affiliate through the last day of the Performance Period. Earned Performance Stock Units will be determined in accordance with the Statement of Performance Goals on the date on which the Committee determines the level of attainment for the Performance Goals (the “Determination Date”). Provided that the Employee remains continuously employed by or in the service of the Company or an Affiliate through the last day of the Performance Period, the total Earned Performance Stock Units will vest on the Determination Date.

Notwithstanding the foregoing, if the number of Earned Performance Stock Units results in a fractional number, then the number of Earned Performance Stock Units 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 Performance Stock Units to a Performance Stock Unit account established and maintained for the Employee on the books of the Company. The account shall constitute the record of the Performance 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 Performance Stock Units awarded by this Agreement equal to the number of the Employee's Earned Performance Stock Units (including any additional Performance Stock Units acquired as a result of dividend equivalents that have vested). Such delivery of Shares with respect to such Performance Stock Units (and related dividend equivalents) shall be made to the Employee upon (or within 30 days after) the earliest to occur of the following events, to the extent the Performance Stock Units are not then subject to a "substantial risk of forfeiture" for purposes of Section 409A of the Code: (i) March 15, 2027; (ii) a Change in Control that qualifies as a change in the ownership or effective control of the Company or a change in the ownership or substantial portion of the assets of the Company (each as defined in Section 409A of the Code) (a "409A Change in Control"); and (iii) the Employee's "separation from service" (within the meaning of Section 409A of the Code) that occurs within two years after a 409A Change in Control.

The payment timing set forth above in this Section 2(b) shall apply in all instances, notwithstanding Section 16 of the Plan or the provisions of any individual employment, severance or change in control agreement to which the Employee is a party.

- 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 Performance Stock Units that are unvested as of the effective date of the Employee's Termination of Employment. For purposes of this Agreement (including for purposes of the Retirement definition), "Termination of Employment" shall mean the termination of the Employee's employment by and service to the Company and its Affiliates. Notwithstanding the foregoing, except as otherwise determined by the Committee, in its sole discretion, at the time of the Employee's Termination of Employment, Sections 3(a)-(b) below shall apply, to the extent applicable. In each case, Performance Stock Units that vest pursuant to this Section 3 shall be paid at the time provided for in Section 2(b).
- (a) Death, Disability, Retirement or Involuntary Termination without Cause. If the Employee experiences a Termination of Employment prior to the end of the Performance Period due to the Employee's death, Disability, Retirement or involuntary termination without Cause, in each case that occurs on or after the first anniversary of the Grant Date and is not related to a Termination of Employment for Cause, the Employee shall remain eligible to vest in a pro rata portion of the Performance Stock Units that the Employee would have otherwise earned (determined at the end of the Performance Period and based on actual results) had the Employee not experienced such Termination of Employment.

Such pro rata portion shall be calculated as follows, rounded down to the nearest whole number: (i) the actual number of Performance Stock Units that the Employee would have earned absent the Employee's Termination of Employment, calculated in accordance with the Statement of Performance Goals, multiplied by (ii) a fraction, the numerator of which is the number of whole months during which the Employee was employed during the Performance Period, and the denominator of which is 36.

- (b) 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 Retirement date provided in the notice), or (2) the date that the Employee ceases to be employed or 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).
- 1. Change in Control. In the event of a Change in Control, this Award shall be treated in accordance with Section 16 of the Plan or as set forth in the Employee's Change of Control Employment Agreement (if applicable); provided, however, that for purposes of Section 16.1(a)(5) of the Plan, 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; and provided further that this Award shall in all events be paid at the time set forth in Section 2(b) notwithstanding any payment timing provisions in the Plan or such Change of Control Employment Agreement (if applicable).
 - 2. Stockholder Rights; Dividend Equivalents.
 - (a) No Stockholder Rights. Prior to the actual delivery of Shares to the Employee in settlement of the Performance Stock Units awarded and vested hereunder (if any), the Employee shall have no rights as a stockholder with respect to the Performance Stock Units or any underlying Shares, including but not limited to voting or dividend rights.
 - (b) Dividend Equivalents. If the Company pays any cash dividend in respect of Shares after the Grant Date and before the Performance Stock Units are settled in accordance with Section 2(b) of this Agreement, the Employee's Performance Stock Unit account shall be credited with an additional number of Performance Stock Units determined by multiplying (i) the number of Performance Stock Units that are unvested as of the dividend record date by (ii) the cash 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 whole number. Credits shall be made effective as of the date of the cash dividend in respect of Shares. Dividend equivalents credited to the Employee's account shall be subject to the same restrictions and Performance Goals as the

Performance Stock Units in respect of which the dividends were credited, including, without limitation, the vesting conditions and distribution provisions contained herein and the terms set forth in the Statement of Performance Goals.

3. 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: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Stock Units, including the grant of the Performance Stock Units, the vesting of the Performance Stock Units, the subsequent sale of any Shares delivered in settlement of the Performance Stock Units and the receipt of any dividends or dividend equivalents; and (b) do not commit to structure the terms of the grant or any aspect of this Award to reduce or eliminate the Employee's liability for Tax-Related Items.

To the extent that the Company is required to withhold any Tax-Related Items in connection with the vesting or settlement of the Performance Stock Units, or any other payment or vesting event under this Agreement, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such payment or the realization of such benefit that the Employee make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld. If the Employee's benefit is to be received in the form of Shares, then the Company will withhold a number of Shares having a value equal to the amount required to be withheld. The Shares used for tax or other withholding will be valued at an amount equal to the fair market value of such Shares on the date the benefit is to be included in the Employee's income. The market value of the Shares to be withheld pursuant to this Section 6 to satisfy applicable withholding taxes or other amounts will equal the minimum amount of taxes required to be withheld.

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 Performance Stock Units, the Employee expressly consents to the withholding of Shares as provided for hereunder. All other Tax-Related Items related to the Performance Stock Units and any Shares delivered in settlement thereof are the Employee's sole responsibility.

4. 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 such 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 Award referring to the foregoing.

