

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

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2025

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

(State or other jurisdiction of Incorporation or organization)

92-2483604

(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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

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

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

Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the registrant's common stock held by non-affiliates on June 30, 2025 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$1.7 billion, based on the closing price per share of the registrant's common stock on such date, as reported on the New York Stock Exchange.

As of February 5, 2026, the registrant had 37,915,162 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated herein by reference into the Part of the Form 10-K indicated.

Document

Part of Form 10-K into which incorporated

Portions of the PHINIA Inc. Proxy Statement for the 2026 Annual Meeting of Shareholders

Part III

PHINIA Inc
FORM 10-K
YEAR ENDED DECEMBER 31, 2025

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Unless the context requires otherwise, references in this Annual Report on Form 10-K (Form 10-K) to "PHINIA," the "Company," "we," "our" or "us" refer to PHINIA Inc. and its consolidated subsidiaries.

This Form 10-K contains forward-looking statements within the meaning of the U.S. federal securities laws. 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," and 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 and other factors, including geopolitical tensions and related trade restrictions, impacting the global transportation and industrial equipment industries;
- our inability to deliver new products, services and technologies in response to changing consumer preferences and evolving exhaust emissions regulations, or acceleration of the market for electric vehicles or deceleration of the market for alternative fuel technologies, including for use in internal combustion engines;
- competitive industry conditions;
- failure to identify, consummate, effectively integrate or realize the expected benefits from acquisitions, partnerships or other strategic investments;
- failure of or disruption in our technology infrastructure, including a disruption related to cybersecurity;
- pricing pressures from customers;
- elevated inflation rates and volatility in the costs of commodities used in the production of our products;
- difficulties launching new machine, engine or vehicle programs;
- changes in U.S. and foreign administrative policy, including increases in tariffs, changes to existing trade agreements and import or export licensing requirements and exchange controls, and any resulting changes in international trade relations;
- our inability to identify, attract, retain and develop a qualified global workforce;
- our inability to protect our intellectual property;
- failure to achieve the anticipated savings and benefits from restructuring and other actions, including those intended to improve future profitability and competitiveness, optimize our product portfolio and operations and execute our strategy;
- 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;
- economic, geopolitical, social and market conditions impacting our business in China;
- supply chain disruptions, including due to U.S. and foreign government action;
- our reliance on a limited number of OEM customers;
- work stoppages, production shutdowns and similar events or conditions;
- liabilities related to product warranties, litigation and other claims;

- current and future environmental, health and safety, human rights and other laws and regulations related to corporate sustainability;
- tax audits or similar processes, and changes in tax laws or tax rates taken by taxing authorities;
- governmental investigations and related proceedings regarding vehicle emissions standards, including related to diesel defeat devices;
- the impacts of climate change, regulations related to climate change, various stakeholders' emphasis on reducing the impacts of climate change and other related matters;
- compliance with and changes in other laws and regulations impacting our operations;
- impairment charges on goodwill, indefinite-lived intangible assets and long-lived assets;
- changes in interest rates and asset returns that increase our pension funding obligations;
- restrictive covenants and other requirements impacting our financial and operating flexibility pursuant to the agreements governing our indebtedness;
- risks relating to the Spin-Off, including a determination that the Spin-Off does not qualify as tax-free for U.S. federal income tax purposes, our or our Former Parent's failure to perform under, or additional disputes that may arise between the parties relating to, various transaction agreements executed in connection with the Spin-Off and any amendments and restatements thereto, and the availability of, and our ability to use, various credits and offsets detailed in such agreements or the settlement agreement between the Company and our Former Parent; and
- other risks and uncertainties described in Item 1A, "Risk Factors" and in our other reports filed from time to time with the Securities and Exchange Commission (the 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-K 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-K. The reconciliations include all information reasonably available to the Company at the date of this Form 10-K 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.

PART I**Item 1. Business**

PHINIA Inc. (together with its consolidated subsidiaries, the Company or PHINIA) is a Delaware corporation incorporated in 2023. The Company is a leader in the development, design and manufacture of integrated components and systems that are designed to 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 aerospace and defense), light commercial vehicles (vans and trucks) and light passenger vehicles (passenger cars, mini-vans, cross-overs and sport-utility vehicles). We are 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, we offer 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 (IAM).

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 BorgWarner'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.

Recent Acquisition

On August 1, 2025, the Company acquired 100% of Swedish Electromagnet Invest AB (SEM) for \$47 million, comprised of \$15 million of cash paid and \$32 million cash used to extinguish debt assumed through the acquisition. SEM is part of the Fuel Systems segment, and is a prominent provider of advanced natural gas, hydrogen and other alternative fuel ignition systems, injector stators and linear position sensors. Refer to Note 2, "Acquisition" to the Consolidated Financial Statements in Item 8 of this Form 10-K for more information.

Narrative Description of Reportable Segments

The Company reports its results under two reportable segments: Fuel Systems and Aftermarket.

In the fourth quarter of 2025, the Company made a strategic decision to shift a significant portion of the OES business, previously reported in its Aftermarket segment, to the Fuel Systems segment, as distribution will now be handled by the Fuel Systems locations that manufacture the products. This is expected to streamline the sales structure to external customers while also reducing administrative efforts. The reporting segment disclosures have been updated accordingly which included recasting prior period information for the new reporting structure.

Net sales by reportable segment were as follows:

(in millions)	Year Ended December 31,		
	2025	2024	2023
Fuel Systems	\$ 2,320	\$ 2,275	\$ 2,417
Aftermarket	1,306	1,282	1,231
Inter-segment eliminations	(143)	(154)	(148)
Net sales	\$ 3,483	\$ 3,403	\$ 3,500

The sales information presented above does not include the sales by the Company's unconsolidated joint venture (see sub-heading "Joint Venture" below). Such unconsolidated sales totaled approximately \$256 million, \$224 million, and \$228 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Fuel Systems

The Fuel Systems segment provides advanced fuel injection systems, fuel delivery modules, canisters, sensors, electronic control modules and associated software, as well as OES solutions. 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

The Aftermarket segment sells products to independent aftermarket customers. Its product portfolio includes a wide range of products as well as maintenance, test equipment and vehicle diagnostics solutions. Additionally, we offer a diverse portfolio of original equipment service solutions and remanufactured products. The Aftermarket segment also includes sales of starters and alternators to OEMs.

Financial Information About Reportable Segments

Refer to Note 24, "Reportable Segments and Related Information," to the Consolidated Financial Statements in Item 8 of this Form 10-K for financial information about the Company's reportable segments.

Joint Venture

As of December 31, 2025, the Company had one unconsolidated joint venture in which it exercises significant influence but has a less-than-100% ownership interest. Results from the unconsolidated joint venture are reported by the Company using the equity method of accounting pursuant to which the Company records its proportionate share of the joint venture's income or loss each period.

Management of the unconsolidated joint venture is shared with the Company's joint venture partner. Certain information concerning the Company's unconsolidated joint venture is set forth below:

Joint venture	Products	Year organized	Percentage owned by the Company	Location of operation	Joint venture partner
Delphi-TVS Diesel Systems Ltd	Diesel fuel injection equipment	2001	52.5%	India	Cheema TVS Industrial Ventures Private Limited

Financial Information About Geographic Areas

The Company has a global presence. During the year ended December 31, 2025, approximately 37% of the Company's net sales were generated in the United States, and 63% were generated outside the United States. Refer to Note 24, "Reportable Segments and Related Information," to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional financial information about geographic areas.

Product Lines and Customers

During the year ended December 31, 2025, approximately 35% of the Company's net sales were for Service (OES and IAM), approximately 25% were for light passenger vehicle applications, approximately 19% were for light commercial vehicle applications, approximately 15% were for medium and heavy duty commercial vehicle applications, and 6% for off-highway, industrial and other markets.

During the year ended December 31, 2025, approximately 16% of the Company's net sales were gasoline fuel systems for light passenger vehicle applications and approximately 12% were diesel fuel systems for medium and heavy duty commercial vehicle applications.

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The Company's worldwide net sales to General Motors Company during the years ended December 31, 2025, 2024, and 2023 were 18%, 17%, and 16%, respectively. No other single customer accounted for more than 10% of the Company's consolidated net sales in any of the years presented. Sales to the Company's top five customers represented 37% of sales for the year ended December 31, 2025.

Certain of the Company's products are generally sold directly to OEMs, substantially pursuant to negotiated annual contracts, long-term supply agreements or terms and conditions as may be modified by the parties. Deliveries are subject to periodic authorizations based upon OEM production schedules. The Company typically ships its products directly from its plants to the OEMs.

Sales and Marketing

The Fuel Systems and Aftermarket segments each have their own sales function. Account managers for each of our businesses are assigned to serve specific customers for one or more of the businesses' products. Account managers spend the majority of their time in direct contact with customers' purchasing and engineering employees and are responsible for servicing existing business and for identifying and obtaining new business. Because of their close relationship with customers, account managers are able to identify and meet customers' needs based upon their knowledge of our product design and manufacturing capabilities. Upon securing a new order, account managers participate in product launch team activities and serve as a key interface with customers. In addition, sales and marketing employees of our reportable segments often work together to explore cross-development opportunities where appropriate.

Seasonality

Our operations are directly related to the commercial vehicle and light vehicle industries. Consequently, our segments may experience seasonal fluctuations to the extent vehicle production slows, such as for OEM shutdowns in summer or winter, and for aftermarket parts depending on primary repair periods (summer for buses) or primary failure periods due to extreme heat or cold.

Research and Development

We have our own research and development (R&D) organization, including engineers and technicians, engaged in R&D activities at facilities around the globe. We also operate testing facilities such as prototype, measurement and calibration, life-cycle testing, dynamometer testing and validation laboratories. By working closely with OEMs and other customers and anticipating their future product needs, our R&D employees conceive, design, develop, test and validate new proprietary components and systems. R&D employees also work to improve current products and production processes. We believe our commitment to R&D will allow us to continue to obtain new orders from our customers.

Our net R&D costs are primarily included in selling, general and administrative expenses of the Consolidated Statements of Operations. Customer reimbursements are netted against gross R&D costs 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.

(in millions)	Year Ended December 31,		
	2025	2024	2023
Gross R&D costs	\$ 190	\$ 209	\$ 188
Customer reimbursements	(85)	(97)	(80)
Net R&D costs	\$ 105	\$ 112	\$ 108

Net R&D costs as a percentage of net sales were 3.0%, 3.3% and 3.1% for the years ended December 31, 2025, 2024 and 2023, respectively.

Intellectual Property

Intellectual property rights are important and valuable assets to our company. We have in the past and will continue in the future to file applications to protect our own rights, or to obtain licenses from third parties, when and where appropriate. We currently hold over 2,750 active pending applications and issued patents worldwide, and over 1,900 pending and registered trademarks worldwide. Many of our trademarks are well-known in the markets in which we

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operate, and are key differentiators in particular for our aftermarket business. In certain instances, we also license some of our intellectual property assets to third parties, and in some cases, receive royalties in return. While we consider our intellectual property portfolio on the whole to be important, we do not consider our business to be materially dependent upon any one single intellectual property right or agreement.

Competition

We compete globally with a number of other manufacturers and distributors that produce and sell similar products. Many of these competitors are larger, have more diverse product portfolios and have greater resources than us. Price, quality, speed of delivery, technological innovation, supply chain resilience, sourcing strategies, engineering development, scope of product technology system solutions, and program launch support are primary elements of competition.

Our major competitors are Robert Bosch GmbH, Cummins Inc., Denso Corporation, Dorman Products, Inc., Hitachi Astemo, Ltd., Hyundai KEFICO, Marelli, Valeo, Schaeffler Group, SEG Automotive, Aisan Industry Co., Ltd., Tenneco, ZF Group, SMP Auto Inc., Vitesco Technologies, Kayser, Mahle GmbH, and TI Fluid Systems.

For many of our products, our competitors include suppliers in parts of the world that enjoy economic advantages such as lower labor costs, lower health care costs, lower tax rates and, in some cases, export or raw materials subsidies. Also, see Item 1A, "Risk Factors."

Human Capital Management

Our ability to attract, engage, retain and develop a highly skilled workforce globally is critical to our long-term success and growth. We believe the skills, backgrounds, experiences, and industry knowledge of our talented employees are critical to our success and advance our efforts in cultivating an inclusive culture, driving operational excellence, executing our business strategy and providing innovative products and solutions designed to solve our customers' biggest challenges.

Our people strategy framework focuses on developing and empowering our people to deliver business results through our PHINIA core values. Through this framework, we enable an inclusive, performance-based environment that fosters learning and skills development, while providing programs, processes and resources that support our people in delivering business value and advancing our vision of powering a better tomorrow.

As of December 31, 2025, our workforce was composed of 12,500 salaried and hourly employees, with a geographically diverse footprint.

Americas	5,500
Asia	1,700
Europe	5,300
Total Employees	12,500
Salaried	4,900
Hourly	7,600
Total Employees	12,500

We advance our people strategy and empower and support our employees through talent and development programs, our total rewards program, health and safety initiatives, our inclusion strategy and community engagement efforts.

Learning, Development and Engagement. We develop and empower our greatest asset, our people, to reach their full potential and deliver business results while embracing our shared values. Through training and formal development opportunities, we support employees in building the skills needed to achieve both short- and long-term career goals. We have our own tailored technical training along with a Leadership Development Program specifically designed to grow our technical and leadership pipelines. Our programs are delivered through multiple formats to ensure flexibility, accessibility, and scalability, making our learning solutions adaptable to the needs of an evolving global workforce and workplace.

Our formal performance management process, which leverages our human capital management system, enables managers and employees to set goals aligned with our business strategy and core values, provide ongoing feedback and identify development opportunities to help employees reach their full potential. We also offer

traditional and reverse mentoring programs. Our reverse mentoring program pairs early-career talent with senior leaders to foster collaboration, encourage dialogue, and broaden perspectives across the organization. Additionally, we maintain a regular cadence of talent reviews and robust succession planning for key roles. These processes leverage talent pools to tailor development opportunities in line with career aspirations and organizational needs.

We regularly conduct employee engagement surveys to gather feedback on a range of topics and use these insights to develop action plans across the organization. Our goal is to continuously enhance employee experience and maintain a highly engaged, motivated workforce committed to delivering exceptional results. Through our latest comprehensive engagement survey conducted in 2024, 84% of employees responded, helping to identify several opportunities to enhance our employee experience.

Total Rewards. Our “YOU Matter” total rewards program is aligned to our people strategy framework and critical to our ability to attract, engage and retain a highly skilled workforce. Through this program, we deliver benefits and resources that support the physical, mental and financial well-being of our employees, tailoring programs to geography and locally identified employee and business needs. Additionally, we recognize employees and their contributions through several recognition and reward programs, as well as through the delivery of market-competitive compensation.

Benefit packages include benefits and programs designed to support health and well-being, including disease prevention, management of chronic conditions and programs and resources to support employees in improving or managing their financial, emotional and physical well-being. All full- and part-time employees are eligible to participate in our retirement plans and family-friendly leave programs, unless precluded by collective bargaining agreements or national statutory plans.

Our compensation infrastructure for salaried employees provides a globally consistent framework, with appropriate flexibility and country-specific salary structures informed by comprehensive market compensation surveys, business needs and other data. This infrastructure informs pay decisions, supporting our ability to provide competitive compensation and enabling us to attract and retain highly skilled talent. Our competitive compensation packages also are consistent with employee positions, skill levels, experience, knowledge, and geographic location. We support the principle of equal pay for equal work and are committed to periodically engaging external advisors to assess and advise on our compensation practices, programs, and principles.

Inclusion. Humility, inclusivity, integrity, and accountability are core values that guide our people-focused and inclusive culture. Recognizing differences in backgrounds and experiences as strengths enables us to foster this culture, which we believe drives innovation, enhances employee engagement and improves customer connection, ultimately leading to greater business success. We provide employees with tools and opportunities to help them reach their full potential. Our employees are also provided with the opportunity to participate, on a voluntary basis, in programs and initiatives at the global and local level that are intended to support the attraction, engagement, retention and development of highly skilled talent, promote effective collaboration in an environment free of all discrimination and biases, and form teams with a range of perspectives, skills and backgrounds.

Our Code of Ethical Conduct (the Code) outlines the standards that we hold each other and ourselves accountable to, defining the behaviors and actions expected for employees to act ethically, honestly and responsibly. The Code sets the tone for employee interactions with each other and external stakeholders to create a respectful and productive business environment. We reinforce our employees’ understanding of the Code through required training for new hires, as well as refresher training for all employees.

We recognize that, at certain locations where we operate, employees have freedom of association rights with third-party organizations such as labor unions. We respect and support those rights, including the right to collective bargaining, in accordance with local laws. Employees at some of our non-U.S. facilities are unionized and, in certain countries, particularly within Europe, certain employees are represented by an employee organization, such as a works council.

Health and Safety. The health and safety of our employees is a top priority – discussed on a regular basis at the highest level by our CEO and management, with strategic direction provided by our Global Safety Leadership team consisting of members of management, health and safety leaders and plant managers from all regions. We are dedicated to continually improving health and safety performance through education, managing and mitigating risk and maintaining a culture where safety comes first and is embedded in our core values. We maintain safety management systems at all of our manufacturing facilities. Our manufacturing locations that supply directly to OEM customers are certified to the ISO 45001:2018, 14001 and IATF 16949/ISO 9001 standards, with the exception of one facility that was acquired by the Company during 2025 in connection with the SEM acquisition.

We engage employees across different roles and geographies through ongoing workplace safety training and prevention initiatives, best practice sharing, safety meetings and recognition programs. These initiatives and programs aim to facilitate engagement, share successes and focus on employees continually improving the safety of our work environments and fostering safe and healthy practices.

Community Engagement. Through our community engagement initiatives, we believe in supporting the communities in which we live and work, encouraging employee involvement in local activities and charities. We focus on three core pillars of community engagement – Education, Clean World, and Community Service – in reinforcing our commitment to leading responsibly and supporting our communities.

Raw Materials

We use a variety of raw materials in the production of our products including aluminum, copper, nickel, plastic resins, steel, certain alloy elements, and semiconductor chips. Manufacturing operations for each of our operating segments are dependent upon natural gas (including carbon dioxide and helium), fuel oil, and electricity.

We use a variety of measures to limit the impact of supply shortages and inflationary pressures. Our global procurement organization works to accelerate cost reductions, purchase from best-cost regions, optimize the supply base, and mitigate risk, including through near shoring and dual sourcing strategies. In addition, we use long-term contracts, cost sharing arrangements, design changes, and limited financial instruments to help control costs wherever beneficial. The Company intends to use similar measures in 2026 and beyond. Refer to Note 16, "Financial Instruments," to the Consolidated Financial Statements in Item 8 of this Form 10-K for information related to the Company's hedging activities.

Prices for commodities remain volatile, and since 2024 the Company has experienced price increases for energy, gases and base metals (e.g., steel, aluminum and copper). In addition, many global economies are experiencing elevated levels of trade restrictions, which is driving an increase in other input costs. As a result, the Company has experienced, and expects to continue to experience, higher costs.

New trade regulations, including export controls on rare earth metals and semiconductors, increases in tariffs and elevated levels of steel mill plant closures could also have a material impact on our business by increasing our input costs or limiting supplies, ultimately requiring more flexibility in our supply locations through near shoring and dual sourcing.

Government Regulations

We are subject to extensive and varied laws and regulations in the jurisdictions in which we operate, including those relating to: anti-corruption and trade; anti-money laundering; import and export compliance; antitrust; corporate sustainability, including environmental, health and safety and human rights; data security and privacy; employment; intellectual property; transportation; zoning; and fire codes. Our policies mandate compliance with all applicable laws and regulations, and we operate our business in accordance with standards and procedures designed to comply with these laws and regulations.

Our practice is to identify potential regulatory and quality risks early in the design and development process and proactively manage them throughout the product lifecycle through the use of routine assessments, protocols, standards, performance measures and audits. New regulations and changes to existing regulations are managed in collaboration with our OEM and other customers and implemented through our global systems and procedures designed to ensure compliance with existing laws and regulations. We demonstrate material content compliance through the International Material Data System (IMDS), which is the vehicle industry material data system. In the IMDS, all materials used for vehicle manufacturing are archived and maintained to meet the obligations placed on the vehicle manufacturers, and thus on their suppliers, by national and international standards, laws and regulations.

The Company works collaboratively with a number of stakeholder groups, including government agencies such as the National Highway Traffic Safety Administration, our customers and our suppliers, to proactively engage in federal, state and international public policy processes.

Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," for a discussion of the impact of environmental regulations on the Company's business. Also, see Item 1A, "Risk Factors."

Available Information

Through the Company's investor relations website (investors.phinia.com), the Company makes available, free of charge, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, all amendments to those reports, and other filings with the SEC as soon as reasonably practicable after they are filed or furnished.

Dissemination of Company Information

The Company intends to make future announcements regarding Company developments and financial performance through its websites, www.phinia.com and investors.phinia.com, as well as through press releases, filings with the SEC, conference calls and webcasts.

Information About Our Executive Officers

Set forth below are the names, ages, positions and certain other information concerning the Company's executive officers and officers within the meaning of Rule 16a-1(f) of the Exchange Act as of February 12, 2026.