5. Clawback; Recoupment. The Employee acknowledges and agrees that the terms and conditions set forth in the PHINIA Inc. Compensation Recovery Policy (as amended and restated from time to time, the “Clawback Policy”) are incorporated in this Agreement by reference. To the extent the Clawback Policy is applicable to the Employee, it may create additional rights for the Company with respect to the Employee's Performance Stock Units and other applicable compensation, including, without limitation, annual cash incentive compensation awards granted to the Employee by the Company. Notwithstanding any provisions in this Agreement to the contrary, any equity compensation awards granted under the Plan and such other applicable compensation, including, without limitation, annual cash incentive compensation, will be subject to potential mandatory cancellation, forfeiture and/or repayment by the Employee to the Company to the extent the Employee is, or in the future becomes, subject to (a) any Company clawback or recoupment policy, including the Clawback Policy, and any other policies that are adopted by the Company, whether to comply with the requirements of any applicable laws, rules, regulations, stock exchange listing standards or otherwise, or (b) any applicable laws that impose mandatory clawback or recoupment requirements under the circumstances set forth in such laws, including as required by the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable laws, rules, regulations or stock exchange listing standards, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to awards and the recovery of amounts relating thereto. By accepting this Award under the Plan and pursuant to this Agreement, the Employee consents to be bound by the terms of the Clawback Policy, if applicable, and agrees and acknowledges that the Employee is obligated to cooperate with, and provide any and all assistance necessary to, the Company in its efforts to recover or recoup this Award, any gains or earnings related to this Award, or any other applicable compensation, including, without limitation, annual cash incentive compensation, that is subject to clawback or recoupment pursuant to such laws, rules, regulations, stock exchange listing standards or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery or recoupment by the Company from the Employee of any such amounts, including from the Employee's accounts or from any other compensation, to the extent permissible under Section 409A of the Code.

6. Miscellaneous.

- (a) Non-transferability. Neither the Performance Stock Units 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 or the Plan, and neither the Performance Stock Units nor this Award shall be subject to execution, attachment or similar process. In addition, by accepting this Award, the Employee agrees not to sell any Shares 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 Employee's address in the Company's records or such other address as Employee may designate in writing to the Company, or to the Attention: Executive Compensation, PHINIA Inc., at its corporate headquarters 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 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 the Plan and Other Agreements. 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, expressly cited herein or otherwise. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate with respect to the administration of the Plan and this Agreement, all of which shall be binding upon the Employee. To the extent applicable, this Award is also subject to all of the applicable terms and provisions set forth in the Employee's Change of Control Employment Agreement, except as explicitly superseded by this Agreement. 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 Agreement control. If there is any conflict between the terms of this Agreement and the terms of the Change of Control Employment Agreement, the terms of the Change of Control Employment Agreement shall apply, except with respect to any provisions of this Agreement regarding payment timing which shall, in all events, control.

- (f) Section 16 Compliance. To the extent necessary to comply with, or to avoid disgorgement of profits under the short-swing profit rules of, Section 16 of the Exchange Act, the Employee shall not sell or otherwise dispose of any Shares issued in settlement of the Performance Stock Units.
- (g) Code Section 409A. For purposes of clarity and notwithstanding anything to the contrary set forth in the Plan, to the extent applicable, this Award is intended to comply with Section 409A of the Code and the regulations thereunder and shall be administered and interpreted in a manner consistent with such intent. If the Employee is a "specified employee" within the meaning of Section 409A of the Code at the time of the Employee's separation from service, then, to the extent required by Section 409A of the Code, any payment made to the Employee as a result of such separation from service shall be delayed until the first day of the seventh month following the month in which such separation from service occurs, or, if earlier, the date of the Employee's death.
- (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 Company and/or 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 established voluntarily by the Company, 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, unless otherwise provided in the Plan or this Agreement. The grant of this Award under the Plan is voluntary and occasional and does not create any contractual or other right to receive an additional award under the Plan or benefits in lieu of an additional award under the Plan, even if Awards have been granted repeatedly in the past. 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 an award, and the vesting provisions of an award. The Employee is voluntarily participating in the Plan, and the future value of the underlying Shares is unknown and cannot be predicted with certainty. Furthermore, in consideration of the grant of the Award, no claim or entitlement or damages shall arise from forfeiture or termination of the Award or diminution in value of the Award or the Shares resulting from the Employee's termination of employment (for any reason whatsoever and whether or not in breach of local labor laws, except if and only as otherwise expressly provided for in the Non-U.S. Addendum (as defined below).

- (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, this Award is 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 accepting this Award, the Employee agrees and is deemed to accept all the terms and conditions of this 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.
- (l) Amendment of this 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) 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.
- (o) 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.
- (p) Private Placement. The grant of the Performance 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 Performance Stock Units is not subject to the supervision of the local securities authorities.
- (q) 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, email address and telephone number, date of birth, social security number, passport number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Performance Stock Units, or any other entitlement to Shares 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 United States or elsewhere, and the Employee understands that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Employee's country. 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 on the Employee's behalf by a broker or other third party with whom the Employee may elect to deposit any Shares acquired pursuant to the Plan.

The Employee understands that the Employee may request a list with the names and addresses of any potential recipients of the Data by contacting the Employee's local human resources representative. The Employee understands that Data will be held only as long as is necessary to implement, administer and

manage the Employee's participation in the Plan. The Employee understands that the Employee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Employee's local human resources representative. The Employee understands, however, that refusing or withdrawing the Employee's consent may affect the Employee's ability to participate in the Plan. For more information on the consequences of the Employee's refusal to consent or withdrawal of consent, the Employee understands that the Employee may contact the Employee's local human resources representative.

- (r) 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 Performance 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 this 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.
- (s) Repatriation; Compliance with Laws. The Employee agrees, as a condition of the grant of the Performance Stock Units, to repatriate all Shares and/or payments attributable to the Performance 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 Shares delivered in settlement of the Performance 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 relating to the grant of the Award and the issuance of the Shares upon vesting. 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.
- (t) 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 with respect to the Performance Stock Units, be drawn up in English. If the Employee has received this Agreement, the Plan or any other documents related to the Performance 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.
- (u) Additional Requirements. The Company reserves the right to impose other requirements on the Performance Stock Units, any Shares acquired pursuant to

the Performance 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 Performance 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.