Name (Age)	Present Position (Effective Date)	Positions Held During the Past Five Years (Effective Date)
Brady D. Ericson (54)	President and Chief Executive Officer (July 2023)	<ul style="list-style-type: none"> President and General Manager, Fuel Systems and Aftermarket BorgWarner (2022-July 2023) President and General Manager, Morse Systems, BorgWarner (2019-2022)
Chris P. Gropp (61)	Senior Vice President and Chief Financial Officer (January 2026)	<ul style="list-style-type: none"> Vice President and Chief Financial Officer (July 2023-January 2026) Vice President of Finance, Fuel Systems and Aftermarket, BorgWarner (2020-July 2023)
Pedro Abreu (48)	Vice President and Chief Strategy Officer (July 2024)	<ul style="list-style-type: none"> Vice President and General Manager, Fuel Systems Asia Pacific (July 2023 - July 2024) Vice President and General Manager Asia, Fuel Systems, BorgWarner (2021-July 2023) Plant Manager Tulle, France, BorgWarner (2019-2021)
Todd L. Anderson (56)	Vice President and Chief Technology Officer (July 2023)	<ul style="list-style-type: none"> Vice President and General Manager, Fuel Systems (Europe, Middle East, Africa), BorgWarner (2021-July 2023) Vice President and Managing Director, Diesel Fuel Injection Systems, BorgWarner (2020-2021)
Robert Boyle (46)	Senior Vice President, General Counsel and Secretary (January 2026)	<ul style="list-style-type: none"> Vice President, General Counsel and Secretary (July 2023-January 2026) Vice President and General Counsel (Europe), BorgWarner (2020-July 2023)
Michael Coetzee (59)	Vice President and General Manager, Fuel Systems Americas (July 2023)	<ul style="list-style-type: none"> Vice President and General Manager, Morse Systems, Americas, BorgWarner (2020-July 2023) Vice President and General Manager, Transmission Systems, Americas, BorgWarner (2016-2020)
Alisa Di Beasi (51)	Senior Vice President and Chief Human Resource Officer (January 2026)	<ul style="list-style-type: none"> Vice President and Chief Human Resource Officer (July 2023-January 2026) Vice President, Global Human Resources, Morse Systems, BorgWarner (2020-July 2023)
Sebastian Dori (45)	Vice President and Chief Purchasing Officer (July 2023)	<ul style="list-style-type: none"> Vice President, Global Supply Management, Fuel Systems, BorgWarner (2021-July 2023) Director, Global Supply Chain Management, Morse Systems, BorgWarner (2020-2021)
Christopher Gustanski (52)	Vice President, Operational Excellence (July 2023)	<ul style="list-style-type: none"> Vice President Manufacturing Strategy and Quality, BorgWarner (2020-July 2023) Vice President Manufacturing Engineering, Powertrain Products and Corporate Manufacturing Engineering, Lean, and Footprint Planning, Delphi Technologies (2019-2020)
Neil Fryer (64)	Vice President and General Manager, Global Aftermarket (July 2023)	<ul style="list-style-type: none"> Vice President and General Manager, Global Aftermarket, BorgWarner (2022-July 2023) Vice President Global Marketing, Product and Strategic Planning, Aftermarket, BorgWarner (2020-2022)
John Lipinski (58)	Vice President and General Manager, Fuel Systems Europe (July 2023)	<ul style="list-style-type: none"> Vice President, Global Manufacturing Engineering, PowerDrive Systems, BorgWarner (2022-July 2023) Senior Director Global Manufacturing Engineering and Operations, PowerDrive Systems, BorgWarner (2020-2022) Global Operations Senior Director, Delphi Technologies (2019-2020)
Matthew Logar (50)	Senior Vice President and Chief Information Officer (January 2026)	<ul style="list-style-type: none"> Vice President and Chief Information Officer (July 2023-January 2026) Chief Information Officer, Gentherm Incorporated (thermal management technologies company) (2020-July 2023)
Samantha M. Pombier (44)	Vice President and Controller (July 2023)	<ul style="list-style-type: none"> Assistant Controller, BorgWarner (2020-July 2023) Director, External Reporting, BorgWarner (2019-2020)
Hongyong (Hank) Yang (51)	Vice President and General Manager, Fuel Systems Asia Pacific (July 2024)	<ul style="list-style-type: none"> Country Director (China) and General Manager Fuel Systems (China) (July 2023-July 2024) General Manager Fuel Systems (China), BorgWarner (2021-July 2023)

Item 1A. Risk Factors

Our business is subject to various risks and uncertainties. While we believe we have identified and discussed below the key risk factors affecting our business, there may be additional risks and uncertainties not presently known to PHINIA or that PHINIA currently deems immaterial that may materially adversely affect us in future periods. Any of the risks and uncertainties described below could have a material adverse effect on our business, financial condition, or results of operations, including causing PHINIA's actual results to differ materially from those projected in any forward-looking statements. Although the risks are organized by heading, and each risk is described separately, many of the risks are interrelated.

Risks Related to Our Industry and Strategy

Adverse changes in general business and economic conditions, including recessions, adverse market conditions or downturns and other factors, including geopolitical tensions and related trade restrictions, impacting the transportation and industrial equipment industries, have in the past and may in the future adversely affect our business, financial condition, and results of operations.

Our business, financial condition and results of operations are sensitive to global and regional business and economic conditions, particularly those specific to the global automotive and industrial equipment industries. Commercial vehicle, light commercial vehicle, light passenger vehicle, and industrial application production and sales are cyclical and sensitive to general economic conditions and other factors, including geopolitical tensions, inflation (including related to the cost of labor and the price of commodities), interest rates, consumer credit, and consumer spending and preferences. Economic declines resulting in significant reductions in commercial vehicle, light commercial vehicle and light passenger vehicle production have in the past adversely affected our business, financial condition and results of operations, including our sales to OEMs, and could have similar effects in the future. Many global economies have experienced elevated levels of inflation more generally, which has led to an increase in other input costs. As a result, the Company has experienced, and may continue to experience, higher costs. In addition, geopolitical tensions and related trade restrictions, including export controls, and tariff increases could have a material impact on our business, financial condition and results of operations, including increasing our input costs and decreasing demand in the commercial vehicle and light vehicle markets, although the nature of those trade restrictions and tariffs remains unclear. These new trade restrictions and tariffs increase the risk for further elevated inflation more generally, which may drive an increase in other input costs. Although the Company has offset higher costs through a combination of productivity and customer recoveries in the past, there can be no guarantee that the Company will continue to be successful in doing so in the future should inflation remain at elevated levels or further increase.

If we do not deliver new products, services and technologies in response to changing consumer preferences and evolving exhaust emissions- regulations, or if the market for electric vehicles grows faster than expected and the market for alternative fuel technologies, including for use in internal combustion engines, develops slower than expected, our business, financial condition, and results of operations could be adversely impacted.

The global transportation industry has been, and is largely expected to continue to be, focused on increased fuel efficiency and reduced emissions, including the development of hybrid electric and alternative fuel vehicles, primarily as a result of changing consumer preferences and increasingly stringent regulatory requirements in certain jurisdictions related to the impacts of climate change. In past years, electric vehicle use has increased, with some cities limiting access to, and a number of countries and jurisdictions implementing regulations that require a reduction or phase-out of sales of, certain commercial and light combustion-powered vehicles, accelerating toward 2030 and beyond. While growth rates of electric vehicle adoption and production have slowed in recent years compared to earlier expectations due to several factors, particularly lower than anticipated consumer acceptance and infrastructure challenges, the regulatory landscape remains challenging. If reductions or phase outs are ultimately required, that would have an impact on production at OEMs and, in turn, sales of our products. The ongoing energy transition away from fossil fuels in certain jurisdictions and the adoption of electrified powertrains in some markets (notably the passenger car segment, and to some degree in the light and medium duty commercial vehicle segments) has resulted, and could continue to result, in lower demand for certain of our products. We will continue to consider these trends and related shifts in the global transportation and other industries in which we operate, including in the context of our product line, growth and innovation and development strategies.

Through our products and solutions, we are focused on enhancing fuel efficiency and driving growth through our ability to capitalize on other strategies for lower carbon mobility, such as the transition to alternative fuels (e.g., hydrogen, ammonia, ethanol, methanol, compressed natural gas, bio-fuels and other zero- and lower-carbon fuel

types) for combustion-powered vehicles, industrial machinery and other applications. Given the early stages of development of some of these products and solutions and the infrastructure challenges that accompany certain alternative fuel adoption, there can be no guarantee of future market acceptance, regulatory acceptance and investment returns with respect to our planned products and solutions.

If we do not continue to develop or acquire new and compelling products that gain acceptance with our customers, if we do not focus innovation activities on practical, efficient solutions, or if we do not expand our offerings of combustion-agnostic products and solutions and realize the anticipated benefits of our investments in alternative fuel technologies, our competitive position and business, financial condition and results of operations could be adversely impacted. In addition, if the market adoption for electric vehicles (particularly light and medium duty commercial vehicles) grows faster than expected, or if authorities implement additional, more stringent or new limits or phase-outs for combustion-powered vehicles, other modes of transportation or industrial equipment on a broad basis, our competitive position and business, financial condition and results of operations could be adversely impacted.

We face strong competition.

We compete globally with a number of manufacturers and distributors that produce and sell products and solutions that are similar to ours. Price, quality, speed of delivery, technological innovation, supply chain resilience, sourcing strategies, engineering development, scope of product technology system solutions, and program launch support are primary elements of competition. Our competitors include a large number of independent domestic and international suppliers, primarily in the global transportation and industrial equipment industries. A number of our competitors are larger than us and have more diverse product portfolios, and some competitors have greater financial and other resources than we do. Our customers, faced with intense international competition, have continued to expand their global sourcing of components. As a result, we have experienced increased competition from suppliers in other parts of the world, including suppliers that may enjoy economic advantages, such as lower labor costs, lower healthcare costs, lower tax rates and, in some cases, export or raw material subsidies. In addition, the global transportation industry is experiencing a period of technological change, including related to advances in artificial intelligence (AI) technologies. We expect AI, including machine learning and neural network capabilities, to play an increasing role in our design, manufacturing, sourcing and other activities, which will generate both opportunities and risks for our business.

Any of our competitors may foresee the course of market development more accurately than we do, enter new segments (or expand in segments that are newer to our business) earlier and more effectively than we do, develop products and solutions that are superior to our offerings, adopt or utilize AI capabilities in their design, manufacturing, sourcing and other activities more effectively than we do, produce similar products at a cost that is lower than our production cost, or adapt more quickly than we do to new technologies or evolving consumer preferences and customer and regulatory requirements. As a result, our products and solutions may not be able to compete successfully with those of our competitors, and we may not be able to meet the growing demands of our customers. These trends could adversely affect our competitive position, business, financial condition and results of operations, including our sales and the profit margins on our products and solutions.

The failure to identify, consummate, effectively integrate or realize the expected benefits from acquisitions, partnerships or other strategic investments could adversely affect our growth and our business, financial condition, and results of operations.

We periodically evaluate selective acquisitions, partnerships, and other strategic investments in connection with our growth strategy. The success of our growth strategy is dependent, in part, on our ability to identify suitable acquisition or partnership candidates, prevail against competing potential acquirers or partners and negotiate and consummate acquisitions or partnerships on terms attractive to us. It is also dependent on our ability to effectively integrate and realize the expected benefits from acquisitions or partnerships. On August 1, 2025, we completed our first acquisition as an independent publicly traded company, acquiring 100% of SEM, a prominent provider of advanced natural gas, hydrogen and other alternative fuel ignition systems, injector stators, and linear position sensors, and our integration efforts are ongoing.

To realize the anticipated benefits of acquisitions or partnerships, including the SEM acquisition, the combination must be successful. The combination of independent businesses is a complex, costly, and time-consuming process that requires significant management attention and resources. It is possible that the integration process could result in: the loss of key employees; the disruption of our operations; the inability to maintain or increase our competitive presence; inconsistencies in standards, controls, procedures and policies; difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from the acquisition; the diversion of

management's attention to integration matters; difficulties in the assimilation of operations, employees and corporate cultures; and/or the realization of unknown or inestimable liabilities relating to the acquired business or inaccurate assessment of undisclosed, contingent, or other liabilities or complexities. Any or all of these factors could adversely affect our ability to maintain relationships with customers, suppliers, and employees, or achieve the anticipated benefits of the acquisition on the timeline expected, and could have an adverse effect on the combined company. In addition, many of these factors are outside of our control, and any one of these factors could result in additional or unforeseen costs, decreases in the amount of expected revenues and additional diversion of management's time and energy, which could adversely impact our business, financial condition, and results of operations.

The success of our growth strategy is also dependent, in part, on our ability to identify and realize the expected benefits of other strategic investments and opportunities for growth, such as through diversifying or expanding our current offerings, and successfully launching programs in segments that are newer to our business, such as aerospace and defense. If we are not successful in our efforts to diversify or expand our current offerings, grow our business in newer segments, or identify and realize the expected benefits of other strategic investments, our competitive position and business, financial condition and results of operations could be adversely impacted.

Risks Related to Our Business and Operations

A failure of or disruption in our technology infrastructure, including a disruption related to cybersecurity, could adversely impact our business, financial condition, and results of operations.

We rely on the capacity, reliability, and security of our technology systems and infrastructure, including operational technology and industrial control systems that support our global manufacturing, testing, and quality assurance processes. We also depend on third-party service providers, software suppliers (including providers of enterprise resource planning applications), and manufacturing partners. These systems are vulnerable to disruptions (including those resulting from cybersecurity attacks), failures or vulnerabilities in third-party provided products and services (including relating to certain end-of-life or unsupported systems or hardware), and natural disasters or adverse weather events. Although we employ due diligence, ongoing monitoring, risk assessments, system and hardware modernization initiatives and other protective measures, vulnerabilities or failures (including previously unknown vulnerabilities) of these systems could result in production delays, increased costs, or other adverse impacts that we may not be able to prevent or fully mitigate. In addition, the rapid evolution and increased adoption of AI technologies may intensify our cybersecurity risks, including risks of model manipulation, data leakage, the introduction of insecure code and social engineering using AI-generated content. Disruptions in, attacks on, and the integrity of our technology systems and infrastructure, or on the information systems, products, or services of third parties with which we engage, pose a risk to the security of our systems and data, including the data of our employees, customers, and suppliers. Some cybersecurity attacks or incidents result from human error or manipulation (including phishing, business email compromise, or other schemes or attacks that use social engineering) to gain access to systems, carry out disbursement of funds, or other frauds, or involve ransomware, malware, and other advanced persistent threats that increase the risks and costs associated with protecting against such attacks. Threat actors increasingly deploy phishing attacks and business email compromise schemes aimed at disrupting operations, extorting payments, or redirecting funds. Such attacks could encrypt or corrupt critical systems or data, impede access to design or manufacturing systems, or result in fraudulent disbursements, any of which could materially increase costs and adversely affect our business or results of operations. To date, risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected or are not reasonably likely to materially affect the Company or our business, results of operations or financial condition.

We have implemented cybersecurity and data protection policies, processes, and strategies that are informed by regulatory and business requirements, our prior experience addressing cybersecurity attacks and incidents (including with our former affiliates), and industry practices and standards. Despite these efforts, we have experienced targeted and non-targeted cybersecurity attacks and incidents in the past that have resulted in unauthorized persons gaining access to our information and systems, and we could in the future experience similar attacks. Such events could trigger obligations under data breach notification and consumer privacy laws, governmental investigations, claims, and remediation costs, and could result in contractual liability to customers or suppliers.

We continue to monitor, assess, and protect against these risks, as future cybersecurity attacks or incidents on the Company could cause the inappropriate disclosure of confidential information (including our intellectual property or employee, customer, or supplier data), improper use of our systems and networks, access to and manipulation and destruction of our third-party data, production downtimes or delays, lost revenues, inappropriate disbursement of

funds, and both internal and external supply shortages. The consequences of a cybersecurity attack or incident could cause significant damage to our reputation, affect our relationships with our employees, customers, suppliers, and other business partners, impair the operation of our financial systems and internal controls over financial reporting, delay our ability to timely close our books, require disclosure under the federal securities laws, or lead to governmental investigations or claims against us, and ultimately, adversely affect our business, financial condition and results of operations. We have incurred, and expect to continue to incur, significant costs to protect against damage that may be caused by cybersecurity attacks or incidents in the future.

Additional information about our cybersecurity risk management, policies, processes, strategies and governance is included under Item 1C, "Cybersecurity," which should be read together with these Risk Factors.

We are under substantial pressure from our customers to reduce the prices of our products.

There is substantial and continuing pressure from our customers to reduce costs. Our customers often expect annual price reductions in our business. To maintain our profit margins, we seek periodic price reductions from our suppliers in response to this expectation, to improve production processes to increase manufacturing efficiency, and to streamline product designs to reduce costs. In recent years, however, many of our suppliers have sought to increase prices in order to offset inflationary and other costs and surcharges, including the impact of tariffs. Although we seek to recover inflationary and other costs and surcharges, including relating to tariffs, from our customers and have had some success in the past in recovering a portion of these costs and surcharges, our ability to pass through increased costs to our customers can be limited (with any cost recovery sometimes less than 100% and on a delayed basis) and there can be no assurance that such recoveries will continue in the future. Our inability to reduce costs (in an amount equal to or less than) annual price reductions, increases in tariffs, increases in raw material costs, increases in employee wages and benefits and other inflationary headwinds could have an adverse effect on our business, financial condition and results of operations.

We continue to face volatile costs of commodities used in the production of our products and elevated levels of inflation.

We use a variety of commodities (including aluminum, copper, nickel, plastic resins, steel, certain alloy elements, semiconductor chips, and energy) and materials purchased in various forms (including castings, powder metal, forgings, stampings and bar stock) in the production of our products. In recent years, prices for many of these commodities have increased. We have sought to alleviate the impact of increasing costs by including a material pass-through provision in our customer contracts wherever possible and by selectively hedging certain commodity exposures. Customers frequently challenge these contractual provisions and rarely pay the full cost of any increases in the cost of materials. The discontinuation or lessening of our ability to pass through or hedge increasing commodity costs could adversely affect our business, financial condition and results of operations.

From time to time, commodity prices may also fall rapidly. If this happens, suppliers may withdraw capacity from the market until prices improve, which may cause periodic supply interruptions. The same may be true of transportation carriers and energy providers. If these supply interruptions occur, it could adversely affect our business, financial condition and results of operations.

Prices for commodities remain volatile, and since the beginning of 2024, the Company has experienced price increases for energy and base metals (such as steel, aluminum and copper). In addition, since 2023, many global economies, including the United States, have experienced elevated levels of inflation and trade restrictions, which has led to an increase in other input costs. We have pricing-related agreements with various customers, but these agreements do not enable us to recover 100% of our increased costs, and as a result, our operating margins could be negatively impacted. While we will continue to negotiate the pass through and recovery of higher costs with our customers, perpetuation of this trend could adversely affect our business, financial condition and results of operations.

Our profitability and results of operations may be adversely affected by program launch difficulties.

The launch of a new machine, engine or vehicle program for a customer is a complex process, the success of which depends on a wide range of factors, including the production readiness of our manufacturing facilities and processes and those of our suppliers and customers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. Our failure to successfully launch new programs, or our inability to accurately estimate costs to design, develop and launch new machine, engine or vehicle programs, could have an adverse effect on our business, financial condition and results of operations.

To the extent we are not able to successfully launch a new program, our customer's vehicle production could be significantly delayed or shut down. Such situations could result in significant financial penalties to us, or a diversion of employees and financial resources to improving launches, rather than investing in continuous process improvement or other growth initiatives, and could result in our customers shifting work away from us to a competitor. Any of the foregoing could result in loss of revenue or loss of market share and could have an adverse effect on our business, financial condition and results of operations.

Changes in U.S. and foreign administrative policy, including increases in tariffs, changes to existing trade agreements and import or export licensing requirements and exchange controls, and any resulting changes in international trade relations, have in the past and may in the future adversely affect our business, financial condition and results of operations.

We manufacture, sell and service products globally and rely upon a global supply chain to deliver the raw materials, components, systems and parts that we need to manufacture and service our products. Changes in laws, regulations and government policies on foreign trade and investment can affect the production, pricing, and demand relating to our products and solutions, cause customers to shift preferences towards domestically manufactured or branded products, and impact the competitive position of our products or prevent us from being able to sell or manufacture products in certain countries.

Our business benefits from free trade agreements, such as the United States-Mexico-Canada Agreement. Efforts to withdraw from, or substantially modify, such agreements or arrangements, or actions taken in contravention of such agreements or arrangements, or the implementation of more restrictive trade policies, such as higher tariffs relevant to our operations (particularly in Mexico and China), import or export licensing requirements and exchange controls or new barriers to entry, could adversely impact our business. Such potential adverse impacts include: limiting our ability to capitalize on current and future growth opportunities in international markets impairing our ability to expand the business by offering new technologies, products and services; increases to our input and production costs and decreases in customer demand (particularly in the commercial vehicle (CV), light commercial vehicle (LCV), and light passenger vehicle (LPV) markets); and impairing our competitiveness and our relationships with customers and suppliers. Furthermore, there is uncertainty regarding the application, scope, duration, and timing for implementation of certain new trade restrictions (including export controls on rare earth metals and semiconductors) and increases in tariffs (including related offsets) announced in 2025 that are applicable to our business. There is also uncertainty regarding any additional tariffs or other measures that may be announced or implemented by the United States and other governments in the future, and the potential related market impacts. Such actions can be announced with little or no advance notice, and we may not be able to effectively mitigate all adverse impacts from such measures.

Although new trade restrictions and increases in tariffs did not have a material adverse impact on our business in 2025, any of these trade restrictions and tariff increases, any others announced or implemented in the future (including due to administrative changes in the United States, Mexico or other jurisdictions and any resulting volatility) and any related enforcement or market impacts may result in higher costs, particularly with respect to products imported from certain regions subject to significant tariff increases (including Mexico and China), and have a material adverse effect on our business, financial condition and results of operations.

Our inability to identify, attract, retain, and develop a qualified global workforce could adversely impact our business, financial condition and results of operations and impair our ability to meet our strategic objectives and the needs of our customers.

Our continued success depends in part on our ability to identify, attract, and onboard qualified candidates with the requisite education, background, skills, and experience. It also depends on our ability to retain, develop, and engage employees across our business, including our sales, manufacturing, research and development, information technology, corporate, and other operations and functions. To the extent we are unable to remain competitive with our total rewards programs (which includes compensation and benefits programs and practices), human capital management strategies and objectives, or inclusive workplace culture, or if qualified candidates or employees become more difficult to attract or retain under reasonable terms, we may experience higher labor-related costs and significant employee turnover, and may be unable to attract and retain a qualified global workforce, including members of management, other senior leaders, and employees with key engineering and technical skills, in numbers sufficient for our needs. These factors could adversely affect our business, financial condition and results of operations, and impair our ability to maintain our competitive position, drive our strategic objectives, and meet the needs of our customers.

If we are unable to protect our intellectual property or if a third party makes assertions against us or our customers relating to intellectual property rights, our business, financial condition and results of operations could be adversely affected.

We own important intellectual property, including patents, trademarks, copyrights, and trade secrets, and are involved in numerous licensing arrangements. Our intellectual property plays an important role in maintaining our competitive position in a number of the segments that we serve. Our competitors may develop technologies that are similar or superior to our proprietary technologies or design alternatives to our patented or licensed technologies. Additionally, our customers may seek ownership or exclusivity rights over intellectual property that arises in connection with products and solutions that we develop for them. Further, as we expand our operations in jurisdictions where the enforcement of intellectual property rights is less robust, the risk of others duplicating our proprietary technologies or supplying counterfeit goods at lower prices under confusingly similar or identical trademarks, increases, despite the efforts we undertake to protect our intellectual property. Our inability to protect, enforce or further develop our intellectual property rights, or claims that we are infringing on the intellectual property rights of others, could adversely affect our competitive position, as well as our business, financial condition and results of operations.

Our execution of restructuring and other actions in an effort to improve future profitability and competitiveness, optimize our product portfolio and operations and execute our strategy has caused us and could cause us in the future to incur restructuring charges, and we may not achieve the anticipated savings and benefits from these actions.

We have initiated, and may continue to initiate, restructuring and other actions that are designed to execute our strategy and enhance our business. Through these actions we may seek to improve the competitiveness of our business and sustain our margin profile, optimize our product portfolio, technical capability and operations, consolidate and take advantage of available capacity and resources, create an optimal legal entity structure, or reduce existing structural costs. During 2025, the Company implemented actions as part of a strategic effort to align its legacy infrastructure with current business needs and reduce costs in response to ongoing industry headwinds. We may not realize the anticipated annual savings from these actions, or future savings or benefits from future actions, in full or in part or within the time periods anticipated. We are also subject to the risks of labor unrest, negative publicity and business disruption in connection with our actions. Failure to realize anticipated savings or benefits from our actions could have an adverse effect on our business, financial condition and results of operations.

The occurrence or threat of extraordinary events, including natural disasters or extreme weather events, political disruptions, terrorist attacks, pandemics or other public health crises, and acts of war, have in the past and could in the future disrupt production or impact consumer spending or the demand for our products and solutions.

Extraordinary events, including natural disasters or extreme weather events (including those that may result from the impacts of climate change), fires or similar catastrophic events, political disruptions, terrorist attacks, pandemics or other public health crises, such as the COVID-19 pandemic, and acts of war have in the past and may in the future disrupt our business or operations, impact our supply chain and access to necessary raw materials, or adversely affect the global economy generally, resulting in a loss of sales and customers and an increase in costs. Any of these disruptions or other extraordinary events outside of our control that impact our operations or the operations of our suppliers or customers could have a future adverse effect on our business, financial condition and results of operations. In addition, these types of events could negatively impact consumer spending or result in changes in the demand for certain of our products and solutions in the impacted regions or globally, which could have an adverse effect on our business, financial condition and results of operations.

We are subject to risks related to our international operations.

Nearly all of our manufacturing facilities are outside the United States, including other regions in the Americas, Europe and Asia. Consequently, our results have been and may continue to be adversely affected by fluctuations in foreign currency exchange rates and higher tariffs, and by other trade restrictions or prohibitions, import tariffs or other charges or taxes, changes in trade, monetary and fiscal policies, limitations on the repatriation of funds, changing economic conditions, higher labor costs, unreliable intellectual property protection and legal systems, insufficient infrastructures, social unrest, political and geopolitical instability and disputes, international terrorism, acts of war and other factors that may be discrete to a particular country or geography. Compliance with multiple and potentially conflicting laws and regulations of various countries is challenging, burdensome, and expensive.

The financial statements of foreign subsidiaries are translated to U.S. Dollars using the period-end exchange rate for assets and liabilities and an average exchange rate for each period for revenues, expenses and capital expenditures. The local currency is typically the functional currency for our foreign subsidiaries. While we did not experience significant adverse foreign currency impacts during 2025, significant foreign currency fluctuations and the associated translation of those foreign currencies could adversely affect our business. Additionally, significant changes in currency exchange rates, particularly the Euro, Chinese Renminbi, British Pound, Brazilian Real and Indian Rupee could cause fluctuations in the reported results of our businesses' operations that could negatively affect our business, financial condition and results of operations.

Because we are a U.S. holding company, one significant source of our funds is distributions from our non-U.S. subsidiaries. Certain countries in which we operate have adopted or could institute currency exchange controls that limit or prohibit our local subsidiaries' ability to convert local currency into U.S. Dollars or to make payments outside the country. This could subject us to the risks of local currency devaluation and business disruption, which could negatively impact our business, financial condition and results of operations.

Our business in China is subject to aggressive competition and is sensitive to economic, geopolitical, social and market conditions.

Maintaining a strong position in the Chinese market is a key component of our global strategy. The transportation and industrial equipment supply markets in China are highly competitive, with competition from many of the largest global manufacturers and numerous smaller domestic manufacturers. As the Chinese market evolves, many market participants have acted aggressively to increase or maintain their market share. Increased competition has contributed to pricing pressure, reduced margins and limited our ability to gain or hold market share. Our business in China is also sensitive to economic, geopolitical, social and market conditions that drive sales volumes in China. If we are unable to maintain our position in the Chinese market or if vehicle or industrial equipment sales in China decrease, our business, financial condition and results of operations could be adversely affected. In addition, there continues to be significant uncertainty regarding the future relationship between the United States and China, including with respect to trade policies, treaties, government regulations, tariffs and rare earth-related controls and trade restrictions. While the impact of trade restrictions and tariffs implemented in 2025 has not had a material impact on our business, any increased trade barriers or restrictions on global trade, particularly trade with China, could adversely impact our competitiveness in the Chinese market and our business, financial condition and results of operations.

Risks Related to Our Customers and Suppliers

Disruptions in our supply chain have in the past, and could in the future, adversely affect our business, financial condition and results of operations.

We obtain components and other products and services from numerous suppliers and other vendors throughout the world. In an effort to manage and reduce the cost of purchased products and services, we have been rationalizing aspects of our supply base, which has resulted in our dependence on fewer supply sources for certain components used in the manufacture of our products. We select and maintain relationships with suppliers considering a variety of factors, including price, quality, technology, production capacities, reliability, customer requirements, environmental sustainability and other responsible business practices, financial condition and geographic location. We expect our suppliers to deliver components in accordance with our stated expectations.

In recent years, the global economy and entire industries have experienced global supply chain shortages and other disruptions, including due to natural disasters or extreme weather events, political disruptions, pandemics or other public health crises, terrorist attacks, acts of war, labor or social unrest, government actions (such as relating to trade laws, tariffs and import and export controls), cybersecurity attacks or incidents, manufacturing disasters (such as burn downs), financially distressed suppliers and other circumstances. For the global transportation industry in particular, although global supply chains have recovered from the disruption caused by the COVID-19 pandemic, other circumstances (such as the ongoing conflict between Russia and Ukraine, trade restrictions, terrorist attacks, natural disasters and extreme weather events) have caused supply constraints for certain components that have impacted, and some of which continue to impact, global industry production levels. These circumstances and other rapidly changing industry conditions (such as volatile production volumes, credit tightness, changes in foreign currencies, raw material, commodity, transportation and energy price escalation, drastic changes in consumer preferences and other factors) have resulted or could in the future result in significant supply disruptions, supplier financial instability, or distress, commercial disputes with suppliers and customers. In addition, new trade regulations, including export controls on rare earth metals and semiconductors, increases in tariffs, other changes in trade policy and relations and elevated levels of steel mill plant closures, could have a material, adverse impact on

our business by increasing our input costs or limiting supplies, ultimately requiring more flexibility in our supply locations through near shoring and dual sourcing.

If we experience a prolonged shortage of critical components from any of our suppliers and cannot procure such components from other sources, we may be unable to meet the production schedules for some of our key products and customer delivery expectations. In certain instances, it would be difficult and expensive for us to change suppliers that are critical to our business. Such suppliers may perceive this reliance as greater leverage to seek higher prices from us at a time that we face substantial pressure from OEMs to reduce the prices of our products.

Further, we may provide financial support to distressed suppliers or take other measures to protect our supply lines. The circumstances and conditions described in this section have resulted, or could in the future result, in additional costs and adversely impact our relationships with customers or suppliers or our business, financial condition and results of operations.

We face credit, operational and sales concentration risks related to our customers.

We rely on sales to OEMs around the world of varying credit quality and manufacturing demands. Supply to several of these customers requires significant investment by us. We base our growth projections, in part, on commitments made by our customers. These commitments by OEMs generally renew yearly during a program life cycle. Among other things, the level of production orders we receive is dependent on the ability of our OEM customers to design and sell products that consumers desire to purchase. If actual production orders from our customers do not approximate such commitments due to a variety of factors including non-renewal of purchase orders, a customer's financial hardship or other unforeseen reasons, it could adversely affect our business, financial condition and results of operations.

We have in the past, and likely will in the future, derive a significant portion of our net sales from a relatively limited number of OEM customers. For the year ended December 31, 2025, our top five customers accounted for approximately 37% of our net sales, with General Motors Company representing 18%. The loss of, or a significant decrease in business from, one or more of these customers could have a materially adverse impact on our business, financial condition and results of operations. In addition, any consolidation among our top customers may further increase our customer concentration risk.

Work stoppages, production shutdowns and similar events or conditions could significantly disrupt and adversely impact our business, financial condition and results of operations.

Because the transportation and industrial equipment industries rely heavily on just-in-time delivery of components during the assembly and manufacture of products, a work stoppage or production shutdown at one or more of our suppliers' facilities, including as a result of a prolonged dispute with unionized employees at such facilities, could impact our ability to manufacture and assemble our products and solutions, or meet the needs of our customers, which could have significant adverse effects on our business, financial condition and results of operations. Similarly, if one or more of our customers were to experience a work stoppage or production shutdown, that customer would likely halt or limit purchases of our products, which could result in the shutdown of the related manufacturing facilities. Strikes against certain of our customers adversely impacted our results of operations during 2023, as automakers limited purchases of our products during the strikes due to the halt of their own production. Any future strikes that continue for a prolonged period could adversely affect our business, financial condition and results of operations.

In addition to our suppliers and customers, a work stoppage or production shutdown at one or more of our manufacturing and assembly facilities, including as a result of a prolonged dispute with unionized employees at certain of our international facilities, could adversely affect our business, financial condition and results of operations.

Risks Related to Regulatory, Legal and Similar Matters

We have liabilities related to product warranties, litigation and other claims.

We provide product warranties to our customers for some of our products. Under these product warranties, we may be required to bear costs and expenses, including for the repair or replacement of these products. As suppliers become more integrally involved in the design of vehicles and equipment and assume more of the assembly functions, OEMs are increasingly looking to their suppliers for contribution when faced with recalls and product warranty claims. A recall claim or product warranty claim brought against us could adversely impact our business, financial condition and results of operations. In addition, a recall claim could require us to review the relevant portion

of our product portfolio to assess whether similar issues are present in other product lines, which could result in significant disruption to our business and could have an adverse impact on our financial condition and results of operations. Factors outside our control, including the quality of fuel in end-user markets or our products operating under conditions not originally included in our customer's technical requirements specification, or contemplated by either our customers or ourselves, may increase our exposure for warranty or recall claims. We may also incur costs and expenses to defend against alleged claims whereby our products are ultimately determined not to be at fault. In addition, as we continue to develop and invest in products and solutions involving alternative fuels (e.g., hydrogen, ammonia, ethanol, methanol, compressed natural gas and other zero- and lower-carbon fuel types) designed to enhance fuel efficiency and reduce emissions, we may experience an increase in claims. Actual costs and expenses associated with these claims could be material or exceed any amounts accrued for such claims in our financial statements.

In addition, we are currently, and may in the future become, subject to other commercial or contractual disputes and legal proceedings. These claims typically arise in the normal course of business and may include commercial or contractual disputes with our customers and suppliers, intellectual property, personal injury, product liability, environmental and employment claims. These claims may also arise under the Separation and Distribution Agreement we entered into with the Former Parent in connection with the Spin-Off, which allocated responsibility to us for various legacy matters, including certain items that are otherwise unrelated to our business, or the Amended and Restated Tax Matters Agreement entered into with the Former Parent during 2025 to resolve a dispute relating to the Tax Matters Agreement entered into by the parties in connection with the Spin-Off.

It is possible that any such claims may have an adverse impact on our business that is greater than we anticipate. While we maintain insurance that provides protection against certain potential losses relating to such claims and other risks, including those resulting from cybersecurity threats and incidents, the amount and extent of such insurance may not be adequate to insure us against all claims, costs and liabilities related to these matters. The incurring of significant liabilities for which there is no, or insufficient, insurance coverage could adversely affect our business, financial condition and results of operations.

We are subject to extensive environmental, health and safety, human rights and other laws and regulations related to corporate sustainability that are subject to change, and may in the future be supplemented by additional such laws and regulations and may involve significant risks.

Our operations and products, and those of our customers, are subject to laws governing, among other things: emissions to air; discharges to waters; the generation, management, transportation and disposal of waste and other materials; packaging; the use of natural resources; health and safety; human rights; and other matters relating to corporate sustainability. Our global supply chain and the operation of automotive and industrial equipment parts manufacturing plants entails risks in these areas, and we may incur material costs or liabilities as a result. A number of our manufacturing facilities were acquired prior to the completion of the Spin-Off, and as a result, we may incur material costs and liabilities relating to activities that predate our ownership or the ownership of the Former Parent. In addition, potentially significant expenditures could be required to comply with new and evolving customer requirements and environmental, health and safety, human rights and other laws and regulations currently in effect or that are expected to be in effect in the near future (particularly new reporting requirements relevant to our operations and those of our customers in the United States, United Kingdom, Europe and Mexico), or additional new such laws and regulations that may be adopted (including due to ongoing concerns regarding the impacts of climate change). Failure to comply with such evolving and increasingly complex laws and regulations, or related customer requirements, could impact our competitive position, and costs and penalties associated with non-compliance could have an adverse effect on our business, financial condition and results of operations.

Changes in tax laws or tax rates taken by taxing authorities and tax audits or similar processes could adversely affect our business, financial condition and results of operations.

Changes in tax laws or tax rates, the resolution of tax assessments or audits or similar processes by various tax authorities, and the inability to fully utilize our tax loss carryforwards and tax credits could adversely affect our business, financial condition and results of operations. In addition, we may periodically restructure our legal entity organization. If taxing authorities were to disagree with our tax positions in connection with any such restructurings, our effective tax rate could be materially affected. Our tax filings for various periods are subject to audit by the tax authorities in most jurisdictions where we conduct business. We have received tax assessments from various taxing authorities and are currently at varying stages of appeals and/or litigation regarding these matters. These audits may result in assessment of additional taxes that are resolved with the authorities or through the courts. We believe these assessments may occasionally be based on erroneous and even arbitrary interpretations of local tax law. Although Mexico levies value added taxes and customs duties on temporary imports, in the course of the conduct of

our manufacturing operations, we generally do not pay that tax due to a special certification, the availability of which depends upon our compliance with certain requirements and regulations (such as maintaining accurate records and providing periodic reports to authorities). Non-compliance (or alleged non-compliance due to enhanced enforcement efforts or otherwise) with these requirements and regulations could result in suspension of the certification, which could adversely affect our business, financial condition and results of operations. We are aware of instances in which we may not have complied with these requirements and regulations in the past, and as a result, pursued voluntary processes with the relevant authorities to reconstruct records that resulted in immaterial value added taxes being assessed and penalties imposed, which were ultimately the responsibility of the Former Parent pursuant to the Amended and Restated Tax Matters Agreement. Resolution of any tax matters involves uncertainties, and there are no assurances that the outcomes will be favorable in the future.

We are, and in the future may be, subject to governmental investigations and related proceedings regarding vehicle emissions standards.

In recent years within the vehicle industry, there have been governmental investigations and related proceedings relating to alleged or actual violations of vehicle emissions standards. Alleged or actual violations by us, or to our knowledge, our predecessor entities of emissions standards have in the past resulted in a government investigation and could in the future result in government investigations and other legal proceedings, including class actions and other private civil actions, the recall of one or more of our products, negotiated remedial actions, fines, disgorgement of profits, restricted product offerings, reputational harm or a combination of any of those items. Any of these actions or related costs that we incur could have a material adverse effect on our business, financial condition and results of operations. As previously reported, German authorities announced a diesel defeat device investigation in 2022, which we believe is focused on engines sold by two of our light vehicle OEM customers prior to 2020, when the Former Parent acquired Delphi Technologies PLC. PHINIA is the indirect parent of the Delphi Technologies entity that supplied engine control units, software and calibration services to these OEM customers, and German authorities searched two of our facilities seeking information relating to software supplied to the customers. Under the Separation and Distribution Agreement we entered into with the Former Parent in connection with the Spin-Off, we are generally allocated responsibility for any consequences arising out of the German investigation and any similar investigations. We are cooperating with the German investigation, which is ongoing and has resulted, and will continue to result in, us incurring significant costs and could ultimately lead to any of the consequences we outline above.

The impacts of climate change, regulations related to climate change, various stakeholders' emphasis on reducing the impacts of climate change, and other related matters may adversely impact our business, financial condition and results of operations.

The impacts of climate change continue to raise significant concern and attention worldwide, which has led to swift and stringent legislative and regulatory efforts to limit greenhouse gas and other emissions to air in certain jurisdictions in which we operate. Our manufacturing plants use energy, including electricity and natural gas, and certain of our plants that emit greenhouse gases may in the future be affected by these legislative and regulatory efforts. Greenhouse gas emissions regulations could increase the price of the electricity we purchase, increase costs for use of natural gas, potentially restrict access to or the use of natural gas, require us to purchase allowances to offset our own emissions or result in an overall increase in costs of raw materials, any one of which could increase our costs, reduce competitiveness in a global economy, impact our reputation, or otherwise negatively affect our business, financial condition and results of operations. Many of our customers and suppliers face similar risks. Supply chain disruptions or constraints relating to such regulations could result in increased costs, jeopardize the continuity of production, and have an adverse effect on our business, financial condition and results of operations. The physical and transitional impacts of climate change could also disrupt our operations, including by impacting the availability and cost of materials within our supply chain, and could also increase insurance and other operating costs. These factors may also impact our decisions to construct new facilities in certain geographic locations.

From time to time, we establish strategies, expectations and targets related to the impacts of climate change and other environmental matters. Our ability to achieve any such strategies, expectations or targets is subject to numerous factors and conditions, many of which are outside of our control. Examples of such factors include: evolving legal, regulatory and other standards, processes, and assumptions; the pace of scientific and technological developments; increased costs; the availability of requisite financing; the availability of renewable energy sources; changes in carbon markets; government incentives and tax credits; and changes in general economic, financial and industry conditions. Failures or delays (whether actual or perceived) in achieving our strategies, expectations or targets related to climate change and other environmental matters could adversely affect our business, financial

condition and results of operations, harm our reputation and competitive position, result in our inability to meet the expectations of our customers and other stakeholders, and increase the risk of litigation. Likewise, a failure to comply with any current or future climate, environmental and related reporting requirements, including those established by regulators in the United States and Europe, may result in loss of business, regulatory penalties, increased litigation risk and reputational damage.

Compliance with and changes in other laws and regulations impacting our operations could be costly and could affect our business, financial condition and results of operations.