- (v) Non-U.S. Addendum. Notwithstanding any provisions herein to the contrary, the Performance 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 the addendum attached as Appendix A to this Agreement (the "Non-U.S. Addendum"). Further, if the Employee transfers the Employee's residence and/or employment to another country reflected in the Non-U.S. 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 Performance 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, the Non-U.S. 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: Brady D. Ericson

Title: Chief Executive Officer

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 Non-U.S. Addendum, the Plan and the Statement of Performance Goals. I agree to be bound by all of the provisions set forth in this Agreement, the Non-U.S. Addendum, the Plan and the Statement of Performance Goals.

Date Employee

Exhibit A
To Performance Stock Unit 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, office, title 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 and/or the Employer within 30 days after receipt of notice thereof given by the Employee; or
- b) any failure by the Company and/or the Employer 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 monthly base salary which has been earned but deferred, to the Employee by the Company and/or the Employer 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 opportunity at least equal to the bonus opportunity in effect for the Employee under the Company's Management Incentive Bonus Plan, or any comparable annual bonus under any predecessor or successor plan, immediately prior to the Change in Control,in either case, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company and/or the Employer within 30 days after receipt of notice thereof given by the Employee; or
- c) the Company and/or the Employer 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 A, any good faith determination of "good reason" made by the Employee shall be conclusive.

STATEMENT OF PERFORMANCE GOALS
FOR PERFORMANCE STOCK UNITS

This Statement of Performance Goals applies to the Performance Stock Units granted to the Employee on the Grant Date and applies with respect to the Performance Stock Unit Award Agreement between the Company and the Employee (the "Agreement"). Capitalized terms used in this Statement of Performance Goals that are not specifically defined in this Statement of Performance Goals have the meanings assigned to them in the Agreement.

Performance Goal

The Performance Goal for this Award of Performance Stock Units shall be Relative Total Stockholder Return or RTSR (as defined below). The maximum Shares that may be earned upon achievement of the Performance Goal is 200% of the Target Number of Performance Stock Units.

Definitions

For purposes of the Award, the following terms shall have the following meanings:

"Beginning Stock Price" with respect to any company means the average Split Adjusted closing price per share of such company's common stock as reported on the principal stock exchange on which the common stock is then traded during the month of December immediately prior to the first day of the Performance Period.

"Company Rank" means the number the Company ranks with respect to its Total Stockholder Return when compared to the entities in the Peer Group and shall be determined by listing, from highest Total Stockholder Return to lowest Total Stockholder Return, each entity in the Peer Group plus the Company and counting up (beginning with one) from the entity with the lowest Total Stockholder Return.

"Compensation Peer Group" means the following entities: Dana Incorporated, Autoliv, Inc., Dover Corporation, Oshkosh Corporation, Fortive Corporation, American Axle & Manufacturing Holdings, Inc., LCI Industries, The Timken Company, Sensata Technologies Holding plc, Visteon Corporation, Garrett Motion Inc., Allison Transmission Holdings, Inc., Cooper-Standard Holdings Inc., Modine Manufacturing Company, Gentex Corporation, Dorman Products, Inc., Superior Industries International, Inc., Fox Factory Holding Corp., and Standard Motor Products, Inc.

"Ending Stock Price" with respect to any company means the average Split Adjusted closing price per share of such company's common stock as reported on the principal stock exchange on which the common stock is then traded during the month of December immediately prior to the end of the Performance Period.

"Peer Group" means the entities in the Compensation Peer Group, other than such entities that do not remain in the Peer Group as of the end of the Performance Period after application of the Peer Group Adjustment Protocol.

"Peer Group Adjustment Protocol" means, unless otherwise determined by the Committee: (i) if an entity in the Compensation Peer Group files for bankruptcy and/or liquidation, is operating under

bankruptcy protection, or is delisted from its primary stock exchange because it fails to meet the exchange listing requirements, then such entity will remain in the Peer Group, but RTSR for the Performance Period will be calculated as if such entity achieved Total Stockholder Return placing it at the bottom (chronologically, if more than one such entity) of the Peer Group; and (ii) if, by the last day of the Performance Period, an entity in the Compensation Peer Group has been acquired and/or is no longer existing as a public company that is traded on its primary stock exchange (other than for the reasons as described in subsection (i) above), then such entity will not remain in the Peer Group and RTSR for the Performance Period will be calculated as if such entity had never been a member of the Peer Group.

“Relative Total Stockholder Return” or “RTSR” means the quotient of (i) Company Rank minus 1, divided by (ii) the total number of entities in the Peer Group.

“Split Adjusted” means that closing prices per share will be adjusted for corporate actions including ordinary dividends, special dividends, stock dividends and stock splits.

“Total Stockholder Return” with respect to a company means, with respect to each of the Shares and the common stock of each of the members of the Peer Group, a rate of return reflecting stock price appreciation, plus dividends, from the beginning of the Performance Period through the end of the Performance Period. In general, Total Stockholder Return shall be determined for each of the Company and each Peer Group entity as a percentage (rounded to the nearest two decimal places) based on the quotient of (i) the difference between the Ending Stock Price and the Beginning Stock Price, divided by (ii) the Beginning Stock Price.

Performance Goals

From 0% to 200% of the Performance Stock Units will be earned based on achievement of the Performance Goal during the Performance Period as follows:

Performance Level	RTSR	Payout Scale (Performance Stock Units Earned as a % of Target)
Below Threshold	Ranked at below 25 th percentile	0%
Threshold	Ranked at 25 th percentile	50%
Target	Ranked at 50 th percentile	100%
Maximum	Ranked at or above 75 th percentile	200%

Linear interpolation will be used between each of the levels shown on the table above. No Performance Stock Units will be earned if performance is below the “Threshold” level. No more than 200% of the Target Number of Performance Stock Units may be earned regardless of performance in excess of the “Maximum” level.

To determine the number of Earned Performance Stock Units, the actual “Performance Stock Units Earned as a % of Target” payout percentage will be multiplied by the Employee’s Target Number of Performance Stock Units.

Notwithstanding the foregoing, if the Company's Total Stockholder Return is negative, the number of Earned Performance Stock Units shall be capped at 100% of the Target Number of Performance Stock Units.