We have internal policies and procedures and supplier policies and requirements relating to compliance with anti-corruption, sanctions, import and export control laws and exchange control laws, and we conduct periodic compliance training on such laws for our employees and provide a hotline for employees to report potential violations of such laws; however, there is a risk that such policies, procedures and requirements will not always protect us from the improper acts of employees, agents, suppliers, other business partners, joint venture partners, or representatives, particularly in the case of recently acquired operations that may not have significant training in applicable compliance policies and procedures. Compliance violations may result in criminal penalties, sanctions or fines that could have an adverse effect on our business, financial condition, results of operations and reputation.

Changes that could impact the legal environment include new legislation, regulations, and policies, investigations and legal proceedings, and new interpretations of existing rules and regulations, in particular, changes in sanctions, import and export control laws or exchange control laws, and other changes in laws in countries where we operate or intend to operate.

Risks Related to Credit and Our Financials

Goodwill, indefinite-lived intangible assets and long-lived assets, which are subject to periodic impairment evaluations, represent a significant portion of our total assets. An impairment charge on these assets could have an adverse impact on our business, financial condition and results of operations.

We have recorded goodwill and indefinite-lived intangible assets related to acquisitions. We periodically assess these assets, along with long-lived assets, to determine if they are impaired. Significant negative industry or macroeconomic trends, disruptions to our business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets, dispositions, and market capitalization declines may impair these assets.

We review goodwill, indefinite-lived intangible assets and long-lived assets for impairment either annually or whenever changes in circumstances indicate that the carrying value may not be recoverable. In conducting our goodwill impairment analysis, we compare the fair value of the segment to the related net book value. In conducting our impairment analysis of indefinite-lived intangible assets and long-lived assets, we compare the fair value of the assets to the related net book values if indicators of impairment are identified. The risk of impairment to goodwill and indefinite-lived intangible assets is higher during the early years following an acquisition. This is because the fair values of these assets align very closely with what was paid to acquire the reporting units to which these assets are assigned. As a result, the difference between the carrying value of the reporting unit and its fair value (typically referred to as "headroom") is smaller at the time of acquisition. Until this headroom grows over time, due to business growth or lower carrying value of the reporting unit, a relatively small decrease in reporting unit fair value can trigger impairment charges. When impairment charges are triggered, they tend to be material due to the size of the assets involved. Future acquisitions could present similar risks. Any charges relating to such impairments could adversely affect our business, financial condition and results of operations in the periods recognized.

Changes in interest rates and asset returns could increase our pension funding obligations, which could reduce our profitability and cash flow and adversely impact our business, financial condition and results of operations.

In connection with the Spin-Off, the Former Parent transferred to us plan assets and obligations primarily associated with our active, retired, and other of the Former Parent's former employees in certain jurisdictions, and we will provide the benefits directly from the plan assets. The actual assumed net benefit plan obligations and related expenses could change significantly from our estimates. In particular, the valuation of our future payment obligations under these pension plans and the related plan assets is subject to significant adverse changes if the credit and capital markets cause interest rates and projected rates of return to decline. Such declines could also require us to make significant additional contributions to our pension plans in the future. Additionally, a material deterioration in the funded status of the plans could significantly increase our pension expenses and reduce profitability in the future. Each of the foregoing risks could have an adverse effect on our business, financial condition and results of

operations. For more information about our pension assets and liabilities, refer to Note 17, "Retirement Benefit Plans," to the Consolidated Financial Statements.

We are subject to a number of restrictive covenants and requirements under our indebtedness, which could limit our financial and operating flexibility and subject us to other risks.

The agreements governing our current indebtedness include, and any debt we incur in the future may include, covenants limiting our ability to, among other things, pay cash dividends, redeem or repurchase stock, incur debt or liens, enter into transactions with affiliates, merge, dissolve, repay subordinated indebtedness, make investments and dispose of assets. We are also subject to total net leverage ratio and interest coverage ratio financial covenants under such agreements. In addition, our current debt agreements require, and any future debt may require, us to dedicate a significant portion of our cash flows from operations to paying amounts due under such agreements, thereby reducing funds available for other corporate purposes. Any of these restrictions on our ability to operate could adversely affect our business, financial condition and results of operations by, among other things, limiting our ability to adapt to changing economic, financial or industry conditions and to take advantage of corporate opportunities. Developments in our business or events beyond our control, including prevailing economic, financial, and industry conditions, could affect our ability to comply with the covenants and other requirements under our debt agreements. If we fail to comply with any covenants or other requirements, our lenders and bondholders may, among other things, terminate their obligation to make advances to us and declare any outstanding obligations immediately due and payable, as applicable, which could have a material adverse impact on our business, financial condition and results of operations.

Risks Related to the Spin-Off

If the Spin-Off were determined not to qualify as tax-free for U.S. federal income tax purposes, we could have an indemnification obligation to the Former Parent, which could adversely affect our business, financial condition and results of operations.

The Spin-Off was intended to qualify as a tax-free "reorganization" within the meaning of Sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, as amended (Code). In connection with the Spin-Off, the Former Parent received a written opinion from Ernst & Young, LLP to such effect. However, the opinion of Ernst & Young, LLP will not be binding on the Internal Revenue Service (IRS) or the courts, and there can be no assurance that the IRS or a court will not take a contrary position. Notwithstanding the opinion of Ernst & Young, LLP, the IRS could determine on audit that the Spin-Off or any of certain related transactions is taxable if it determines that any of these facts, assumptions, representations, or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion. If the conclusions expressed in the opinion of Ernst & Young, LLP are challenged by the IRS and the IRS prevails in such challenge, the tax consequences of the Spin-Off could be materially less favorable.

If, as a result of any of our representations being untrue or our covenants being breached, the Spin-Off were determined not to qualify for its intended tax-free treatment, we could be required by the Tax Matters Agreement and any amendments or restatements thereto to indemnify the Former Parent for the resulting taxes and related expenses. Those amounts could be material. Any such indemnification obligation could adversely affect our business, financial condition and results of operations.

We or the Former Parent may fail to perform under, or additional disputes may arise between the parties relating to, various transaction agreements that have been executed in connection with the separation.

In connection with the separation, and prior to the distribution, we and the Former Parent entered into various transaction agreements related to the Spin-Off, pursuant to which both we and the Former Parent have liabilities and performance obligations. Certain of these agreements and any amendments and restatements thereto continue to govern our relationship with the Former Parent following the Spin-Off. We rely on the Former Parent to satisfy its performance obligations under these agreements. If we or the Former Parent are unable to satisfy our or its respective obligations under these agreements, including indemnification obligations, our business, financial condition and results of operations could be adversely affected.

As previously disclosed, the Company entered into a settlement agreement (the Settlement Agreement) with the Former Parent to resolve previously disclosed claims asserted by the Former Parent against the Company in Delaware Superior Court in September 2024, pursuant to which the Former Parent sought, among other things, a judicial declaration that the Company is obligated under the Tax Matters Agreement to remit to the Former Parent refunds obtained by the Company from tax authorities that relate to certain indirect tax payments made prior to the Spin-Off. The Settlement Agreement also resolved the Company's counterclaims asserted against the Former Parent in Delaware Superior Court in December 2024. In connection with the Settlement Agreement, the Company

and the Former Parent also entered into an amendment to the Tax Matters Agreement to provide for, among other things, clarification of the Former Parent's responsibility for certain pre-Spin-Off tax liabilities and the Company's ability to obtain and use the benefit of certain pre-Spin-Off credits and other offsets. If any additional disputes were to arise between the parties, such disputes could have a material adverse effect on our financial condition results of operations and cash flows. For more information regarding the Settlement Agreement, refer to Note 20, "Contingencies," to the Consolidated Financial Statements.

We have only operated as an independent, publicly traded company since July 3, 2023, and our historical combined financial information for periods prior to such date is not necessarily representative of the results we would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results.

We derived the historical financial information prior to July 3, 2023 included in this Form 10-K from the Former Parent's consolidated financial statements, and this information does not necessarily reflect the results of operations and financial condition we would have achieved as an independent, publicly traded company during the periods presented, or those that we will achieve in the future. For additional information about our past financial performance and the basis of presentation of our historical combined financial statements, see our historical financial statements and the notes thereto.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

As part of our overall risk management program, we describe below the processes used to assess, identify, and manage material risks from cybersecurity threats, including how these processes are used to manage cybersecurity risks through our Enterprise Risk Management (ERM) program and for reporting to management and our Board of Directors (the Board). For a description of cybersecurity risks relevant to our business, see Item 1A, "Risk Factors."

The Company generally approaches cybersecurity threats through a cross-functional, multilayered approach, with the goals of: (i) identifying, preventing and mitigating cybersecurity threats to the Company; (ii) preserving the confidentiality, security and availability of the information we collect and store for use in operating our business; (iii) protecting the Company's intellectual property; (iv) maintaining the confidence of our customers, suppliers, other business partners and employees; and (v) providing appropriate disclosure of cybersecurity risks and incidents when required. Our cybersecurity and data protection policies, processes and strategies are informed by regulatory and business requirements, our prior experience addressing cybersecurity attacks and incidents (including with our former affiliates), industry practices and standards, and are periodically adjusted based on the results of assessments conducted through our ERM practices, third-party audits and independent reviews, tabletop exercises, and other processes.

Our cybersecurity policies, processes and strategies focus on the following areas:

- ***Surveillance and Monitoring.*** The Company maintains 24/7 cybersecurity threat surveillance in conjunction with a managed security service that monitors system logs and network traffic for indicators of compromise and other suspicious activity, and conducts monthly external vulnerability assessments and annual penetration testing.
- ***System Safeguards.*** The Company deploys system safeguards that are designed to protect the Company's technology systems and infrastructure from cybersecurity threats, including early detection and response antivirus tools, data leak prevention tools and systems, vulnerability scans of data centers, firewalls, anti-malware functionality and access controls, and programs to support remediation, replacement or isolation of systems that have reached, or are expected to reach, end of security life.
- ***Third-Party Collaboration.*** The Company utilizes collaboration mechanisms established with public and private entities, including intelligence and enforcement agencies, industry groups, and third-party service providers, to identify, assess and respond to cybersecurity risks.

- *Third-Party Risk Management.* The Company maintains processes designed to identify and oversee material risks from cybersecurity threats associated with third-party users of the Company's technology systems and data, as well as third-party service providers' systems used by the Company.
- *Training.* The Company requires personnel, including new hires, to complete training regarding cybersecurity threats (including phishing, business email compromise and other schemes or attacks that use social engineering, and new disruptors, such as artificial intelligence), incident and threat reporting procedures, data protection and acceptable use of our technology systems.
- *Incident Response Planning.* The Company maintains a cybersecurity incident response plan that outlines an organized and timely approach for responding to and handling cybersecurity incidents affecting the Company's technology systems or data, including intrusions or incidents involving data from a third party.

A key part of the Company's strategy for managing risks from cybersecurity threats is the ongoing assessment and testing of the Company's policies, processes and strategies through audits, assessments, tabletop exercises, threat modeling, vulnerability testing and other exercises focused on evaluating the effectiveness of our cybersecurity controls and oversight and identifying potential opportunities for enhancements. Third-party audits and independent reviews of our cybersecurity measures, information security control environment and operating effectiveness are conducted on at least an annual basis.

As a global company, we have experienced cybersecurity attacks and incidents in the past, and we could in the future experience similar attacks. To date, risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected the Company and are not reasonably likely to materially affect our business strategy, results of operations, or financial condition.

Governance

The Board, in coordination with the Audit Committee, oversees risks from cybersecurity threats and the Company's processes for assessing and managing cybersecurity risks. The Board receives updates from management regarding cybersecurity risks and the Company's processes in connection with its oversight of the Company's ERM program and risk management practices. The Board also receives updates from the Chief Information Officer (CIO) regarding the Company's technology systems and infrastructure in connection with its general oversight of the execution and development of key strategies and initiatives. The Audit Committee receives updates from the CIO, supported by the cybersecurity team, including regarding (i) management's monitoring, assessment and management of cybersecurity risks, (ii) the Company's strategies and processes for prevention, detection, mitigation, and remediation, and (iii) recent developments, trends and the general threat environment. Updates to the Board or Audit Committee occur on at least a quarterly basis.

The Company's cybersecurity team, led by our CIO, oversees the Company's cybersecurity and data security operations, programs, policies and processes and their general effectiveness. Our CIO directly oversees the broader cybersecurity team while the Company actively searches for a Chief Information Security Officer due to a recent vacancy in the position. The cybersecurity team, in coordination with other Incident Response Team members, works collaboratively across the Company to implement a program designed to protect the Company's technology systems from cybersecurity threats and to promptly respond to cybersecurity incidents. The Company's Incident Response Team consists of our CIO and other senior leaders from the Company's cybersecurity (composed of information security and technology operations), compliance, legal, financial reporting and other key business and corporate functions. The CIO and other Incident Response Team members monitor the prevention, detection, mitigation and remediation of cybersecurity incidents in accordance with the incident response plan. The team is also responsible for informing and coordinating with the Company's Disclosure Committee in timely reporting such incidents, as appropriate and depending on the severity of the incident, and facilitating updates to the Strategy Board (consisting of our CEO, Chief Financial Officer (CFO), General Counsel, CIO and other members of management), Audit Committee and Board regarding such incidents until addressed.

We have experienced leaders responsible for managing and overseeing risks arising from cybersecurity threats. Our CIO reports to the CEO and has significant experience serving in various roles in technology and information security, including CIO of Gentherm Incorporated immediately prior to joining the Company, where he oversaw Gentherm's cybersecurity program. In addition, the Company's CEO, CFO and General Counsel each have experience overseeing the management of cybersecurity and other risks similar to those impacting the Company's business.

Item 2. Properties

As of December 31, 2025, the Company had 25 principal manufacturing, assembly and technical facilities worldwide, including our global headquarters and excluding unconsolidated joint venture and administrative offices. Our global headquarters is located in a leased facility in Auburn Hills, Michigan. In general, we believe our facilities to be suitable and adequate to meet our current and reasonably anticipated needs and do not anticipate difficulty in renewing existing leases as they expire or finding alternative facilities.

The Company, its subsidiaries and affiliates operate principal manufacturing, assembly and technical facilities in the following regions:

	Americas	Europe	Asia	Total
Number of principal manufacturing, assembly and technical facilities ⁽¹⁾	8	10	7	25

(1) Excludes unconsolidated joint venture and administrative offices.

Of the 25 facilities, 17 are leased sites, four of which contain Company-owned building and infrastructure with land lease contracts. Compared to the prior year, the Company has acquired two leased facilities, one in Europe and one in Asia related to the SEM acquisition.

Item 3. Legal Proceedings

In the normal course of its business, the Company is involved in various commercial and legal claims, actions and complaints, 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. See Note 20, "Contingencies," to the Consolidated Financial Statements in Item 8 of this Form 10-K 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 4. Mine Safety Disclosures

Not applicable.

PART II

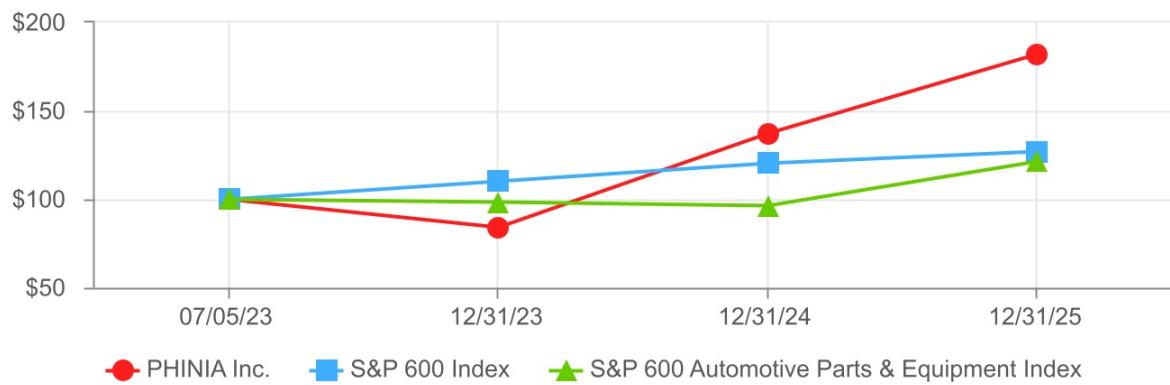
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock is listed for trading on the New York Stock Exchange under the symbol PHIN. As of February 5, 2026, there were 1,078 holders of record of common stock.

While the Company currently expects that quarterly cash dividends will continue to be paid in the future at levels comparable to recent historical levels, such dividends are subject to review, approval and change at the discretion of the Board of Directors.

The line graph below compares the cumulative total shareholder return on the Company's Common Stock with the cumulative total return of companies on the Standard & Poor's (S&P) 600 Stock Index and S&P's 600 Automotive Parts & Equipment Index since the date the Company's stock began trading (July 5, 2023).

COMPARISON OF CUMULATIVE TOTAL RETURN*



*\$100 invested on July 5, 2023 in stock or index, including reinvestment of dividends.

	July 5, 2023	December 31, 2023		December 31, 2024		December 31, 2025	
PHINIA Inc.	\$ 100	\$ 84	\$ 137	\$ 182			
S&P 600 Index	\$ 100	\$ 110	\$ 120	\$ 127			
S&P 600 Automotive Parts & Equipment Index	\$ 100	\$ 98	\$ 96	\$ 121			

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The following table provides information about the Company's purchases of its equity securities that are registered pursuant to Section 12 of the Exchange Act during the quarter ended December 31, 2025:

Issuer Purchases of Equity Securities

Period	Total number of shares purchased	Average price paid 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) ⁽²⁾
November 1, 2025 - November 30, 2025				
Common Stock Repurchase Program	430,236	\$ 53.46	430,236	\$ 171
Employee transactions ⁽¹⁾	312	\$ 51.91		
December 1, 2025 - December 31, 2025				
Common Stock Repurchase Program	128,442	\$ 54.51	128,442	\$ 164
Employee transactions ⁽¹⁾	23,732	\$ 62.69		

(1) An aggregate of 24,044 shares of the Company's common stock were withheld by the Company in connection with employees' payment of taxes associated with the vesting of their restricted stock units granted under the PHINIA Inc. 2023 Stock Incentive Plan.

(2) In August 2023, the Company announced that its Board of Directors authorized a \$150 million share repurchase program. In August 2024, the Company's Board of Directors increased the authorization by \$250 million for a total share repurchase program of \$400 million. On February 13, 2025, the Company announced that its Board of Directors increased the authorization by \$200 million for a total share repurchase program of \$600 million. As of December 31, 2025, the Company repurchased \$436 million of common stock under its repurchase program, excluding the impact of Federal excise tax, and \$164 million remained available for repurchase. On January 29, 2026, the Company announced that its Board of Directors increased the authorization by \$150 million for a total share repurchase program of \$750 million. The Company has \$314 million remaining available for repurchase as of January 29, 2026. Repurchases under this program may be made using a variety of methods, which may include 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.

Item 6. [Reserved]

Item 7. 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 are designed to optimize performance, enhance efficiency and reduce emissions in combustion and hybrid propulsion systems for commercial vehicles and industrial applications (medium-duty and heavy-duty trucks, buses and other off-highway construction, marine, agricultural and aerospace and defense), light commercial vehicles (vans and trucks) and light passenger vehicles (passenger cars, mini-vans, cross-overs and sport-utility vehicles). We are a global supplier to most major OEMs seeking to meet or exceed evolving and 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 July 3, 2023, PHINIA became an independent publicly traded company as a result of the legal and structural separation of the Fuel Systems and Aftermarket businesses from BorgWarner Inc. (BorgWarner or Former Parent). The separation was completed in the form of a distribution of the outstanding common stock of PHINIA to holders of record of common stock of BorgWarner on a pro rata basis (the Spin-Off). In connection with the Spin-Off, we entered into an agreement with the Former Parent which 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 (Tax Matters Agreement).

Acquisition of Swedish Electromagnet Invest AB (SEM)

On August 1, 2025, PHINIA completed the acquisition of Swedish Electromagnet Invest AB (SEM), a provider of advanced natural gas, hydrogen and other alternative fuel ignition systems, injector stators and linear position sensors, for \$47 million, comprised of \$15 million of cash consideration and \$32 million cash used to extinguish debt assumed through the acquisition. See Note 2, "Acquisition", for further discussion.

Key Trends and Economic Factors

The automotive industry is currently grappling with renewed semi-conductor shortages, supply chain disruptions, and economic and geopolitical tensions. These factors may affect production, pricing, and consumer demand. In addition, new trade restrictions, including export controls, and/or increases in tariffs could have a material impact on our business, financial condition, or results of operations, including increasing our input costs and decreasing demand in the commercial vehicle (CV) and light vehicle (LV) markets, although the nature of those trade restrictions and tariffs remains unclear. These new trade restrictions and tariffs increase the risk for elevated inflation more generally, which may drive an increase in other input costs.

Outlook

We expect improved earnings and cash generation in 2026, as we expect foreign currency, operational efficiencies, and share gains to more than offset a softening original equipment (OE) market. Continued economic and geopolitical uncertainty is expected to continue to impact LV and CV volumes. In our key markets for 2026, LV and CV volumes are expected to decline by mid-single and low-single digit percentages, respectively. Assuming constant foreign exchange rates and excluding sales from acquisitions, we expect a modest increase in sales. Additionally, we expect to continue to be impacted by other macroeconomic challenges in 2026, including but not limited to elevated inflation, supply chain constraints, market volatility, higher tariffs (particularly in Mexico and China), government shutdowns, and changes in international trade relations.

Despite the near-term uncertainties, the Company maintains a positive long-term outlook for its global business and is committed to new product development and strategic investments to support its product leadership and growth strategies. 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 hybrid electric vehicles, adoption of additional product offerings enabling zero- and lower-carbon fuel solutions for combustion vehicles, and expansion in the aerospace and defense industry. In addition, we believe we are well positioned to continue to expand our differentiated offerings and capabilities across electronics, software and complete systems.

Use of Non-GAAP Financial Measures

This Form 10-K 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-K. The reconciliations include all information reasonably available to the Company at the date of this Form 10-K 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.

RESULTS OF OPERATIONS

A detailed comparison of the Company's 2024 operating results to its 2023 operating results can be found in the Management's Discussion and Analysis of Financial Condition and Results of Operations section in the Company's Annual Report on Form 10-K filed on February 13, 2025.

The following table presents a summary of the Company's 2025 and 2024 operating results:

(in millions, except per share data)	Year Ended December 31,			
	2025		2024	
		% of net sales		% of net sales
Net sales				
Fuel Systems	\$ 2,320	66.6 %	\$ 2,275	66.9 %
Aftermarket	1,306	37.5 %	1,282	37.7 %
Inter-segment eliminations	(143)	(4.1)%	(154)	(4.6)%
Total net sales	3,483	100.0 %	3,403	100.0 %
Cost of sales	2,721	78.1 %	2,647	77.8 %
Gross profit	762	21.9 %	756	22.2 %
Selling, general and administrative expenses	445	12.8 %	442	13.0 %
Restructuring expense	17	0.5 %	14	0.4 %
Other operating expense, net	46	1.3 %	41	1.2 %
Operating income	254	7.3 %	259	7.6 %
Equity in affiliates' earnings, net of tax	(15)	(0.4)%	(11)	(0.3)%
Interest expense	81	2.3 %	99	2.9 %
Interest income	(14)	(0.4)%	(16)	(0.5)%
Other postretirement expense	4	0.1 %	—	— %
Earnings before income taxes	198	5.7 %	187	5.5 %
Provision for income taxes	68	2.0 %	108	3.2 %
Net earnings	130	3.7 %	79	2.3 %
Earnings per share — diluted	\$ 3.24		\$ 1.76	

Net sales and Cost of sales

Net sales for the year ended December 31, 2025 totaled \$3,483 million, an increase of \$80 million, or 2.4%, from the year ended December 31, 2024. Cost of sales and cost of sales as a percentage of net sales were \$2,721 million and 78.1%, respectively, during the year December 31, 2025, compared to \$2,647 million and 77.8%, respectively, during the year ended December 31, 2024. The change in net sales, cost of sales, and gross profit for the year ended December 31, 2025 was primarily driven by the impacts below.

(in millions)	Net Sales	Cost of Sales	Gross Profit
Year Ended December 31, 2024	\$ 3,403	\$ 2,647	\$ 756
Volume and mix	(2)	21	(23)
Customer pricing	2	—	2
Supplier costs	—	(7)	7
Tariff cost and recovery	38	40	(2)
Employee costs	—	17	(17)
Contract manufacturing agreements	(23)	(23)	—
SEM acquisition	20	17	3
Foreign currency and other	45	9	36
Year Ended December 31, 2025	\$ 3,483	\$ 2,721	\$ 762

Selling, general and administrative expense (SG&A)

SG&A for the year ended December 31, 2025 was \$445 million as compared to \$442 million for the year ended December 31, 2024. SG&A as a percentage of net sales was 13% for the years ended December 31, 2025 and 2024.

(in millions)	Year Ended December 31,		Change (\$)
	2025	2024	
Employee costs	\$ 159	\$ 142	\$ 17
Research & development	105	112	(7)
Information technology	25	28	(3)
Amortization of acquisition-related intangibles	30	28	2
Other	126	132	(6)
Selling, general and administrative expenses	\$ 445	\$ 442	\$ 3

Restructuring expense

Restructuring expense was \$17 million and \$14 million for the year ended December 31, 2025 and 2024, respectively. See Note 4, "Restructuring", for further discussion.

Other operating expense, net

Other operating expense, net was \$46 million and \$41 million for the year ended December 31, 2025 and 2024, respectively. The change in Other operating expense, net was primarily driven by an increase in separation-related costs, primarily from a \$39 million loss in connection with the settlement of separation-related claims with the Former Parent, partially offset by the non-recurrence of non-cash impairment expense related to the write down of property, plant and equipment associated with a Fuel Systems manufacturing plant in Europe. Other operating expense, net was comprised of the following:

(in millions)	Year Ended December 31,		Change (\$)
	2025	2024	
Separation-related costs	\$ 43	\$ 31	\$ 12
Merger and acquisition costs	9	—	9
Gains for other one-time events	(2)	(7)	5
Asset impairment	—	21	(21)
Other operating income, net	(4)	(4)	—
Other operating expense, net	\$ 46	\$ 41	\$ 5

Equity in affiliates' earnings, net of tax

Equity in affiliates' earnings, net of tax was \$15 million and \$11 million in the years ended December 31, 2025 and 2024, respectively. This line item is driven by the results of the Company's unconsolidated joint venture.

Interest income

Interest income was \$14 million and \$16 million in the years ended December 31, 2025 and 2024, respectively. The decrease was primarily due to decreased cash and cash equivalents balances, as well as lower interest rates on cash and cash equivalents balances.

Interest expense

Interest expense was \$81 million and \$99 million in the years ended December 31, 2025 and 2024, respectively. The decrease was primarily related to the loss on extinguishment as a result of the restructuring of the Company's debt positions in 2024. See Note 14, "Notes Payable and Debt", for further discussion.

Other postretirement expense

Other postretirement expense was \$4 million and de minimis in the years ended December 31, 2025 and 2024, respectively. The increase in other postretirement expense for the year ended December 31, 2025 was primarily due to higher interest and inflationary costs in 2025.

Provision for income taxes

Provision for income taxes was \$68 million for the year ended December 31, 2025 resulting in an effective tax rate of 34%. This compared to \$108 million or 58% for the year ended December 31, 2024.

In 2025, the Company recognized discrete tax benefits of \$11 million related to unremitted earnings as a result of a favorable change in withholding tax rates and favorable provision to return adjustments of \$21 million in various jurisdictions partially offset by an increase in pre-Spin-off and post-Spin-off uncertain tax positions of \$21 million and \$5 million, respectively.

In 2024, the Company recognized discrete tax expense of \$21 million related to the establishment of a valuation allowance on its Polish operations as a result of the changes in judgment related to the recovery of its deferred tax assets. This expense was fully offset by a discrete tax benefit related to unremitted earnings as a result of change in structure and favorable provision to return adjustments in various jurisdictions.

For further details, see Note 7, "Income Taxes," to the Consolidated Financial Statements in Item 8 of this Form10-K.

Net earnings per diluted share and adjusted net earnings per diluted share

The Company's net earnings per diluted share was \$3.24 and \$1.76 for the years ended December 31, 2025 and 2024, respectively. The Company's adjusted net earnings per diluted share was \$4.96 and \$3.86 for the years ended December 31, 2025 and 2024, respectively. The Company defines adjusted net earnings per diluted share, a non-GAAP measure, as net earnings per diluted share adjusted to exclude: (i) the impact of restructuring expense, separation-related costs, merger and acquisition costs, impairment charges and other gains, losses and tax effects and adjustments not reflective of the Company's ongoing operations; and (ii) acquisition-related intangibles amortization expense because it pertains to non-cash expenses that the Company does not use to evaluate core operating performance. Management believes that adjusted net earnings per diluted share is useful to investors in assessing the Company's ongoing financial performance, as it provides improved comparability between periods through the exclusion of certain items that management believes are not indicative of the Company's core operating performance.

	Year Ended December 31,	
	2025	2024
Net earnings per diluted share	\$ 3.24	\$ 1.76
Separation-related costs	1.07	0.69
Amortization of acquisition-related intangibles	0.75	0.63
Restructuring expense	0.42	0.31
Merger and acquisition costs	0.22	—
Asset impairments	—	0.47
Loss on debt extinguishment	—	0.49
Gains for other one-time events	(0.05)	(0.16)
Tax effects and adjustments	(0.69)	(0.33)
Adjusted net earnings per diluted share	\$ 4.96	\$ 3.86

Results by Reportable Segment

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

In the fourth quarter of 2025, the Company made a strategic decision to shift a significant portion of the OES business, previously reported in its Aftermarket segment, to the Fuel Systems segment, as distribution will now be handled by the Fuel Systems locations that manufacture the products. This is expected to streamline the sales structure to external customers while also reducing administrative efforts. The reporting segment disclosures have been updated accordingly which included recasting prior period information for the new reporting structure.

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-related costs, merger and acquisition 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 \$104 million and \$92 million for the years ended December 31, 2025 and 2024, respectively. The increase in corporate expenses was primarily related to additional costs resulting from moving to a fully staffed standalone company and exiting the transition service agreements with the Former Parent and the addition of a second tranche of performance stock units under the Company's stock incentive plan.

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

(in millions)	Year Ended December 31, 2025			Year Ended December 31, 2024		
	Net sales to customers	Segment AOI	% margin	Net sales to customers	Segment AOI	% margin
Fuel Systems	\$ 2,177	\$ 244	11.2 %	\$ 2,131	\$ 228	10.7 %
Aftermarket	1,306	211	16.2 %	1,272	210	16.5 %
Totals	\$ 3,483	\$ 455		\$ 3,403	\$ 438	

The following table presents the year-over-year change in net sales and Segment AOI for the Company's reportable segments for the year ended:

(in millions)	Fuel Systems			Aftermarket		
	Net sales	Segment AOI	%	Net sales	Segment AOI	%
December 31, 2024	\$ 2,131	\$ 228	11.2 %	\$ 1,272	\$ 210	16.5 %
Volume and mix	6	(18)	(30.0)%	(8)	(5)	(23.3)%
Customer pricing	(3)	(3)	(100.0)%	5	5	100.0%
Supplier costs	—	5	100.0%	—	—	2
Tariff cost and recovery	13	(2)	(15.4)%	25	—	—
Contract manufacturing agreements	(23)	—	—	—	—	—
SEM acquisition	20	1	5.0%	—	—	—
Research and development	—	10	100.0%	—	—	—
Foreign currency and other	33	23	70.0%	12	(1)	(8.3)%
December 31, 2025	\$ 2,177	\$ 244	11.2 %	\$ 1,306	\$ 211	16.2 %

The **Fuel Systems** segment's Segment Adjusted Operating margin was 11.2% for the year ended December 31, 2025, compared to 10.7% for the year ended December 31, 2024. The Segment Adjusted Operating margin increase was primarily due to R&D savings and overhead cost control measures, partially offset by unfavorable mix.

The **Aftermarket** segment's Segment Adjusted Operating margin was 16.2% for the year ended December 31, 2025, compared to 16.5% for the year ended December 31, 2024. The Segment Adjusted Operating margin decreased primarily due to the dilutive impact of tariff recoveries.

LIQUIDITY AND CAPITAL RESOURCES

Borrowing Facilities and Long-Term Debt

Credit Agreement

On July 3, 2023, the Company entered into a \$1.225 billion Credit Agreement (as amended, 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, maturing on July 3, 2028. As of December 31, 2025, the Company had no outstanding borrowings under the Revolving Facility, and availability of \$500 million. The Term Loan B Facility was fully repaid in connection with the issuance of the 6.75% Senior Secured Notes due 2029 on April 4, 2024, as discussed below. The Term Loan A

Facility was fully repaid in connection with the issuance of the 6.625% Senior Notes due 2032 on September 17, 2024, as discussed below.

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. 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 recorded a non-cash pre-tax loss on extinguishment of \$20 million related to the difference between the repayment amount and net carrying amount of the Term Loan B Facility, which is included in the Interest expense line item on the Condensed Consolidated Statements of Operations.

On September 17, 2024, the Company issued \$450 million aggregate principal amount of 6.625% Senior Notes due 2032 (the 2032 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. The 2032 Notes were sold to investors at 100% plus accrued interest, if any, from September 17, 2024 in a private transaction exempt from the registration requirements of the Securities Act. The net proceeds of the offering of the 2032 Notes were used to repay all of the Company's outstanding borrowings under the Term Loan A Facility, to pay fees and expenses in connection with the offering, and for general corporate purposes. During the third quarter of 2024, the Company recorded a non-cash pre-tax loss on extinguishment of \$2 million related to the difference between the repayment amount and net carrying amount of the Term Loan A Facility, which is included in the Interest expense line item on the Condensed Consolidated Statements of Operations.

Refer to Note 14. "Notes Payable and Debt" for further information on the Credit Agreement, the 2029 Notes and the 2032 Notes.

Other Sources of Liquidity and Capital

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. During the year ended December 31, 2025, the Company sold \$162 million of receivables under these arrangements.

As of December 31, 2025 the Company had cash and cash equivalent balance of \$359 million, of which \$330 million was held by our subsidiaries outside of the United States. We believe our existing cash and cash flows generated from operations and the Revolving Facility will be responsive to the needs of our current and planned operations for at least the next 12 months and the foreseeable future thereafter.

On February 13, 2025, May 21, 2025, July 31, 2025 and October 30, 2025, the Company's Board of Directors declared quarterly cash dividends of \$0.27 per share of common stock. These dividends were paid on March 14, 2025, June 16, 2025, September 12, 2025 and December 12, 2025, respectively. On January 29, 2026, the Company announced that its Board of Directors declared a quarterly cash dividend of \$0.30 per share of common stock, payable on March 20, 2026.

The Company has a credit rating of BB+ from Standard & Poor's and Ba1 from Moody's. The current outlook from both Standard & Poor's and Moody's is stable. None of the Company's debt agreements require accelerated repayment in the event of a downgrade in credit ratings.

Cash Flows

Operating Activities

Net cash provided by operating activities was \$312 million for the year ended December 31, 2025, comparable with \$308 million in the year ended December 31, 2024.

Investing Activities

Net cash used in investing activities was \$132 million and \$101 million in the years ended December 31, 2025 and 2024, respectively, primarily related to capital expenditures and the SEM acquisition. As a percentage of sales, capital expenditures were 3.6% and 3.1% for the years ended December 31, 2025 and 2024, respectively.

Financing Activities

Net cash used in financing activities was \$310 million and \$96 million during the years ended December 31, 2025 and 2024, respectively. The increase is primarily related to the timing of issuance and repayment of debt.

Contractual Obligations

The Company's significant cash requirements for contractual obligations as of December 31, 2025, primarily consisted of the principal and interest payments on its notes payable and long-term debt, non-cancelable lease obligations, and capital spending obligations. The principal amount of Revolving Facility, notes payable and long-term debt was \$981 million as of December 31, 2025. The projected interest payments over the terms of that debt were \$333 million as of December 31, 2025. Refer to Note 14, "Notes Payable and Debt," to the Consolidated Financial Statements in Item 8 of this Form 10-K for more information.

As of December 31, 2025, non-cancelable lease obligations were \$58 million. Refer to Note 21, "Leases and Commitments," to the Consolidated Financial Statements in Item 8 of this Form 10-K for more information. Capital spending obligations were \$37 million as of December 31, 2025.

Management believes that the combination of cash from operations, cash balances, and available credit facilities will be sufficient to satisfy the Company's cash needs for its current level of operations and its planned operations for the foreseeable future. Management will continue to balance the Company's needs for organic growth, inorganic growth, debt reduction, cash conservation and return of cash to shareholders.

Pension and Other Postretirement Employee Benefits

The Company's policy is to fund its defined benefit pension plans in accordance with applicable government regulations and to make additional contributions when appropriate. At December 31, 2025, all legal funding requirements had been met. The Company contributed \$8 million and \$5 million to its defined benefit pension plans in the years ended December 31, 2025 and 2024, respectively.

The Company expects to contribute a total of \$12 million to \$14 million into its defined benefit pension plans during 2026.

The funded status of all pension plans was a net unfunded position of \$142 million and \$113 million at December 31, 2025 and 2024, respectively. The increase in the net unfunded position was a result of higher interest costs, partially offset by higher asset returns.

The Company believes it will be able to fund the requirements of these plans through cash generated from operations or other available sources of financing for the foreseeable future.

Refer to Note 17, "Retirement Benefit Plans," to the Consolidated Financial Statements in Item 8 of this Form 10-K for more information regarding costs and assumptions for employee retirement benefits.

OTHER MATTERS

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 records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount can be reasonably estimated. The Company evaluates, on a quarterly basis, developments in commercial and legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and

reasonably estimable. If a loss contingency is not both probable and reasonably estimable, the Company does not establish an accrued liability. 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.

BorgWarner Dispute

On October 15, 2025, the Company entered into a settlement agreement (the "Settlement Agreement") with the Former Parent to resolve previously disclosed claims asserted by the Former Parent against the Company, and counterclaims asserted by the Company against the Former Parent, in Delaware Superior Court related to payments and other obligations under the Tax Matters Agreement. The Settlement Agreement provides for, among other things, the Company to make payments to the Former Parent pursuant to the following schedule: an initial payment of \$31 million, which was made in the fourth quarter of 2025, a second payment of \$21 million, which was made in the first quarter of 2026, and a third and final payment of \$26 million to be made over the course of 2026 as the Company receives refunds related to certain indirect tax payments prior to the Spin-Off from various tax authorities. The Company expects that a substantial portion of these payments will be funded through the refunds obtained by the Company from tax authorities that relate to the indirect tax payments made prior to the Spin-Off, with the remaining portion of the payments to be funded with available liquidity. The Company recorded a \$39 million loss in the year ended December 31, 2025 in connection with the settlement, representing the aggregate amount of the payments to be made to the Former Parent less the amount the Company had previously recorded for the matter.

In addition, the Settlement Agreement required the Former Parent to pay to the Company approximately \$7 million, which was received in the fourth quarter of 2025, related to the reimbursement of certain pre-Spin-Off corporate income taxes. The Settlement Agreement also provides for the release of certain other claims asserted by the Former Parent against the Company.

In connection with the Settlement Agreement, the Company and the Former Parent also entered into an amendment to the Tax Matters Agreement to provide for, among other things, clarification of the Former Parent's responsibility for certain pre-Spin-Off tax liabilities and the Company's ability to obtain and use the benefit of certain pre-Spin-Off credits and other offsets. Although the credits remain subject to completion of necessary filings and governmental approvals, the Company believes these credits can result in the Company receiving up to approximately \$29 million in cash.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States (GAAP). In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. Critical accounting policies are those that are most important to the portrayal of the Company's financial condition and results of operations. Some of these policies require management's most difficult, subjective or complex judgments in the preparation of the financial statements and accompanying notes. Management makes estimates and assumptions about the effect of matters that are inherently uncertain, relating to the reporting of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. The Company's most critical accounting policies are discussed below.

Impairment of long-lived assets, including definite-lived intangible assets The Company reviews the carrying value of its long-lived assets, whether held for use or disposal, including other amortizing intangible assets, when events and circumstances warrant such a review under Accounting Standards Codification (ASC) Topic 360. In assessing long-lived assets for an impairment loss, assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. In assessing long-lived assets for impairment, management generally considers individual facilities to be the lowest level for which identifiable cash flows are largely independent. A recoverability review is performed using the undiscounted cash flows if there is a triggering event. If the undiscounted cash flow test for recoverability identifies a possible impairment, management will perform a fair value analysis. Management determines fair value under ASC Topic 820 using the appropriate valuation technique of market, income or cost approach. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value.

Management believes that the estimates of future cash flows and fair value assumptions are reasonable; however, changes in assumptions underlying these estimates could affect the valuations. Significant judgments and estimates used by management when evaluating long-lived assets for impairment include (1) an assessment as to whether an adverse event or circumstance has triggered the need for an impairment review; (2) undiscounted future cash flows generated by the asset; and (3) fair valuation of the asset. Events and conditions that could result in impairment in the value of long-lived assets include changes in the industries in which the Company operates, particularly the impact of a downturn in the global economy, as well as competition and advances in technology, adverse changes in the regulatory environment, or other factors leading to reduction in expected long-term sales or profitability.

Goodwill and other indefinite-lived intangible assets The Company's goodwill is tested for impairment annually in the fourth quarter for all reporting units, and more frequently if events or circumstances warrant such a review. The Company first assesses qualitative factors, such as macroeconomic conditions, industry and market conditions, cost factors, relevant events and financial trends, that may impact a reporting unit's fair value. Using this qualitative assessment, the Company determines whether it is more-likely-than-not the reporting unit's fair value exceeds its carrying value. If it is determined that it is not more-likely-than-not the reporting unit's fair value exceeds the carrying value, or upon consideration of other factors, including recent acquisition, restructuring or disposal activity or to refresh the fair values, the Company performs a quantitative goodwill impairment analysis. In addition, the Company may test goodwill in between annual test dates if an event occurs or circumstances change that could more-likely-than-not reduce the fair value of a reporting unit below its carrying value.

The Company also has intangible assets related to acquired trade names that are classified as indefinite-lived when there are no foreseeable limits on the periods of time over which they are expected to contribute cash flows. Costs to renew or extend the term of acquired intangible assets are recognized as expenses as incurred.