Determination of Earned Performance Stock Units

Except as otherwise provided in the Agreement and Plan, following the end of the Performance Period (and in any event within the calendar year following the calendar year in which the Performance Period ends), the Committee shall determine and certify to what extent the Performance Goal is satisfied and will determine the number of Earned Performance Stock Units for the Employee.

APPENDIX A
NON-U.S. ADDENDUM
Additional Terms and Conditions for Grant of Performance Stock Units
Under the PHINIA Inc. 2023 Stock Incentive Plan
February 2024

Terms and Conditions

This Appendix A (this “Non-U.S. Addendum”) includes additional terms and conditions that govern the performance stock units (the “Performance Stock Units”) granted to you under the PHINIA Inc. 2023 Stock Incentive Plan (the “Plan”) if you reside in one of the countries listed below. Certain capitalized terms used but not defined in this Non-U.S. Addendum have the meanings set forth in the Plan and/or your award agreement that relates to the Performance Stock Units (the “Agreement”). By accepting the Performance Stock Units, you agree to be bound by the terms and conditions contained in the paragraphs below in addition to the terms of the Plan, the Agreement, and the terms of any other document that may apply to you or the Performance Stock Units.

Notifications

This Non-U.S. Addendum also includes information regarding exchange controls and certain other issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of **February 2024**. Such laws are often complex and change frequently. As a result, it is strongly recommended that you not rely on the information in this Non-U.S. Addendum as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time the Performance Stock Units vest or you sell Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and PHINIA Inc. (the “Company”) is not in a position to assure you of a particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, if you transferred employment after the Performance Stock Units were granted to you, or if you are considered a resident of another country for local law purposes, the information contained herein may not apply.

COUNTRIES COVERED BY THIS NON-U.S. ADDENDUM:

Germany, the Republic of Korea, and the United Kingdom.

GERMANY

Terms and Conditions

There are no country-specific terms and conditions.

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If you use a German bank to transfer a cross-border payment in excess of €12,500 in connection with the sale of Shares acquired under the Plan, the bank will make the report for you. In addition, you must report any receivables, payables, or debts in foreign currency exceeding an amount of €5,000,000 on a monthly basis.

Data Privacy. Please consult the notice addressing the EU General Data Protection Regulation, which is attached hereto as **Addendum 1** and which replaces Section 9(q) of the Agreement.

THE REPUBLIC OF KOREA

Terms and Conditions

There are no country-specific terms and conditions.

Notifications

Tax Reporting. If you hold financial accounts outside of South Korea (i.e., non-Korean bank accounts, brokerage accounts, etc.) that have monthly balances that exceed 500 million won (or the local currency equivalent) on any month-end date during a calendar year, you must report such accounts to the Korean tax authorities in June of the year immediately following the year in which the 500 million threshold is exceeded. Significant penalties can be assessed if these reports are not timely filed.

THE UNITED KINGDOM

Terms and Conditions

Retirement. For purposes of Section 3(a) of the Agreement, "Retirement" shall only have the meaning set forth in Section 2.29(b) of the Plan.

Withholding. Section 6 of the Agreement is hereby amended and replaced in its entirety to read as follows:

- " 6 . **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 security, payroll tax, payment on account or other tax-related withholding, including, without limitation, United Kingdom income tax and primary class 1 (employee's) national insurance contributions that the Employer is liable to account for ("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: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Stock Units, including the grant of the Performance Stock Units, the vesting of the Performance Stock Units, the subsequent sale of any Shares delivered in settlement of the Performance Stock Units and the receipt of any dividends or dividend equivalents; and (b) do not commit to structure the terms of the grant or any aspect of this Award to reduce or eliminate the Employee's liability for Tax-Related Items.

To the extent that the Company or the Employer is required to withhold any Tax-Related Items in connection with the vesting or settlement of the Performance Stock Units or any other payment or vesting event under this Agreement (the "Withholding Tax Obligation"), and the amounts available to the Company for such withholding are insufficient, the Employee agrees that it shall be a condition to the receipt of such payment or the realization of such benefit that the Employee make arrangements satisfactory to the Company for payment of the Withholding Tax Obligation. If the Employee's benefit is to be received in the form of Shares, then, unless otherwise determined by the Committee, the Employee agrees that the Company will withhold a number of Shares with an aggregate Fair Market Value equal to the amount required to satisfy the Withholding Tax Obligation, in which case the Employee will be taken to have foregone the right to receive the number of Shares so withheld in order to make good the amount due from the Employee in respect of such Withholding Tax Obligation.

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 Performance Stock Units, the Employee

expressly consents to the withholding of Shares as provided for hereunder. All other Tax-Related Items related to the Performance Stock Units and any Shares delivered in settlement thereof are the Employee's sole responsibility.

The Employee hereby agrees that, together with the Employer, the Employee shall, in respect of the Shares to be delivered to the Employee on the vesting of the Performance Stock Units awarded under this Agreement, enter into a joint election under Section 431(1) of the United Kingdom Income Tax (Earnings and Pensions) Act 2003 in accordance with Sections 431(4) and (5) of the said Act and the Employee hereby further agrees that the Employee will deliver the said election, duly signed, to the Company, failing which the grant of the said Performance Stock Units by the Company shall be void and of no effect."

Termination Indemnities. Section 9(j) of the Agreement is hereby amended and replaced in its entirety to read as follows:

"(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, this Award is 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, except as otherwise required by law. The Employee's participation in the Plan is a matter entirely separate from any pension right or term or condition of employment and participation in the Plan shall in no respect affect the Employee's pension rights or terms or conditions of employment and, in particular (but without limitation), upon a Termination of Employment, the Employee shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under the Plan which the Employee might otherwise have had, whether such compensation is claimed by way of damages from wrongful dismissal or other breach of contract or by way of compensation for loss of office or otherwise, except as otherwise required by law."

Notifications

Data Privacy. Please consult the notice addressing the UK General Data Protection Regulation, which is attached hereto as **Addendum 1** and which replaces Section 9(q) of the Agreement.