Similar to goodwill, the Company can elect to perform the impairment test for indefinite-lived intangibles other than goodwill (trade names) using a qualitative analysis, considering similar factors as outlined in the goodwill discussion in order to determine if it is more-likely-than-not that the fair value of the intangibles are less than the respective carrying values. If the Company elects to perform or is required to perform a quantitative analysis, the test consists of a comparison of the fair value of the indefinite-lived intangible asset to the carrying value of the asset as of the impairment testing date. The Company estimates the fair value of indefinite-lived intangibles using the relief-from-royalty method, which it believes is an appropriate and widely used valuation technique for such assets. The fair value derived from the relief-from-royalty method is measured as the discounted cash flow savings realized from owning such trade names and not being required to pay a royalty for their use.

Refer to Note 12, "Goodwill and Other Intangibles," to the Consolidated Financial Statements in Item 8 of this Form 10-K for more information regarding goodwill.

Product warranties The Company provides warranties on some, but not all, of its products sold to OEMs. 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, actual claims incurred could differ from the original estimates, requiring adjustments to the accrual:

(in millions)	Year Ended December 31,	
	2025	2024
Net sales	\$ 3,483	\$ 3,403
Warranty provision	\$ 44	\$ 48
Warranty provision as a percentage of net sales	1.3 %	1.4 %

The sensitivity to a 25 basis-point change (as a percentage of net sales) in the assumed warranty trend on the Company's accrued warranty liability was approximately \$9 million.

At December 31, 2025, the total accrued warranty liability was \$74 million. The accrual is represented as \$35 million in Other current liabilities and \$39 million in Other non-current liabilities on the Consolidated Balance Sheets.

Refer to Note 13, "Product Warranty," to the Consolidated Financial Statements in Item 8 of this Form 10-K for more information regarding product warranties.

Pension The Company provides pension benefits to a number of its current and former employees. The Company's defined benefit pension plans are accounted for in accordance with ASC Topic 715. The determination of the Company's obligation and expense for its pension is dependent on certain assumptions used by actuaries in calculating such amounts. Certain assumptions, including the expected long-term rate of return on plan assets, discount rate and rates of increase in compensation are described in Note 17, "Retirement Benefit Plans," to the Consolidated Financial Statements in this Form 10-K. The effects of any modification to those assumptions, or actual results that differ from assumptions used, are either recognized immediately or amortized over future periods in accordance with GAAP.

The primary assumptions affecting the Company's accounting for employee benefits under ASC Topic 715 as of December 31, 2025 are as follows:

- **Expected long-term rate of return on plan assets** The expected long-term rate of return is used in the calculation of net periodic benefit cost. The required use of the expected long-term rate of return on plan assets may result in recognized returns that are greater or less than the actual returns on those plan assets in any given year. Over time, however, the expected long-term rate of return on plan assets is designed to approximate actual earned long-term returns. The expected long-term rate of return for pension assets has been determined based on various inputs, including historical returns for the different asset classes held by the Company's trusts and its asset allocation, as well as inputs from internal and external sources regarding expected capital market return, inflation and other variables. The Company also considers the impact of active management of the plans' invested assets. In determining its pension expense for the year ended December 31, 2025, the Company used long-term rates of return on plan assets ranging from 2.5% to 8.0%.

Actual returns on U.K. pension assets were 3.7% and (6.2)% for the years ended December 31, 2025 and 2024, respectively, compared to the expected rate of return assumption of 5.75% and 5.25%, respectively, for the same years ended.

- **Discount rate** The discount rate is used to calculate pension obligations. In determining the discount rate, the Company utilizes a full-yield approach in the estimation of service and interest components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. For its significant plans, the Company used discount rates ranging from 2.45% to 23.5% to determine its pension obligations as of December 31, 2025, including weighted average discount rates of 5.8% (including 5.5% in the U.K.). The U.K. discount rate reflects the fact that the pension plan has been closed for new participants.

While the Company believes that these assumptions are appropriate, significant differences in actual experience or significant changes in these assumptions may materially affect the Company's pension and its future expense.

The sensitivity to a 25 basis-point change in the assumptions for expected return on assets related to 2026 pre-tax pension expense for Company sponsored pension plans is expected to be \$2 million. The sensitivity to a 25 basis-point change in the assumptions for discount rate related to 2026 pre-tax pension expense for Company sponsored pension plans is expected to be negligible.

The following table illustrates the sensitivity to a change in the discount rate for Company sponsored pension plans on its pension obligations:

(in millions)	Impact on PBO	
25 basis point decrease in discount rate	\$	24
25 basis point increase in discount rate	\$	(23)

Refer to Note 17, "Retirement Benefit Plans," to the Consolidated Financial Statements in Item 8 of this Form 10-K for more information regarding the Company's retirement benefit plans.

Income taxes The Company accounts for income taxes in accordance ASC Topic 740 (ASC 740). Income taxes as presented in the Company's Consolidated Financial Statements have been allocated in a manner that is systematic, rational, and consistent with the broad principles of ASC 740. For periods ended on or prior to July 3, 2023, the Company's operations have been included in the 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 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 Consolidated Financial Statements. Further, the Company's tax results as presented in the 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 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 our 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 our 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.

In accordance with ASC 740, the Company's income tax expense is calculated based on expected income and statutory tax rates in the various jurisdictions in which the Company operates and requires the use of management's estimates and judgments. Accounting for income taxes is complex, in part because the Company conducts business globally and, therefore, files income tax returns in numerous tax jurisdictions. Management judgment is required in determining the Company's worldwide provision for income taxes and recording the related assets and liabilities, including accruals for unrecognized tax benefits and assessing the need for valuation allowances.

The determination of accruals for unrecognized tax benefits includes the application of complex tax laws in a multitude of jurisdictions across the Company's global operations. Management judgment is required in determining the gross unrecognized tax benefits' related liabilities. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is less than certain. Accruals for unrecognized tax benefits are established when, despite the belief that tax positions are supportable, there remain certain positions that do not meet the minimum probability threshold, which is a tax position that is more-likely-than-not to be sustained upon examination by the applicable taxing authority. The Company has certain U.S. state income tax returns and certain non-U.S. income tax returns that are currently under various stages of audit by applicable tax authorities. At December 31, 2025, the Company had a liability for tax positions the Company estimates are not more-likely-than-not to be sustained based on the technical merits, which is included in other non-current liabilities. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company records valuation allowances to reduce the carrying value of deferred tax assets to amounts that it expects are more-likely-than-not to be realized. The Company assesses existing deferred tax assets, net operating losses, and tax credits by jurisdiction and expectations of its ability to utilize these tax attributes through a review of past, current and estimated future taxable income and tax planning strategies.

Estimates of future taxable income, including income generated from prudent and feasible tax planning strategies resulting from actual or planned business and operational developments, could change in the near term, perhaps materially, which may require the Company to consider any potential impact to the assessment of the recoverability of the related deferred tax asset. Such potential impact could be material to the Company's consolidated financial condition or results of operations for an individual reporting period.

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. Pillar 2 does not have a material impact to the Company's effective tax rate or consolidated results of operation, financial position or cash flows.

Refer to Note 7, "Income Taxes," to the Consolidated Financial Statements in Item 8 of this Form 10-K for more information regarding income taxes.

New Accounting Pronouncements

Refer to Note 1, "Summary of Significant Accounting Policies," to the Consolidated Financial Statements in Item 8 of this Form 10-K for more information regarding new applicable accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary market risks include fluctuations in interest rates and currency exchange rates. The Company is also affected by changes in the prices of commodities used or consumed in its manufacturing operations. Some of its commodity purchase price risk is covered by supply agreements with customers and suppliers. Other commodity purchase price risk is occasionally addressed by hedging strategies, which include forward contracts. The Company enters into derivative instruments only with high-credit-quality counterparties and diversifies its positions across such counterparties to reduce its exposure to credit losses. The Company does not engage in any derivative instruments for purposes other than hedging specific operating risks.

The Company has established policies and procedures to manage sensitivity to interest rate, currency exchange rate and commodity purchase price risk, which include monitoring the level of exposure to each market risk. For quantitative disclosures about market risk, refer to Note 16, "Financial Instruments," to the Consolidated Financial Statements in Item 8 of this Form 10-K for information with respect to currency exchange rate risk and commodity purchase price risk.

Currency Exchange Rate Risk

Currency exchange rate risk refers to the possibility that the Company may incur economic losses due to adverse changes in currency exchange rates. The Company operates globally and transacts in multiple currencies in addition to its reporting currency, the U.S. dollar. Although the Company generally uses the national or regional currency as the functional currency of its local entities, the Company has a significant amount of transactions in non-functional currency denominations including U.S. Dollar, Euro, Chinese Renminbi, British Pound and Mexican Peso. Foreign currency exposures are reviewed periodically, and any natural offsets are considered prior to entering into a derivative financial instrument. The Company mitigates its currency exchange rate risk by establishing production facilities and sourcing raw materials in the same region that products are sold to customers.

In addition, the Company executed an intercompany loan designated as a net investment hedge to mitigate specific exchange rate translation risk. As of December 31, 2025 and 2024, the Company deferred a pre-tax loss of \$6 million and \$11 million, respectively, for the designated net investment hedge within the cumulative translation account within accumulated other comprehensive income, a component of total shareholders' equity.

Currency translation adjustments, including the impact of the net investment hedges discussed above, during the years ended December 31, 2025 and 2024, are shown in the following tables, which provide the percentage change

in U.S. Dollars against the respective currencies and the approximate impacts of these changes recorded within other comprehensive income (loss) for the respective periods.

(in millions, except for percentages)	December 31, 2025	
Euro	13 %	\$ 55
British Pound	8 %	\$ 28
Chinese Renminbi	4 %	\$ 22
Brazilian Real	12 %	\$ 17

(in millions, except for percentages)	December 31, 2024	
Brazilian Real	(21)%	\$ (38)
Euro	(6)%	\$ (17)
Chinese Renminbi	(3)%	\$ (12)
British Pound	(2)%	\$ (9)
Korean Won	(13)%	\$ (4)

For additional information regarding the level of business outside the United States, which is subject to foreign currency exchange rate market risk, refer to Note 24, "Reportable Segments and Related Information," to the Consolidated Financial Statements in Item 8 of this Form 10-K.

Commodity Price Risk

Commodity price risk is the possibility that the Company will incur economic losses due to adverse changes in the cost of raw materials used in the production of its products. The Company uses long-term contracts, cost sharing arrangements, design changes, customer buy programs, and limited financial instruments to help control costs wherever beneficial. Commodity forward and option contracts are occasionally executed to offset exposure to potential change in prices mainly for various non-ferrous metals and natural gas consumption used in the manufacturing of vehicle components. As of December 31, 2025 and 2024, the Company had no outstanding commodity swap contracts.

Disclosure Regarding Forward-Looking Statements

The matters discussed in this Item 7 include forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Information" at the beginning of this Form 10-K.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of PHINIA Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of PHINIA Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive (loss) income, of equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable

assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment - Fuel Systems Reporting Unit

As described in Note 12 to the consolidated financial statements, the Company's net goodwill balance was \$509 million as of December 31, 2025, and the net goodwill associated with the Fuel Systems reporting unit was \$71 million. Management has determined that each of the reportable segments is also a reporting unit. Management tests goodwill for impairment annually in the fourth quarter for all reporting units, and more frequently if events or circumstances warrant such a review. Management performed quantitative impairment testing during the fourth quarter of 2025. The estimated fair value was determined using a combined income and market approach. The primary assumptions affecting management's quantitative impairment review are the discount rates, EBITDA margins, revenue growth rates, and market multiples.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Fuel Systems reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the Fuel Systems reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumption related to EBITDA margins and market multiples; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the Fuel Systems reporting unit. These procedures also included, among others (i) testing management's process for developing the fair value estimate of the Fuel Systems reporting unit; (ii) evaluating the appropriateness of the income and market valuation approaches used by management; (iii) testing the completeness and accuracy of underlying data used in the income and market valuation approaches; and (iv) evaluating the reasonableness of the significant assumptions used by management related to EBITDA margins and market multiples. Evaluating management's assumption related to EBITDA margins involved evaluating whether the assumption used by management was reasonable considering (i) the current and past performance of the Fuel Systems reporting unit; (ii) the consistency with external market and industry data; and (iii) whether the assumption was consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the income and market valuation approaches and (ii) the reasonableness of the market multiples assumption.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan

February 12, 2026

We have served as the Company's auditor since 2022.

PHINIA INC.
CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share amounts)	December 31,	
	2025	2024
ASSETS		
Cash and cash equivalents	\$ 359	\$ 484
Receivables, net	804	817
Inventories	473	444
Prepayments and other current assets	126	96
Total current assets	1,762	1,841
Property, plant and equipment, net	876	843
Investments and long-term receivables	145	111
Goodwill	509	471
Other intangible assets, net	398	374
Other non-current assets	127	128
Total assets	\$ 3,817	\$ 3,768
LIABILITIES AND EQUITY		
Short-term borrowings and current portion of long-term debt	\$ 3	\$ 25
Accounts payable	510	522
Other current liabilities	434	422
Total current liabilities	947	969
Long-term debt	967	963
Retirement-related liabilities	141	112
Other non-current liabilities	175	150
Total liabilities	2,230	2,194
Commitments and contingencies (see Note 20)		
Capital stock:		
Common stock, \$0.01 par value; authorized shares: 200,000,000; issued shares: (2025 - 47,013,661, 2024 - 47,013,661); outstanding shares: (2025 - 37,915,162, 2024 - 41,643,883)	1	1
Additional paid-in capital	1,978	1,976
Retained earnings	132	44
Accumulated other comprehensive loss	(98)	(217)
Treasury stock, at cost: (2025 - 9,098,499 shares, 2024 - 5,369,778 shares)	(426)	(230)
Total equity	1,587	1,574
Total liabilities and equity	\$ 3,817	\$ 3,768

See Accompanying Notes to Consolidated Financial Statements.

PHINIA INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)	Year Ended December 31,		
	2025	2024	2023
Net sales	\$ 3,483	\$ 3,403	\$ 3,500
Cost of sales	2,721	2,647	2,776
Gross profit	762	756	724
Selling, general and administrative expenses	445	442	413
Restructuring expense	17	14	12
Other operating expense, net	46	41	58
Operating income	254	259	241
Equity in affiliates' earnings, net of tax	(15)	(11)	(10)
Interest expense	81	99	56
Interest income	(14)	(16)	(13)
Other postretirement expense	4	—	2
Earnings before income taxes	198	187	206
Provision for income taxes	68	108	104
Net earnings	\$ 130	\$ 79	\$ 102
Earnings per share — basic	\$ 3.31	\$ 1.80	\$ 2.17
Earnings per share — diluted	\$ 3.24	\$ 1.76	\$ 2.17
Weighted average shares outstanding:			
Basic	39.3	44.0	46.9
Diluted	40.1	44.8	47.0

See Accompanying Notes to Consolidated Financial Statements.

PHINIA INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)	Year Ended December 31,		
	2025	2024	2023
Net earnings	\$ 130	\$ 79	\$ 102
Other comprehensive income (loss)			
Foreign currency translation adjustments ¹	135	(95)	(13)
Defined benefit postretirement plans ¹	(16)	9	(27)
Hedge instruments ¹	—	—	(3)
Total other comprehensive income (loss)	119	(86)	(43)
Comprehensive income (loss)	<u>\$ 249</u>	<u>\$ (7)</u>	<u>\$ 59</u>

¹ Net of income taxes.

See Accompanying Notes to Consolidated Financial Statements.

PHINIA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Year Ended December 31,		
	2025	2024	2023
OPERATING			
Net cash provided by operating activities (see Note 25)	\$ 312	\$ 308	\$ 250
INVESTING			
Capital expenditures, including tooling outlays	(124)	(105)	(150)
Payments for businesses acquired, net of cash acquired	(9)	—	—
Insurance proceeds received for damage to property, plant and equipment	—	3	—
Payments for investment in equity securities	—	(1)	(2)
Proceeds from asset disposals and other, net	1	2	2
Net cash used in investing activities	(132)	(101)	(150)
FINANCING			
Proceeds from issuance of long-term debt, net of discount	—	975	708
Payments for debt issuance costs	—	(15)	(14)
Borrowings (repayments) under revolving facilities	1	(75)	75
Repayments of debt, including current portion	(24)	(722)	(4)
Repayment of acquired debt	(32)	—	—
Dividends paid to PHINIA Inc. stockholders	(42)	(44)	(23)
Payments for purchase of treasury stock, including excise tax	(202)	(212)	(24)
Payments for stock-based compensation items	(11)	(3)	(1)
Cash outflows related to debt due to Former Parent	—	—	(728)
Cash inflows related to debt due from Former Parent	—	—	36
Net transfers to Former Parent	—	—	(5)
Net cash (used in) provided by financing activities	(310)	(96)	20
Effect of exchange rate changes on cash	5	8	(6)
Net (decrease) increase in cash and cash equivalents	(125)	119	114
Cash and cash equivalents at beginning of year	484	365	251
Cash and cash equivalents at end of year	<u>\$ 359</u>	<u>\$ 484</u>	<u>\$ 365</u>

See Accompanying Notes to Consolidated Financial Statements.

PHINIA INC.
CONSOLIDATED STATEMENTS OF EQUITY

(in millions, except share data)	Number of Shares		PHINIA Inc. Stockholders' Equity						
	Issued common stock	Common stock held in treasury	Issued common stock	Additional paid-in capital	Treasury stock	Retained earnings	Former Parent investment	Accumulated other comprehensive income (loss)	Total Equity
Balance, January 1, 2023	—	—	\$ —	\$ —	\$ —	\$ —	\$ 1,731	\$ (88)	\$ 1,643
Dividends declared (\$0.50 per share)	—	—	—	—	—	(23)	—	—	(23)
Net transfers from Former Parent	—	—	—	—	—	—	220	—	220
Spin-Off related adjustments	—	—	—	8	—	—	—	—	8
Reclassification of Former Parent's net investment and issuance of ordinary shares in connection with Spin-Off	47,013,661	—	1	2,020	—	—	(2,021)	—	—
Stock-based compensation expense	—	—	—	6	—	—	—	—	6
Purchase of treasury stock	—	(903,920)	—	—	(24)	—	—	—	(24)
Net issuance of executive stock plan	—	54,795	—	(3)	1	—	—	—	(2)
Purchase/sale of noncontrolling interest	—	—	—	—	—	—	—	—	—
Net earnings	—	—	—	—	—	32	70	—	102
Other comprehensive income	—	—	—	—	—	—	—	(43)	(43)
Balance, December 31, 2023	47,013,661	(849,125)	\$ 1	\$ 2,031	\$ (23)	\$ 9	\$ —	\$ (131)	\$ 1,887
Dividends declared (\$1.00 per share)	—	—	—	—	—	(44)	—	—	(44)
Spin-Off related adjustments	—	—	—	(59)	—	—	—	—	(59)
Stock-based compensation expense	—	—	—	14	—	—	—	—	14
Purchase of treasury stock	—	(4,806,413)	—	—	(212)	—	—	—	(212)
Excise tax on purchase of treasury stock	—	—	—	—	(2)	—	—	—	(2)
Net issuance of executive stock plan	—	285,760	—	(10)	7	—	—	—	(3)
Net earnings	—	—	—	—	—	79	—	—	79
Other comprehensive loss	—	—	—	—	—	—	—	(86)	(86)
Balance, December 31, 2024	47,013,661	(5,369,778)	\$ 1	\$ 1,976	\$ (230)	\$ 44	\$ —	\$ (217)	\$ 1,574
Dividends declared (\$1.08 per share)	—	—	—	—	—	(42)	—	—	(42)
Stock-based compensation expense	—	—	—	18	—	—	—	—	18
Purchase of treasury stock	—	(4,114,687)	—	—	(200)	—	—	—	(200)
Excise tax on purchase of treasury stock	—	—	—	—	(2)	—	—	—	(2)
Net issuance of executive stock plan	—	385,966	—	(16)	6	—	—	—	(10)
Net earnings	—	—	—	—	—	130	—	—	130
Other comprehensive income	—	—	—	—	—	—	—	119	119
Balance, December 31, 2025	47,013,661	(9,098,499)	\$ 1	\$ 1,978	\$ (426)	\$ 132	\$ —	\$ (98)	\$ 1,587

See Accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

The accompanying Consolidated Financial Statements and notes present the consolidated statements of operations, cash flows, comprehensive income and stockholders' equity and balance sheets of PHINIA Inc. (PHINIA or the Company). PHINIA is a leader in the development, design and manufacture of integrated components and systems that are designed to optimize performance, enhance 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), light commercial vehicles (vans and trucks) and light passenger vehicles (passenger cars, mini-vans, cross-overs and sport-utility vehicles). The Company is a global supplier to most major original equipment manufacturers (OEMs) seeking to meet or exceed evolving and 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 July 3, 2023, PHINIA became an independent publicly traded company as a result of the legal and structural separation of the Fuel Systems and Aftermarket businesses from BorgWarner Inc. (BorgWarner or Former Parent). The separation was completed in the form of a distribution of the outstanding common stock of PHINIA to holders of record of common stock of BorgWarner on a pro rata basis (the Spin-Off). In connection with the Spin-Off, we entered into an agreement with the Former Parent which 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 (Tax Matters Agreement).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following paragraphs briefly describe the Company's significant accounting policies.

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 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).