ADDENDUM 1
Data Privacy Notice for Participants in the European Union and the United Kingdom

PHINIA Inc. 2023 Stock Incentive Plan (the “Plan”)

Dear Participant:

The EU General Data Protection Regulation (the “**EU GDPR**”) came into force on 25 May 2018. The United Kingdom’s implementation of the EU GDPR (the “**UK GDPR**”) applies following the United Kingdom’s withdrawal from the European Union (the UK GDPR, collectively with the EU GDPR, the “**GDPR**”). For the purposes of the GDPR, PHINIA Inc. (the “**Company**”) wants to make European Economic Area- and United Kingdom-based participants in the Plan aware that the Company holds certain Data (as defined below) about the participants. The Company also wants to explain why the Company holds this Data and to let each participant know how to raise any questions regarding the Company’s use of the Data. The purpose of this communication is to provide participants with this information.

This document constitutes a Notice under the GDPR. Copies of this Notice are also available for viewing online on the Fidelity web portal or by request using the contact details set out below.

This communication supplements information relating to the use of your Data set out in the relevant agreement, or agreements, including any addenda, issued to you under the Plan (the “**Agreements**”). Should there be any inconsistency between the terms of this Notice and the Agreements relating to the Company’s use of your Data, then this Notice is the document that will apply.

The term “**Data**” as used in this Notice includes your name, home address, email address, telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality and job title, as well as details of any shares, directorships, awards or any other equity or share rights you may have in the Company (whether awarded, cancelled, purchased, exercised, vested, unvested or outstanding).

Data Controller Entity: The Company is the Data Controller. The Company is a Delaware corporation, with its principal United States office at 3000 University Drive, Auburn Hill, Michigan 48326.

Purposes: Data is held for the exclusive purpose of implementing, administering and managing your participation in the Plan and to comply with all related legal obligations.

Legitimate Interests: The Company holds the Data for the legitimate interests of permitting participants to participate in the Plan, including implementing, administering and maintaining the Plan and each participant’s participation in the Plan and complying with related legal obligations.

International Transfers of Data: As the Company is based in the United States and the Agreements are performed in the United States, the Company can only meet its contractual obligations to you under the Agreements if your Data is processed by the Company in the United States. The performance of the contractual obligations of the Company to you is one of the legal bases for the transfer of the Data from the European Economic Area or the United Kingdom to the United States. You should be aware that the

United States may have different data privacy laws and protections than the data privacy laws in place in the European Economic Area and the United Kingdom.

Retention Period: Records relating to the Plan which contain Data are kept for the period required by law. This may be on an indefinite basis, as these Records are part of the statutory records of the Company.

Other Recipients: To fulfil its obligations under the Agreements, the Company may share Data with its subsidiary companies that employ participants in the Plan. In addition, Data may be transferred to certain third parties assisting in the implementation, administration and management of the Plan, such as share plan administrators and transfer agents. At your instruction, the Data will be shared with a broker or other third party whom you have instructed the Company to deposit shares or other securities acquired upon the vesting of any awards under the Agreements. Data may also be shared with the Company's information technology and human resources service providers, with its legal and professional advisors and with governmental, including taxation, authorities in the United States or other jurisdictions.

These recipients of Data may process the Data as processors (when processing the Data on behalf and upon instructions of the Company), or as distinct controllers (when processing the Data for their own purposes, such as fulfilling their own obligations).

Data Subject Rights: Participants have a number of rights under the GDPR. Depending upon the circumstances, these may include the right of data portability (where the Company helps a participant move Data to someone else at the participant's request), the right to object to, and/or the right to request the limitation of, the processing of the Data, the right to require the Company to update and correct the Data, the right to require erasure of the Data and the right for the participant to review the Data held by the Company and to require the Company to cease processing it and to have the Data processed by the Company restricted. You must understand, however, that the processing of the Data is necessary for the performance of the Plan and that if you do not provide your Data, or raise any such objection or request, it may affect your ability to participate in the Plan. For more information on the exercise of the above rights and in particular the consequences of a potential request for erasure or objection, please contact the Company using the contact details below.

You also have the right to lodge a complaint with the competent data protection supervisory authority of the EU Member State in which you are resident or with the Information Commissioner if you are a resident of the United Kingdom.

Data Security: The Company recognizes the importance of treating Data in a lawful, fair and transparent manner. The Company will apply appropriate technical and organizational measures to prevent the unlawful processing and/or the accidental loss or destruction of the Data.

Contact: If you have any questions concerning the processing of your Data or the terms of this Notice, you should contact Aaron Prince, VP Total Rewards, by using the following email address: aprince@phinia.com.

**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 (the “Employee”) a Stock Unit 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 Unit Award 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 by or in the service of the Company or an Affiliate through the applicable vesting date (each date set forth below, a “Vesting Date”):

<u>Vesting Date</u>	<u>Vested Percentage</u>
[_____]	33 1/3% of the Stock Units
[_____]	33 1/3% of the Stock Units
[_____]	Remainder of the 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 Unit 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). Such delivery of Shares shall be made to the Employee as soon as practicable on or after the applicable Vesting Date set forth in Section 1 with respect to such Stock Units (and related dividend equivalents), but in no event later than December 31 of the year in which such Vesting Date occurs.
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. For purposes of this Agreement (including for purposes of the Retirement definition), "Termination of Employment" shall mean the termination of the Employee's employment by and service to the Company and its Affiliates. Notwithstanding the foregoing, except as otherwise determined by the Committee, in its sole discretion, at the time of the Employee's Termination of Employment, Sections 3(a)-(c) below shall apply, to the extent applicable. In each case, Stock Units that vest pursuant to this Section 3 shall be paid at the time provided for in Section 2(b).
- (a) Death or Disability. If the Employee's Termination of Employment occurs on or after the first anniversary of the Grant Date and 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 occurring on or after the first anniversary of the Grant Date and not related to a Termination of Employment 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 Stock Units shall vest. The pro rata portion of the unvested Stock Units eligible to vest shall be determined by subtracting (1) the number of Stock Units that have previously vested, if any, from (2) the product of the total number of Stock Units 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 the number of full months covered by the vesting period set forth in Section 1.
 - (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 Retirement date provided in the notice), or (2) the date that the Employee ceases to be employed or 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).

1. Change in Control. In the event of a Change in Control, this Award shall be treated in accordance with Section 16 of the Plan or as set forth in the Employee's Change of Control Employment Agreement (if applicable), provided, however, that for purposes of Section 16.1(a)(5) of the Plan, 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.
2. 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 dividend in respect of Shares after the Grant Date and before the Stock Units are settled in accordance with Section 2(b) of this Agreement, the Employee's Stock Unit account shall be credited with an additional number of Stock Units determined by multiplying (i) the number of Stock Units that are unvested as of the dividend record date by (ii) the cash 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 whole number. Credits shall be made effective as of the date of the cash dividend in respect of Shares. 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 were credited, including, without limitation, the vesting conditions and distribution provisions contained herein.
3. 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: (a) 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 Shares delivered in settlement of the Stock Units and the receipt of any dividends or dividend equivalents; and (b) do not commit to structure the terms of the grant or any aspect of this Award to reduce or eliminate the Employee's liability for Tax-Related Items.

To the extent that the Company is required to withhold any Tax-Related Items in connection with the vesting or settlement of the Stock Units, or any other payment or vesting event under this Agreement, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such payment or the realization of such benefit that the Employee make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld. If the Employee's benefit is to be received in the form of Shares, then the Company will withhold a number of Shares having a value equal to the amount required to be withheld. The Shares used for tax or other withholding will be valued at an amount equal to the fair market value of such Shares on the date the benefit is to be included in

the Employee's income. The market value of the Shares to be withheld pursuant to this Section 6 to satisfy applicable withholding taxes or other amounts will equal the minimum amount of taxes required to be withheld.

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 as provided for hereunder. All other Tax-Related Items related to the Stock Units and any Shares delivered in settlement thereof are the Employee's sole responsibility.

4. 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 such 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 Award referring to the foregoing.

5. Clawback; Recoupment. The Employee acknowledges and agrees that the terms and conditions set forth in the PHINIA Inc. Compensation Recovery Policy (as amended and restated from time to time, the "Clawback Policy") are incorporated in this Agreement by reference. To the extent the Clawback Policy is applicable to the Employee, it may create additional rights for the Company with respect to the Employee's Stock Units and other applicable compensation, including, without limitation, annual cash incentive compensation awards granted to the Employee by the Company. Notwithstanding any provisions in this Agreement to the contrary, any equity compensation awards granted under the Plan and such other applicable compensation, including, without limitation, annual cash incentive compensation, will be subject to potential mandatory cancellation, forfeiture and/or repayment by the Employee to the Company to the extent the Employee is, or in the future becomes, subject to (a) any Company clawback or recoupment policy, including the Clawback Policy, and any other policies that are adopted by the Company, whether to comply with the requirements of any applicable laws, rules, regulations, stock exchange listing standards or otherwise, or (b) any applicable laws that impose mandatory clawback or recoupment requirements under the circumstances set forth in such laws, including as required by the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable laws, rules, regulations or stock exchange listing standards, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to awards and the recovery of amounts relating thereto. By accepting this Award under the Plan and pursuant to this Agreement, the Employee consents to be bound by the terms of the Clawback Policy, if applicable, and agrees and acknowledges that the Employee is obligated to cooperate with, and provide any and all assistance necessary to, the Company in its efforts to recover or recoup this Award, any gains or earnings related to this Award, or any other applicable compensation, including, without limitation, annual cash incentive compensation, that is subject to clawback or recoupment pursuant to such laws, rules, regulations, stock exchange listing standards or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery or recoupment by the Company from the Employee of any such amounts, including from the Employee's accounts or from any other compensation, to the extent permissible under Section 409A of the Code.
6. Miscellaneous.
- (a) Non-transferability. Neither the Stock Units 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 or the Plan, and neither the Stock Units nor this Award shall be subject to execution, attachment or similar process. In addition, by accepting this Award, the Employee agrees not to sell any Shares 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 Employee's address in the Company's records or such other address as Employee may designate in writing to the Company, or to the Attention: Executive Compensation, PHINIA Inc., at its corporate headquarters 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 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 the Plan and Other Agreements. 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, expressly cited herein or otherwise. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate with respect to the administration of the Plan and this Agreement, all of which shall be binding upon the Employee. To the extent applicable, this Award is also subject to all of the applicable terms and provisions set forth in the Employee's Change of Control Employment Agreement. 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 Agreement control. If there is any conflict between the terms of this Agreement and the terms of the Change of Control Employment Agreement, the terms of the Change of Control Employment Agreement shall apply.
- (f) Section 16 Compliance. To the extent necessary to comply with, or to avoid disgorgement of profits under the short-swing profit rules of, Section 16 of the Exchange Act, the Employee shall not sell or otherwise dispose of any Shares issued in settlement of the Stock Units.
- (g) Code Section 409A. For purposes of clarity and notwithstanding anything in the contrary set forth in the Plan, to the extent applicable, this Award is intended to comply with Section 409A of the Code and the regulations thereunder and shall be administered and interpreted in a manner consistent with such intent. If the Employee is a "specified employee" within the meaning of Section 409A of the Code at the time of the Employee's separation from service, then, to the extent required by Section 409A of the Code, any payment made to the Employee as a result of such separation from service shall be delayed until the first day of the seventh month following the month in which such separation from service occurs, or, if earlier, the date of the Employee's death.
- (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 Company and/or 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 established voluntarily by the Company, 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, unless otherwise provided in the Plan or this Agreement. The grant of this Award under the Plan is voluntary and occasional and does not create any contractual or other right to receive an additional award under the Plan or benefits in lieu of an additional award under the Plan, even if Awards have been granted repeatedly in the past. 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 an award, and the vesting provisions of an award. The Employee is voluntarily participating in the Plan, and the future value of the underlying Shares is unknown and cannot be predicted with certainty. Furthermore, in consideration of the grant of the Award, no claim or entitlement or damages shall arise from forfeiture or termination of the Award or diminution in value of the Award or the Shares resulting from the Employee's termination of employment (for any reason whatsoever and whether or not in breach of local labor laws, except if and only as otherwise expressly provided for in the Non-U.S. Addendum (as defined below).
- (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, this Award is 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 accepting this Award, the Employee agrees and is deemed to accept all the terms and conditions of this 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.
- (l) Amendment of this 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) 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.