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

A portion of BorgWarner's total corporate expenses were allocated to the Company for services rendered by BorgWarner prior to the Spin-Off. These expenses included the cost of corporate functions and resources, including, but not limited to, executive management, finance, accounting, legal, human resources, research and development and sales. Additionally, a portion of the Company's corporate expenses were allocated to BorgWarner for charges incurred related to subsidiaries of BorgWarner historically supported by the Company, primarily related to information technology. These expenses were allocated based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional net revenues, legal entities, headcount or weighted-square footage, as applicable. The Company considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to, or the benefit received by, both the Company and BorgWarner during the periods presented. However, the allocations may not reflect the expenses the Company would have incurred if the Company had been a standalone company for the periods presented prior to July 3, 2023. The year ended December 31, 2023 included net corporate allocation expenses incurred prior to the Spin-Off totaling \$89 million. Corporate allocation expenses were primarily included in Selling, general and administrative expenses.

Use of estimates The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the accompanying notes, as well as the amounts of revenues and expenses reported during the periods covered by these financial statements and accompanying notes. Actual results could differ from those estimates.

Principles of consolidation The Consolidated Financial Statements include all majority-owned subsidiaries with a controlling financial interest. All inter-company balances and transactions have been eliminated in consolidation.

Joint venture and equity securities The Company has an investment in one unconsolidated joint venture: Delphi-TVS Diesel Systems Ltd (D-TVS), of which the Company owns 52.5%. This joint venture is a non-controlled affiliate in which the Company exercises significant influence but does not have a controlling financial interest and, therefore, is accounted for under the equity method. Although the Company is the majority owner, it does not have the ability to control significant decisions or management of the entity. The Company evaluated this investment under Accounting Standards Codification (ASC) Topic 810 and based on the following factors the Company does

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

not have the power to control the significant decisions of the entity and therefore does not have a controlling financial interest.

- Both partners appoint a managing director and these directors jointly manage all of the affairs of D-TVS, subject to supervision by the board of directors;
- The Company has only a 36% representation on the board of directors; and
- The construct of the board of directors prevents either party from having power/control as described in ASC Topic 810 because both parties lack the ability to directly and/or indirectly control governance and management of D-TVS through either its ownership interest or the board representation.

Generally, under the equity method, the Company's original investment is recorded at cost and subsequently adjusted by the Company's share of equity in income or losses. The carrying value of the Company's investment was \$60 million and \$51 million as of December 31, 2025 and 2024, respectively. The Company monitors its equity method investments for indicators of other-than-temporary declines in fair value on an ongoing basis. If such a decline has occurred, an impairment charge is recorded, which is measured as the difference between the carrying value and the estimated fair value. The Company's investment in this non-controlled affiliate is included within Investments and long-term receivables in the Consolidated Balance Sheets. The Company's share of equity in income or losses is included in Equity in affiliates' earnings, net of tax in the Consolidated Statements of Operations.

The Company also has certain investments for which it does not have the ability to exercise significant influence (generally when ownership interest is less than 20%). The Company's investment in these equity securities is included within Investments and long-term receivables in the Consolidated Balance Sheet.

Interests in privately held companies that do not have readily determinable fair values are accounted for using the measurement alternative under ASC Topic 321, which includes monitoring on an ongoing basis for indicators of impairments or upward adjustments. These equity securities are measured at cost less impairments, adjusted for observable price changes in orderly transactions for the identical or similar investment of the same issuer. If the Company determines that an indicator of impairment or upward adjustment is present, an adjustment is recorded, which is measured as the difference between carrying value and estimated fair value. Estimated fair value is generally determined using an income approach on discounted cash flows or negotiated transaction values.

Revenue recognition Revenue is recognized when performance obligations under the terms of a contract are satisfied, which generally occurs with the transfer of control of the products. For most products, transfer of control occurs upon shipment or delivery; however, a limited number of customer arrangements for 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. Revenue is measured at the amount of consideration the Company expects to receive in exchange for transferring the goods. Although the Company may enter into long-term supply arrangements with its major customers, the prices and volumes are not fixed over the life of the arrangements, and a contract does not exist for purposes of applying ASC Topic 606 until volumes are contractually known.

Sales incentives and allowances (including returns) are recognized as a reduction to revenue at the time of the related sale. The Company estimates the allowances based on an analysis of historical experience. Taxes assessed by a governmental authority collected by the Company concurrent with a specific revenue-producing transaction are excluded from net sales. Shipping and handling fees billed to customers are included in sales, while costs of shipping and handling are included in cost of sales. The Company has elected to apply the accounting policy election available under ASC Topic 606 and accounts for shipping and handling activities as a fulfillment cost.

The Company has a limited number of arrangements with customers where the price paid by the customer is dependent on the volume of product purchased over the term of the arrangement. In other arrangements, the Company will provide a rebate to customers based on the volume of products purchased during the course of the arrangement. The Company estimates the volumes to be sold over the term of the arrangement and recognizes revenue based on the estimated amount of consideration to be received from these arrangements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Refer to Note 3, "Revenue from Contracts with Customers," to the Consolidated Financial Statements for more information.

Cost of sales The Company includes materials, direct labor and manufacturing overhead within cost of sales. Manufacturing overhead is comprised of indirect materials, indirect labor, factory operating costs, warranty costs and other such costs associated with manufacturing products for sale.

Cash and cash equivalents Cash and cash equivalents are valued at fair market value. It is the Company's policy to classify all highly liquid investments with original maturities of three months or less as cash and cash equivalents. Cash and cash equivalents are maintained with several financial institutions. Cash and cash equivalents are primarily held in foreign locations. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and, therefore, bear minimal risk.

Receivables, net and long-term receivables Accounts receivable and long-term receivables are stated at cost less an allowance for credit losses. An allowance for credit losses is recorded for amounts that may become uncollectible in the future. The allowance for credit losses is an estimate based on expected losses, current economic and market conditions, and a review of the current status of each customer's accounts receivable.

Sales of receivables are accounted for in accordance with the ASC Topic 860. Agreements which result in true sales of the transferred receivables, as defined in ASC Topic 860, which occur when receivables are transferred to a third party without recourse to the Company, are excluded from amounts reported in the Consolidated Balance Sheets. Cash proceeds received from such sales are included in operating cash flows. The expenses associated with receivables factoring are recorded in the Consolidated Statements of Operations within interest expense. Refer to Note 8, "Receivables, Net," to the Consolidated Financial Statements for more information.

Inventories Inventory is measured using first-in, first-out (FIFO) or average-cost methods at the lower of cost or net realizable value. Refer to Note 9, "Inventories," to the Consolidated Financial Statements for more information.

Pre-production costs related to long-term supply arrangements Engineering, research and development and other design and development costs for products sold on long-term supply arrangements are expensed as incurred unless the Company has a contractual guarantee for reimbursement from the customer. Costs for molds, dies and other tools used to make products sold on long-term supply arrangements for which the Company has title to the assets are capitalized in property, plant and equipment and amortized to cost of sales over the shorter of the term of the arrangement or over the estimated useful lives of the assets, typically three to five years. Costs for molds, dies and other tools used to make products sold on long-term supply arrangements for which the Company has a contractual guarantee for lump sum reimbursement from the customer are capitalized in Prepayments and other current assets.

Property, plant and equipment, net Property, plant and equipment is valued at cost less accumulated depreciation. Expenditures for maintenance, repairs and renewals of relatively minor items are generally charged to expense as incurred. Renewals of significant items are capitalized. Depreciation is generally computed on a straight-line basis over the estimated useful lives of the assets. Useful lives for buildings range from fifteen to forty years, and useful lives for machinery and equipment range from three to twelve years. For income tax purposes, accelerated methods of depreciation are generally used. Refer to Note 11, "Property, Plant and Equipment, Net," to the Consolidated Financial Statements for more information.

Impairment of long-lived assets, including definite-lived intangible assets The Company reviews the carrying value of its long-lived assets, whether held for use or disposal, including other amortizable intangible assets, when events and circumstances warrant such a review under ASC Topic 360. In assessing long-lived assets for an impairment loss, assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. In assessing long-lived assets for impairment, management generally considers individual facilities to be the lowest level for which identifiable cash flows are largely independent. A recoverability review is performed using the undiscounted cash flows if there is a triggering event. If the undiscounted cash flow test for recoverability identifies a possible impairment, management will perform a fair value analysis. Management determines fair value under ASC Topic 820 using the appropriate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

valuation technique of market, income or cost approach. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value.

Management believes that the estimates of future cash flows and fair value assumptions are reasonable; however, changes in assumptions underlying these estimates could affect the valuations. Significant judgments and estimates used by management when evaluating long-lived assets for impairment include (1) an assessment as to whether an adverse event or circumstance has triggered the need for an impairment review; (2) undiscounted future cash flows generated by the asset; and (3) fair valuation of the asset.

Goodwill and other indefinite-lived intangible assets During the fourth quarter of each year, the Company qualitatively assesses its goodwill. This qualitative assessment evaluates various events and circumstances, such as macroeconomic conditions, industry and market conditions, cost factors, relevant events and financial trends, that may impact a reporting unit's fair value. Using this qualitative assessment, the Company determines whether it is more-likely-than-not the reporting unit's fair value exceeds its carrying value. If it is determined that it is not more-likely-than-not the reporting unit's fair value exceeds the carrying value, or upon consideration of other factors, including recent acquisition, restructuring or disposal activity or to refresh the fair values, the Company performs a quantitative goodwill impairment analysis. In addition, the Company also tests goodwill in between annual test dates if an event occurs or circumstances change that could more-likely-than-not reduce the fair value of a reporting unit below its carrying value.

The Company also has intangible assets related to acquired trade names that are classified as indefinite-lived when there are no foreseeable limits on the periods of time over which they are expected to contribute cash flows. Costs to renew or extend the term of acquired intangible assets are recognized as expenses are incurred.

Similar to goodwill, the Company can elect to perform the impairment test for indefinite-lived intangibles other than goodwill (trade names) using a qualitative analysis, considering similar factors as outlined in the goodwill discussion in order to determine if it is more-likely-than-not that the fair value of the intangibles are less than the respective carrying values. If the Company elects to perform or is required to perform a quantitative analysis, the test consists of a comparison of the fair value of the indefinite-lived intangible asset to the carrying value of the asset as of the impairment testing date. The Company estimates the fair value of indefinite-lived intangibles using the relief-from-royalty method, which it believes is an appropriate and widely used valuation technique for such assets. The fair value derived from the relief-from-royalty method is measured as the discounted cash flow savings realized from owning such trade names and not being required to pay a royalty for their use.

Refer to Note 12, "Goodwill and Other Intangibles," to the Consolidated Financial Statements for more information.

Product warranties 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 product warranty accrual is allocated to Other current liabilities and Other non-current liabilities in the Consolidated Balance Sheets.

Refer to Note 13, "Product Warranty," to the Consolidated Financial Statements for more information.

Other loss accruals and valuation allowances The Company has numerous other loss exposures, such as customer claims, workers' compensation claims, litigation and recoverability of certain assets. Establishing loss accruals or valuation allowances for these matters requires the use of estimates and judgment in regard to the risk

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

exposure and ultimate realization. The Company estimates losses using consistent and appropriate methods; however, changes to its assumptions could materially affect the recorded accrued liabilities for loss or asset valuation allowances.

Environmental contingencies The Company accounts for environmental costs in accordance with ASC Topic 450, "Contingencies." Costs related to environmental assessments and remediation efforts at operating facilities are accrued when it is probable that a liability has been incurred and the amount of that liability can be reasonably estimated. Estimated costs are recorded at undiscounted amounts, based on experience and assessments and are regularly evaluated. The liabilities are recorded in Other current and Other non-current liabilities in the Company's Consolidated Balance Sheets and are not material.

Refer to Note 20, "Contingencies," to the Consolidated Financial Statements for more information.

Government grants The Company periodically receives government grants representing assistance provided by a government. These government grants are generally received in cash and typically provide reimbursement related to acquisition of property and equipment, product development or local governmental economic relief. The government grants are generally amortized using a systematic and rational method over the life of the grant. As of December 31, 2025 and 2024, the Company recorded \$8 million and \$7 million in Other non-current liabilities, respectively, in the Company's Consolidated Balance Sheets. During the years ended December 31, 2025, 2024 and 2023, the Company recorded \$24 million, \$28 million and \$21 million of government grant-related credits in Selling, general and administrative expenses, respectively, and \$5 million, \$2 million and \$1 million in Cost of sales, respectively, in the Company's Consolidated Statement of Operations.

Derivative financial instruments The Company recognizes that certain normal business transactions and foreign currency operations generate risk. Examples of risks include exposure to exchange rate risk related to transactions denominated in currencies other than the functional currency, changes in commodity costs and interest rates. It is the objective of the Company to assess the impact of these transaction risks and consider mitigating such risks through various methods, including financial derivatives. The majority of derivative instruments held by the Company are designated as hedges, have high correlation with the underlying exposure and are highly effective in offsetting underlying price movements. Accordingly, gains and losses from changes in qualifying hedge fair values are matched with the underlying transactions. Hedge instruments are generally reported gross, with no right to offset, on the Consolidated Balance Sheets at their fair value based on quoted market prices for contracts with similar maturities. The Company does not engage in any derivative transactions for purposes other than hedging specific operational risks.

Refer to Note 16, "Financial Instruments," to the Consolidated Financial Statements for more information.

Foreign currency The financial statements of foreign subsidiaries are translated to U.S. Dollars using the period-end exchange rate for assets and liabilities and an average exchange rate for each period for revenues, expenses and capital expenditures. The local currency is the functional currency for substantially all of the Company's foreign subsidiaries. Translation adjustments for foreign subsidiaries are recorded as a component of Accumulated other comprehensive loss in equity. The Company recognizes transaction gains and losses arising from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency in earnings as incurred.

Refer to Note 19, "Accumulated Other Comprehensive Loss," to the Consolidated Financial Statements for more information.

Pensions The Company's defined benefit pension plans are accounted for in accordance with ASC Topic 715. Disability early retirement benefits are accounted for in accordance with ASC Topic 712.

Pension costs and related liabilities and assets are dependent upon assumptions used in calculating such amounts. These assumptions include discount rates, expected returns on plan assets, health care cost trends, compensation and other factors. In accordance with U.S. GAAP, actual results that differ from the assumptions used are accumulated and amortized over future periods, and accordingly, generally affect recognized expense in future periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Refer to Note 17, "Retirement Benefit Plans," to the Consolidated Financial Statements for more information.

Restructuring Restructuring costs may occur when the Company takes action to exit or significantly curtail a part of its operations or implements a reorganization that affects the nature and focus of operations. A restructuring charge can consist of severance costs associated with reductions to the workforce, costs to terminate an operating lease or contract, professional fees and other costs incurred related to the implementation of restructuring activities.

The Company generally records costs associated with voluntary separations at the time of employee acceptance. Costs for involuntary separation programs are recorded when management has approved the plan for separation, the employees are identified and aware of the benefits they are entitled to and it is unlikely that the plan will change significantly. When a plan of separation requires approval by or consultation with the relevant labor organization or government, the costs are recorded upon agreement. Costs associated with benefits that are contingent on the employee continuing to provide service are accrued over the required service period.

Income taxes The Company accounts for income taxes in accordance ASC Topic 740 (ASC 740). Income taxes as presented in the Company's Consolidated Financial Statements have been allocated in a manner that is systematic, rational, and consistent with the broad principles of ASC 740. Prior to Spin-Off, the Company's operations have been included in the Former Parent's U.S. federal consolidated tax return, certain foreign tax returns, and certain state tax returns.

In accordance with ASC 740, the Company's income tax expense is calculated based on expected income and statutory tax rates in the various jurisdictions in which the Company operates and requires the use of management's estimates and judgments. Accounting for income taxes is complex, in part because the Company conducts business globally and, therefore, files income tax returns in numerous tax jurisdictions. Management judgment is required in determining the Company's worldwide provision for income taxes and recording the related assets and liabilities, including accruals for unrecognized tax benefits and assessing the need for valuation allowances.

The determination of accruals for unrecognized tax benefits includes the application of complex tax laws in a multitude of jurisdictions across the Company's global operations. Management judgment is required in determining the gross unrecognized tax benefits' related liabilities. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is less than certain. Accruals for unrecognized tax benefits are established when, despite the belief that tax positions are supportable, there remain certain positions that do not meet the minimum probability threshold, which is a tax position that is more-likely-than-not to be sustained upon examination by the applicable taxing authority.

The Company records valuation allowances to reduce the carrying value of deferred tax assets to amounts that it expects are more-likely-than-not to be realized. The Company assesses existing deferred tax assets, net operating losses, and tax credits by jurisdiction and expectations of its ability to utilize these tax attributes through a review of past, current and estimated future taxable income and tax planning strategies.

Refer to Note 7, "Income Taxes," to the Consolidated Financial Statements for more information.

New Accounting Pronouncements

Recently Adopted Accounting Standards

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance requires entities to disaggregate information related to the effective tax rate reconciliation and income taxes paid. This guidance is effective for annual reporting periods beginning after December 15, 2024. The Company has adopted this guidance, refer to Note 7, "Income Taxes" to the Consolidated Financial Statements for more information.

Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03 and ASU 2025-01, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)." This guidance requires entities to disclose disaggregated information about certain income statement expense line items in the notes to the financial statements. This guidance is effective for annual reporting periods beginning after December 15, 2026.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

These ASUs will result in additional disclosures but will not have a material impact on the Company's Consolidated Financial Statements.

In September 2025, the FASB issued ASU 2025-06, "Intangibles - Goodwill and Other - Internal-use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software." This guidance requires entities to capitalize internal-use software costs when the Company has authorized and committed funding and it is probable the project will be completed. This guidance is effective for annual reporting periods beginning after December 15, 2027. The Company is currently evaluating the impact of this ASU on its financial statements.

In November 2025, the FASB issued ASU 2025-09, "Derivatives and Hedging (Topic 815): Hedge Accounting Improvements." This guidance enables entities to apply hedge accounting to a greater number of highly effective economic hedges in Similar Risk Assessment for Cash Flow Hedges, Hedging Forecasted Interest Payments on Choose-Your-Rate Debt Instruments, Cash Flow Hedges of Nonfinancial Forecasted Transactions and Net Written Options as Hedging Instruments. This guidance is effective for annual reporting periods beginning after December 15, 2026. The Company is currently evaluating the impact of this ASU on its financial statements.

In December 2025, the FASB issued ASU 2025-10, "Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities." This guidance requires entities to disclose the nature of government grants, accounting principles applied, and significant terms and conditions. This guidance is effective for annual reporting periods beginning after December 15, 2028. The Company is currently evaluating the impact of this ASU on its financial statements.

In December 2025, the FASB issued ASU 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements." This guidance requires entities to disclose material events and changes that occur after the end of the most recent fiscal year and clarifies other disclosure requirements for interim reporting. This guidance is effective for annual reporting periods beginning after December 15, 2028. The Company is currently evaluating the impact of this ASU on its financial statements.

In December 2025, the FASB issued ASU 2025-12, "Codification Improvements." This guidance updates a broad range of topics arising from technical corrections, unintended Codification application, clarifications and other minor improvements. This guidance is effective for annual reporting periods beginning after December 15, 2026. The ASU has no material impact on the financial statements of the Company.

NOTE 2 ACQUISITION

On August 1, 2025, the Company acquired 100% of Swedish Electromagnet Invest AB (SEM) for \$47 million, comprised of \$15 million of cash consideration and \$32 million cash used to extinguish debt assumed through the acquisition. SEM is part of the Fuel Systems segment, and is a provider of advanced natural gas, hydrogen and other alternative fuel ignition systems, injector stators and linear position sensors.

The SEM acquisition was accounted for as a business combination, with the purchase price, net of cash acquired, allocated on a preliminary basis as of August 1, 2025. The preliminary allocation of the purchase price to acquired assets and liabilities assumed, including the residual amount recognized as goodwill, is based upon estimated information and is subject to change within the measurement period. The measurement period is a period not to exceed one year from the acquisition date during which the Company may adjust estimated or provisional amounts recorded during purchase accounting if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in revised estimated values of those assets or liabilities as of that date. Measurement period adjustments are recorded in the period identified. The Company is in the process of finalizing all purchase accounting adjustments. Certain estimated values for the acquisition, including goodwill, intangible assets and deferred taxes are not yet finalized, and the preliminary purchase price allocations are subject to change as the Company completes its analysis of the fair value at the date of acquisition. The final valuation of assets acquired and liabilities assumed may be materially different from the estimated values shown below.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed as of the date of acquisition:
(in millions)

	Initial Purchase Price Allocation
Total purchase consideration ⁽¹⁾	\$ 15
ASSETS	
Cash and cash equivalents	\$ 6
Property, plant and equipment	5
Other intangible assets	27
Other assets	25
Total assets acquired	\$ 63
LIABILITIES	
Long-term debt	\$ 33
Other liabilities	19
Total liabilities assumed	\$ 52
Net assets acquired	\$ 11
Goodwill ⁽²⁾	\$ 4

¹ Total purchase consideration excludes cash paid of \$32 million used to extinguish debt assumed through the acquisition.

² Goodwill is not deductible for tax purposes.