- (o) 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.
- (p) 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.
- (q) 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, email address and telephone number, date of birth, social security number, passport number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Stock Units, or any other entitlement to Shares 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 United States or elsewhere, and the Employee understands that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Employee's country. 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 on the Employee's behalf by a broker or other third party with whom the Employee may elect to deposit any Shares acquired pursuant to the Plan.

The Employee understands that the Employee may request a list with the names and addresses of any potential recipients of the Data by contacting the Employee's local human resources representative. The Employee understands that Data will be held only as long as is necessary to implement, administer and manage the Employee's participation in the Plan. The Employee understands that the Employee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Employee's local human resources representative. The Employee understands, however, that refusing or withdrawing the Employee's consent may affect the Employee's ability to participate in the Plan. For more information on the consequences of the Employee's refusal to consent or withdrawal of consent, the Employee understands that the Employee may contact the Employee's local human resources representative.

- (r) 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 this 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.
- (s) Repatriation; Compliance with Laws. The Employee agrees, as a condition of the grant of the Stock Units, to repatriate all Shares and/or 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 Shares delivered in settlement of 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 relating to the grant of the Award and the issuance of the Shares upon vesting. 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.

- (t) 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 with respect 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.
- (u) 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.
- (v) Non-U.S. 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 the addendum attached as Appendix A to this Agreement (the "Non-U.S. Addendum"). Further, if the Employee transfers the Employee's residence and/or employment to another country reflected in the Non-U.S. 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, the Non-U.S. 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: Brady D. Ericson

Title: Chief Executive Officer

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 Non-U.S. Addendum and the Plan. I agree to be bound by all of the provisions set forth in this Agreement, the Non-U.S. Addendum and the Plan.

Date Employee

Exhibit A
To Stock Unit 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, office, title 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 and/or the Employer within 30 days after receipt of notice thereof given by the Employee; or
- b) any failure by the Company and/or the Employer 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 monthly base salary which has been earned but deferred, to the Employee by the Company and/or the Employer 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 opportunity at least equal to the bonus opportunity in effect for the Employee under the Company's Management Incentive Bonus Plan, or any comparable annual bonus under any predecessor or successor plan, immediately prior to the Change in Control,in either case, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company and/or the Employer within 30 days after receipt of notice thereof given by the Employee; or
- c) the Company and/or the Employer 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 A, any good faith determination of "good reason" made by the Employee shall be conclusive.

APPENDIX A
NON-U.S. ADDENDUM
Additional Terms and Conditions for Grant of Stock Units
Under the PHINIA Inc. 2023 Stock Incentive Plan
February 2024

Terms and Conditions

This Appendix A (this “Non-U.S. Addendum”) includes additional terms and conditions that govern the stock units (the “Stock Units”) granted to you under the PHINIA Inc. 2023 Stock Incentive Plan (the “Plan”) if you reside in one of the countries listed below. Certain capitalized terms used but not defined in this Non-U.S. Addendum have the meanings set forth in the Plan and/or your award agreement that relates to the Stock Units (the “Agreement”). By accepting the Stock Units, you agree to be bound by the terms and conditions contained in the paragraphs below in addition to the terms of the Plan, the Agreement, and the terms of any other document that may apply to you or the Stock Units.

Notifications

This Non-U.S. Addendum also includes information regarding exchange controls and certain other issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of **February 2024**. Such laws are often complex and change frequently. As a result, it is strongly recommended that you not rely on the information in this Non-U.S. Addendum as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time the Stock Units vest or you sell Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and PHINIA Inc. (the “Company”) is not in a position to assure you of a particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, if you transferred employment after the Stock Units were granted to you, or if you are considered a resident of another country for local law purposes, the information contained herein may not apply.

COUNTRIES COVERED BY THIS NON-U.S. ADDENDUM:

Germany, the Republic of Korea, and the United Kingdom.

GERMANY
Terms and Conditions

There are no country-specific terms and conditions.

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If you use a German bank to transfer a cross-border payment in excess of €12,500 in connection with the sale of Shares acquired under the Plan, the bank will make the report for you. In addition, you must report any receivables, payables, or debts in foreign currency exceeding an amount of €5,000,000 on a monthly basis.

Data Privacy. Please consult the notice addressing the EU General Data Protection Regulation, which is attached hereto as **Addendum 1** and which replaces Section 9(q) of the Agreement.

THE REPUBLIC OF KOREA

Terms and Conditions

There are no country-specific terms and conditions.

Notifications

Tax Reporting. If you hold financial accounts outside of South Korea (i.e., non-Korean bank accounts, brokerage accounts, etc.) that have monthly balances that exceed 500 million won (or the local currency equivalent) on any month-end date during a calendar year, you must report such accounts to the Korean tax authorities in June of the year immediately following the year in which the 500 million threshold is exceeded. Significant penalties can be assessed if these reports are not timely filed.

THE UNITED KINGDOM
Terms and Conditions

Retirement. For purposes of Section 3(b) of the Agreement, "Retirement" shall only have the meaning set forth in Section 2.29(b) of the Plan.

Withholding. Section 6 of the Agreement is hereby amended and replaced in its entirety to read as follows:

- " 6 . **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 security, payroll tax, payment on account or other tax-related withholding, including, without limitation, United Kingdom income tax and primary class 1 (employee's) national insurance contributions that the Employer is liable to account for ("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: (a) 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 Shares delivered in settlement of the Stock Units and the receipt of any dividends or dividend equivalents; and (b) do not commit to structure the terms of the grant or any aspect of this Award to reduce or eliminate the Employee's liability for Tax-Related Items.

To the extent that the Company or the Employer is required to withhold any Tax-Related Items in connection with the vesting or settlement of the Stock Units or any other payment or vesting event under this Agreement (the "Withholding Tax Obligation"), and the amounts available to the Company for such withholding are insufficient, the Employee agrees that it shall be a condition to the receipt of such payment or the realization of such benefit that the Employee make arrangements satisfactory to the Company for payment of the Withholding Tax Obligation. If the Employee's benefit is to be received in the form of Shares, then, unless otherwise determined by the Committee, the Employee agrees that the Company will withhold a number of Shares with an aggregate Fair Market Value equal to the amount required to satisfy the Withholding Tax Obligation, in which case the Employee will be taken to have foregone the right to receive the number of Shares so withheld in order to make good the amount due from the Employee in respect of such Withholding Tax Obligation.

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 as provided for hereunder. All other Tax-

Related Items related to the Stock Units and any Shares delivered in settlement thereof are the Employee's sole responsibility.

The Employee hereby agrees that, together with the Employer, the Employee shall, in respect of the Shares to be delivered to the Employee on the vesting of the Stock Units awarded under this Agreement, enter into a joint election under Section 431(1) of the United Kingdom Income Tax (Earnings and Pensions) Act 2003 in accordance with Sections 431(4) and (5) of the said Act and the Employee hereby further agrees that the Employee will deliver the said election, duly signed, to the Company, failing which the grant of the said Stock Units by the Company shall be void and of no effect."

Termination Indemnities. Section 9(j) of the Agreement is hereby amended and replaced in its entirety to read as follows:

"(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, this Award is 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, except as otherwise required by law. The Employee's participation in the Plan is a matter entirely separate from any pension right or term or condition of employment and participation in the Plan shall in no respect affect the Employee's pension rights or terms or conditions of employment and, in particular (but without limitation), upon a Termination of Employment, the Employee shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under the Plan which the Employee might otherwise have had, whether such compensation is claimed by way of damages from wrongful dismissal or other breach of contract or by way of compensation for loss of office or otherwise, except as otherwise required by law."

Notifications

Data Privacy. Please consult the notice addressing the UK General Data Protection Regulation, which is attached hereto as **Addendum 1** and which replaces Section 9(q) of the Agreement.

ADDENDUM 1
Data Privacy Notice for Participants in the European Union and the United Kingdom

PHINIA Inc. 2023 Stock Incentive Plan (the “Plan”)

Dear Participant:

The EU General Data Protection Regulation (the “**EU GDPR**”) came into force on 25 May 2018. The United Kingdom’s implementation of the EU GDPR (the “**UK GDPR**”) applies following the United Kingdom’s withdrawal from the European Union (the UK GDPR, collectively with the EU GDPR, the “**GDPR**”). For the purposes of the GDPR, PHINIA Inc. (the “**Company**”) wants to make European Economic Area- and United Kingdom-based participants in the Plan aware that the Company holds certain Data (as defined below) about the participants. The Company also wants to explain why the Company holds this Data and to let each participant know how to raise any questions regarding the Company’s use of the Data. The purpose of this communication is to provide participants with this information.

This document constitutes a Notice under the GDPR. Copies of this Notice are also available for viewing online on the Fidelity web portal or by request using the contact details set out below.

This communication supplements information relating to the use of your Data set out in the relevant agreement, or agreements, including any addenda, issued to you under the Plan (the “**Agreements**”). Should there be any inconsistency between the terms of this Notice and the Agreements relating to the Company’s use of your Data, then this Notice is the document that will apply.

The term “**Data**” as used in this Notice includes your name, home address, email address, telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality and job title, as well as details of any shares, directorships, awards or any other equity or share rights you may have in the Company (whether awarded, cancelled, purchased, exercised, vested, unvested or outstanding).

Data Controller Entity: The Company is the Data Controller. The Company is a Delaware corporation, with its principal United States office at 3000 University Drive, Auburn Hill, Michigan 48326.

Purposes: Data is held for the exclusive purpose of implementing, administering and managing your participation in the Plan and to comply with all related legal obligations.

Legitimate Interests: The Company holds the Data for the legitimate interests of permitting participants to participate in the Plan, including implementing, administering and maintaining the Plan and each participant’s participation in the Plan and complying with related legal obligations.

International Transfers of Data: As the Company is based in the United States and the Agreements are performed in the United States, the Company can only meet its contractual obligations to you under the Agreements if your Data is processed by the Company in the United States. The performance of the contractual obligations of the Company to you is one of the legal bases for the transfer of the Data from the European Economic Area or the United Kingdom to the United States. You should be aware that the

United States may have different data privacy laws and protections than the data privacy laws in place in the European Economic Area and the United Kingdom.

Retention Period: Records relating to the Plan which contain Data are kept for the period required by law. This may be on an indefinite basis, as these Records are part of the statutory records of the Company.

Other Recipients: To fulfil its obligations under the Agreements, the Company may share Data with its subsidiary companies that employ participants in the Plan. In addition, Data may be transferred to certain third parties assisting in the implementation, administration and management of the Plan, such as share plan administrators and transfer agents. At your instruction, the Data will be shared with a broker or other third party whom you have instructed the Company to deposit shares or other securities acquired upon the vesting of any awards under the Agreements. Data may also be shared with the Company's information technology and human resources service providers, with its legal and professional advisors and with governmental, including taxation, authorities in the United States or other jurisdictions.

These recipients of Data may process the Data as processors (when processing the Data on behalf and upon instructions of the Company), or as distinct controllers (when processing the Data for their own purposes, such as fulfilling their own obligations).

Data Subject Rights: Participants have a number of rights under the GDPR. Depending upon the circumstances, these may include the right of data portability (where the Company helps a participant move Data to someone else at the participant's request), the right to object to, and/or the right to request the limitation of, the processing of the Data, the right to require the Company to update and correct the Data, the right to require erasure of the Data and the right for the participant to review the Data held by the Company and to require the Company to cease processing it and to have the Data processed by the Company restricted. You must understand, however, that the processing of the Data is necessary for the performance of the Plan and that if you do not provide your Data, or raise any such objection or request, it may affect your ability to participate in the Plan. For more information on the exercise of the above rights and in particular the consequences of a potential request for erasure or objection, please contact the Company using the contact details below.

You also have the right to lodge a complaint with the competent data protection supervisory authority of the EU Member State in which you are resident or with the Information Commissioner if you are a resident of the United Kingdom.

Data Security: The Company recognizes the importance of treating Data in a lawful, fair and transparent manner. The Company will apply appropriate technical and organizational measures to prevent the unlawful processing and/or the accidental loss or destruction of the Data.

Contact: If you have any questions concerning the processing of your Data or the terms of this Notice, you should contact Aaron Prince, VP Total Rewards, by using the following email address: aprince@phinia.com.

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: April 25, 2024

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: April 25, 2024

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 March 31, 2024 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: April 25, 2024

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 March 31, 2024 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: April 25, 2024

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.