The preliminary valuation of intangible assets consisted of the following assets subject to amortization (in millions, except weighted-average

	Fair Value	Weighted-Average Useful Life	Valuation Methodology	Key Assumptions
Customer relationships	\$ 18	12 years	Multi-period excess earnings	Discount rate, customer attrition rate
Patented and unpatented technology useful life):	9	6 years	Relief-from-royalty	Royalty rate, discount rate, obsolescence factor

The purchase price, net of cash acquired, was allocated based on the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition with the excess purchase price recorded as goodwill, all of which was allocated to the Fuel Systems segment. The goodwill is primarily the result of expected synergies as well as enhancing the Company's product portfolio and strategy, enabling the Company to explore adjacent market opportunities to increase Fuel Systems sales globally. Amortization expense of purchased intangible assets is primarily recognized on a straight-line basis.

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company manufactures and sells products and solutions, 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 December 31, 2025, the balance of contract liabilities was \$17 million, of which \$7 million was reflected in Other current liabilities and \$10 million was reflected as Other non-current liabilities. As of December 31, 2024, the balance of contract liabilities was \$7 million, of which \$3 million was reflected in Other current liabilities and \$4 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 years ended December 31, 2025, 2024, and 2023. Refer to Note 24, "Reportable Segments and Related Information" to the Consolidated Financial Statements, for more information.

(In millions)	Year Ended December 31, 2025		
	Fuel Systems	Aftermarket	Total
Americas	\$ 750	\$ 736	\$ 1,486
Europe	895	496	1,391
Asia	532	74	606
Total	\$ 2,177	\$ 1,306	\$ 3,483

(In millions)	Year Ended December 31, 2024		
	Fuel Systems	Aftermarket	Total
Americas	\$ 722	\$ 736	\$ 1,458
Europe	941	453	1,394
Asia	468	83	551
Total	\$ 2,131	\$ 1,272	\$ 3,403

(In millions)	Year Ended December 31, 2023		
	Fuel Systems	Aftermarket	Total
Americas	\$ 744	\$ 744	\$ 1,488
Europe	1,019	406	1,425
Asia	512	75	587
Total	\$ 2,275	\$ 1,225	\$ 3,500

NOTE 4 RESTRUCTURING

The Company's restructuring activities are undertaken as necessary to execute the Company's strategy and streamline operations, consolidate and take advantage of available capacity and resources, and ultimately achieve net cost reductions. During the year ended December 31, 2025, the Company has implemented actions as part of a strategic effort to align its legacy infrastructure with current business needs and reduce costs in response to ongoing industry headwinds. Beginning in 2025 and continuing through 2027, the Company anticipates incurring approximately \$35 million in restructuring charges under these initiatives, with estimated annual savings of \$25 million once fully implemented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

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

(in millions)	Employee Termination Benefits	Other	Total
Balance, January 1, 2024	\$ 9	\$ 1	\$ 10
Restructuring expense	8	6	14
Cash payments	(12)	(5)	(17)
Foreign currency translation adjustment and other	—	(1)	(1)
Balance, December 31, 2024	5	1	6
Restructuring expense	11	6	17
Cash payments	(12)	(6)	(18)
Foreign currency translation adjustment and other	1	—	1
Balance, December 31, 2025	\$ 5	\$ 1	\$ 6
Less: Non-current restructuring liability	1	—	1
Current restructuring liability at December 31, 2025	\$ 4	\$ 1	\$ 5

During the years ended December 31, 2025, 2024 and 2023, the Company recorded \$17 million, \$14 million and \$12 million of restructuring costs for individually-approved restructuring actions that primarily related to reductions in headcount in the Fuel Systems segment and aligning its legacy infrastructure with current business needs.

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

The Company will recognize restructuring expense associated with any future actions at the time they are approved and become probable or are incurred. Any future actions could result in significant restructuring expense and cash payments.

NOTE 5 RESEARCH AND DEVELOPMENT COSTS

The Company's net Research & Development (R&D) costs are primarily included in Selling, general and administrative expenses of the Consolidated Statements of Operations. Customer reimbursements are netted against gross R&D costs 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	Year Ended December 31,		
	2025	2024	2023
(in millions)			
Gross R&D costs	\$ 190	\$ 209	\$ 188
Customer reimbursements	(85)	(97)	(80)
Net R&D costs	\$ 105	\$ 112	\$ 108

Net R&D costs as a percentage of net sales were 3.0%, 3.3% and 3.1% for the years ended December 31, 2025, 2024 and 2023, respectively.

NOTE 6 OTHER OPERATING EXPENSE, NET

Items included in Other operating expense, net consist of:

	Year Ended December 31,		
	2025	2024	2023
(in millions)			
Separation-related costs	\$ 43	\$ 31	\$ 80
Merger and acquisition costs	9	—	—
(Gains) losses for other one-time events	(2)	(7)	3
Asset impairment	—	21	—
Royalty income from Former Parent	—	—	(17)
R&D income from Former Parent	—	—	(2)
Other operating income, net	(4)	(4)	(6)
Other operating expense, net	\$ 46	\$ 41	\$ 58

Separation-related costs: During the year ended December 31, 2025, the Company recorded separation-related costs of \$43 million, primarily related to a \$39 million loss in connection with the settlement of separation-related claims with the Former Parent. The Company also recorded professional fees and other costs associated with the separation of \$25 million, partially offset by a \$21 million benefit related to indemnities related to the Tax Matters Agreement.

In the years ended December 31, 2024 and 2023, the Company recorded separation-related costs of \$31 million and \$80 million, respectively. Separation-related costs primarily relate to professional fees and other costs associated with the separation of the Company, including the management of certain historical liabilities allocated to the Company in connection with the Spin-Off.

Merger and acquisition costs: The Company classifies certain expenses and benefits related to certain contemplated and completed acquisition initiatives as merger and acquisition costs. Acquisition costs primarily relate to professional fees for acquisition initiatives, including the SEM acquisition.

Asset impairment: During the year ended December 31, 2024, the Company recorded impairment expense of \$21 million related to the write down of property, plant and equipment associated with a Fuel Systems manufacturing plant in Europe.

Gains and losses for other one-time events: For the years ended December 31, 2025, 2024 and 2023, the Company recorded \$2 million and \$7 million of gains, and \$3 million of losses, respectively, primarily due to insurance recoveries and associated losses related to a supplier fire.

Royalty income from Former Parent: The Company participated in royalty arrangements with the Former Parent businesses prior to the Spin-Off, which involved the licensing of the Delphi Technologies trade name and product-related intellectual properties. For the year ended December 31, 2023, the Company recognized royalty income

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

from Former Parent businesses in the amount of \$17 million. Refer to Note 23, "Related Party," for further information.

R&D income from Former Parent: The Company provided application testing and other R&D services for other Former Parent businesses prior to the Spin-Off. For the year ended December 31, 2023, the Company recognized income related to these services of \$2 million. Refer to Note 23, "Related Party," for further information.

NOTE 7 INCOME TAXES

Earnings before income taxes and the provision for income taxes are presented in the following table.

	Year Ended December 31,		
(in millions)	2025	2024	2023
Earnings before income taxes:			
U.S.	\$ (99)	\$ 5	\$ (18)
Non-U.S.	297	182	224
Total	\$ 198	\$ 187	\$ 206
Provision for income taxes:			
Current:			
Federal	\$ (1)	\$ 13	\$ 22
State	2	—	2
Foreign	86	83	48
Total current expense	87	96	72
Deferred:			
Federal	(9)	(9)	(14)
State	(2)	(1)	(2)
Foreign	(8)	22	48
Total deferred (benefit) expense	(19)	12	32
Total provision for income taxes	\$ 68	\$ 108	\$ 104

The provision for income taxes resulted in an effective tax rate of approximately 34%, 58% and 50% for the years ended December 31, 2025, 2024 and 2023, respectively.

The Company's tax rate is affected by the tax laws and rates of the U.S. and other jurisdictions in which the Company operates, the relative amount of income earned by jurisdiction and the relative amount of losses or income for which no tax benefit or expense was recognized due to a valuation allowance.

The Company's effective tax rate was impacted beneficially by certain entities in China with the High and New Technology Enterprise (HNTE) status. The income tax benefit for HNTE status was approximately \$6 million, \$5 million and \$6 million for the years ended December 31, 2025, 2024 and 2023, respectively. HNTE status is granted for three-year periods, and the Company seeks to renew such status on a regular basis.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table provides a reconciliation of tax expense based on the U.S. statutory tax rate to final tax expense for the year ended December 31, 2025.

	Year Ended December 31, 2025	
	Total	%
(in millions)		
US federal statutory income tax rate	\$ 42	21.0 %
Foreign tax effects		
Brazil		
Other	6	2.7 %
China		
Net tax on remittance of foreign earnings	11	5.7 %
Tax holiday	(6)	(2.9)%
Enhanced research and development deductions	(5)	(2.3)%
Other	4	1.8 %
India		
Net tax on remittance of foreign earnings	(11)	(5.7)%
Other	2	1.3 %
Luxembourg		
Changes in valuation allowances	(235)	(118.6)%
Foreign currency remeasurement	(17)	(8.6)%
Reversal of impairment in subsidiaries	165	83.1 %
Change to pre-Spin-Off periods and filing positions	90	45.5 %
Other	(3)	(1.7)%
Mexico		
Foreign currency remeasurement	(7)	(3.4)%
Other	(2)	(0.9)%
Romania		
Other	6	2.9 %
United Kingdom		
Change to pre-Spin-Off periods and filing positions	(11)	(5.4)%
Other	—	(0.1)%
Other foreign jurisdictions	1	0.7 %
Effects of cross-border tax laws	(8)	(4.0)%
Changes in valuation allowances	13	6.6 %
Nontaxable or nondeductible items	(2)	(1.1)%
Nondeductible separation-related costs	9	4.5 %
Changes in uncertain tax positions	26	13.2 %
Total provision for income taxes	\$ 68	34.3 %

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The following table provides a reconciliation of tax expense based on the U.S. statutory tax rate to final tax expense for the years ended December 31, 2024 and 2023.

(in millions)	Year Ended December 31,	
	2024	2023
Income taxes at U.S. statutory rate of 21%	\$ 39	\$ 43
Increases (decreases) resulting from:		
Valuation allowance adjustments, net	82	63
Net tax on remittance of foreign earnings	13	29
U.S. tax on foreign earnings	7	12
Foreign rate differentials	5	(2)
Non-deductible fines	5	—
Reserve adjustments, settlements and claims	3	(7)
Tax credits	(3)	(1)
Tax holidays	(5)	(6)
Foreign currency remeasurement	(7)	1
Changes in accounting methods and filing positions	(9)	(2)
Enhanced research and development deductions	(9)	(8)
Non-taxable income	(17)	(30)
Non-deductible transaction costs	—	10
Other, net	4	2
Provision for income taxes, as reported	\$ 108	\$ 104

In 2025, the Company recognized discrete tax benefits of \$11 million related to unremitted earnings as a result of a favorable change in withholding tax rates and favorable provision to return adjustments of \$21 million in various jurisdictions, partially offset by an increase in pre-Spin-Off and post-Spin-off uncertain tax positions of \$21 million and \$5 million, respectively.

In 2024, the Company recognized discrete tax expense of \$21 million related to the establishment of a valuation allowance on its Polish operations as a result of the changes in judgment related to the recovery of its deferred tax assets. This expense was fully offset by a discrete tax benefit related to unremitted earnings as a result of change in structure and favorable provision to return adjustments in various jurisdictions.

In 2023, the Company recognized discrete tax benefits of \$7 million, primarily due to certain unrecognized tax benefits and accrued interest related to a matter for which the statute of limitations had lapsed.

The Company recognizes taxes due under the Global Intangible Low-Taxed Income (GILTI) provision as a current period expense.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A roll forward of the Company's total gross unrecognized tax benefits is presented below:

(in millions)	2025	2024	2023
Balance, January 1	\$ 10	\$ 11	\$ 35
Additions based on tax positions related to current year	—	—	1
Additions for tax positions of prior years	19	2	1
Reductions for lapse in statute of limitations	(1)	(1)	—
Reductions for closure of tax audits and settlements	—	(2)	(2)
Reductions for tax positions of prior years	—	—	(11)
(Distributions) Acquisitions	—	—	(14)
Translation adjustment	1	—	1
Balance, December 31	\$ 29	\$ 10	\$ 11

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense and accrued approximately \$14 million, \$6 million and \$4 million for the payment of interest and penalties at December 31, 2025, 2024 and 2023, respectively. The Company recognized expense related to interest and penalties of \$8 million, \$2 million and \$1 million for the years ended December 31, 2025, 2024 and 2023, respectively.

As of December 31, 2025, approximately \$43 million represents the amount that, if recognized, would affect the Company's effective income tax rate in future periods.

The Company and/or one of its subsidiaries file income tax returns in the U.S. federal, various state jurisdictions and various foreign jurisdictions. In certain tax jurisdictions, the Company may have more than one taxpayer. The PHINIA U.S. group filed its first U.S. federal return for the tax year 2023 in 2024; therefore, tax years 2023 and 2024 are the only open periods subject to Internal Revenue Service (IRS) audit. The Company is no longer subject to income tax examinations by tax authorities in its major tax jurisdictions as follows:

Tax jurisdiction	Years no longer subject to audit	Tax jurisdiction	Years no longer subject to audit
United Kingdom	2021 and prior	Turkey	2019 and prior
Mexico	2017 and prior	Luxembourg	2020 and prior
China	2018 and prior	Poland	2020 and prior
France	2020 and prior	Romania	2019 and prior

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The components of deferred tax assets and liabilities consist of the following:

(in millions)	December 31,	
	2025	2024
Deferred tax assets:		
Interest limitation carryforwards	\$ 214	\$ 188
Net operating loss and capital loss carryforwards	167	357
Pension	47	29
Accrued expenses	34	21
Employee compensation	19	15
Warranty	12	9
Other	57	45
Total deferred tax assets	550	664
Valuation allowances	(401)	(552)
Net deferred tax asset	\$ 149	\$ 112
Deferred tax liabilities:		
Unremitted foreign earnings	\$ (46)	\$ (51)
Goodwill and intangible assets	(40)	(34)
Fixed assets	(30)	(28)
Other	(24)	(10)
Total deferred tax liabilities	(140)	(123)
Net deferred taxes	\$ 9	\$ (11)

As of December 31, 2025, certain non-U.S. operations had net operating loss carryforwards totaling \$652 million, available to offset future taxable income. These carryforwards are subject to expiration at various dates from 2026 through 2044. The Company has a valuation allowance against \$641 million of these non-U.S. net operating loss carryforwards.

The Company reviews the likelihood that the benefit of its deferred tax assets will be realized and, therefore, the need for valuation allowances on a quarterly basis. The Company assesses existing deferred tax assets, net operating loss carryforwards, and tax credit carryforwards by jurisdiction and expectations of its ability to utilize these tax attributes through a review of past, current, and estimated future taxable income and tax planning strategies. If, based upon the weight of available evidence, it is more-likely-than-not the deferred tax assets will not be realized, a valuation allowance is recorded. Due to recent restructurings, the Company concluded that the weight of the negative evidence outweighs the positive evidence in certain foreign jurisdictions. As a result, the Company believes it is more-likely-than-not that the net deferred tax assets in certain foreign jurisdictions that include entities in Luxembourg, Poland, and certain deferred tax assets in the United Kingdom will not be realized in the future.

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The following table represents a summary of the valuation allowances against deferred tax assets as of and for the three years December 31, 2025, 2024, and 2023:

(in millions)	2025	2024	2023
Beginning balance, January 1	\$ 552	\$ 413	\$ 478
Establishment of new allowances ¹	13	22	3
Net change to existing allowances ²	10	60	60
Opening balance sheet equity/other ³	—	—	(110)
Foreign currency translation	69	(29)	(18)
Changes in accounting methods and filing positions ⁴	(243)	86	—
Ending balance, December 31	<u>\$ 401</u>	<u>\$ 552</u>	<u>\$ 413</u>

¹ Reflects valuation allowances initially established as a result of a change in management's judgment regarding the realizability of deferred tax assets.

² Reflects movements in previously established valuation allowances, which increase or decrease as the related deferred tax assets increase or decrease. Such movements occur as a result of a change in management's judgment regarding previously established valuation allowances, remeasurement due to a tax rate change and changes in the underlying attributes of the deferred tax assets, including expiration of the attribute and reversal of the temporary difference that gave rise to the deferred tax asset.

³ Reflects movements in previously established valuation allowances primarily recorded to equity as result of the Spin-off from the Former Parent in 2023.

⁴ Reflects movements that have a disclosure-only impact as they are offset by corresponding movements in deferred tax assets.

As of December 31, 2025, the Company recorded deferred tax liabilities of \$46 million with respect to foreign unremitted earnings. The Company did not provide deferred tax liabilities with respect to certain book versus tax basis differences not represented by undistributed earnings of approximately \$430 million as of December 31, 2025, because the Company continues to assert indefinite reinvestment of these basis differences. These basis differences would become taxable upon the sale or liquidation of the foreign subsidiaries. Based on the Company's structure, it is impracticable to determine the unrecognized deferred tax liability on these earnings. Actual tax liability, if any, would be dependent on circumstances existing when a repatriation, sale, or liquidation occurs.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following is a summary of cash paid for taxes during the year ended December 31, 2025.

(in millions)	2025
Federal income tax	\$ (8)
State income tax	1
Foreign Income tax	
China	13
United Kingdom	10
Poland	7
France	7
Romania	7
India	6
Mexico	6
Turkey	5
Brazil	3
Other Foreign Jurisdictions	4
Total income taxes paid, net	\$ 61

NOTE 8 RECEIVABLES, NET

The table below provides details of receivables as of December 31, 2025 and 2024:

(in millions)	December 31,	
	2025	2024
Receivables, net:		
Customers	\$ 621	\$ 574
Indirect taxes	90	119
Due from Former Parent	51	80
Other	49	53
Gross receivables	811	826
Allowance for credit losses	(7)	(9)
Total receivables, net	\$ 804	\$ 817

The table below summarizes the activity in the allowance for credit losses for the years ended December 31, 2025, 2024 and 2023:

(in millions)	2025	2024	2023
Beginning balance, January 1	\$ (9)	\$ (11)	\$ (7)
Provision	—	(1)	(8)
Write-offs	2	3	4
Ending balance, December 31	\$ (7)	\$ (9)	\$ (11)

Factoring

The Company has arrangements with various financial institutions to sell eligible trade receivables from certain customers in North America and Europe. These arrangements can be terminated at any time subject to prior written notice. The receivables under these arrangements are sold without recourse by the Company and are, therefore, accounted for as true sales. During the years ended December 31, 2025, 2024 and 2023, the Company sold \$162 million, \$122 million and \$152 million of receivables, respectively, under these arrangements. Additionally, during the

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same periods, expenses of \$6 million, \$6 million and \$9 million, respectively, were recognized within interest expense.

NOTE 9 INVENTORIES

A summary of Inventories is presented below:

(in millions)	December 31,	
	2025	2024
Raw material and supplies	\$ 238	\$ 234
Work-in-progress	47	40
Finished goods	188	170
Inventories	<u>\$ 473</u>	<u>\$ 444</u>

NOTE 10 OTHER CURRENT AND NON-CURRENT ASSETS

(in millions)	December 31,	
	2025	2024
Prepayments and other current assets:		
Prepaid taxes	\$ 35	\$ 32
Prepaid engineering	27	19
Prepaid customer tooling	23	14
Prepaid software	12	10
Customer return assets	9	8
Derivative instruments	5	—
Prepaid insurance	4	4
Other	11	9
Total prepayments and other current assets	<u>\$ 126</u>	<u>\$ 96</u>
Investments and long-term receivables:		
Long-term receivables	\$ 63	\$ 52
Investment in equity affiliates	60	51
Due from Former Parent	17	3
Investment in equity securities	5	5
Total investments and long-term receivables	<u>\$ 145</u>	<u>\$ 111</u>
Other non-current assets:		
Deferred income taxes (see Note 7)	\$ 61	\$ 43
Operating leases (see Note 21)	48	54
Customer incentive payments	10	9
Other	8	22
Total other non-current assets	<u>\$ 127</u>	<u>\$ 128</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 11 PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net is stated at cost less accumulated depreciation and amortization, and consisted of:

(in millions)	December 31,	
	2025	2024
Land, land use rights and buildings	\$ 258	\$ 236
Machinery and equipment	1,158	1,035
Finance lease assets	4	2
Construction in progress	93	84
Total property, plant and equipment, gross, excluding tooling	1,513	1,357
Less: accumulated depreciation	673	545
Property, plant and equipment, net, excluding tooling	840	812
Tooling, net of amortization	36	31
Property, plant and equipment, net	\$ 876	\$ 843

NOTE 12 GOODWILL AND OTHER INTANGIBLES

The Company's goodwill is tested for impairment annually in the fourth quarter for all reporting units, and more frequently if events or circumstances warrant such a review. The Company performed quantitative impairment testing during the fourth quarter of 2025. The estimated fair value was determined using a combined income and market approach. The market approach is based on market multiples (revenue and "EBITDA", defined as earnings before interest, taxes, depreciation and amortization) and requires an estimate of appropriate multiples based on market data for comparable companies. The market valuation models and other financial ratios used by the Company require certain assumptions and estimates regarding the applicability of those models to the Company's facts and circumstances.

The Company believes the assumptions and estimates used to determine the estimated fair value are reasonable. Different assumptions could materially affect the estimated fair value. The primary assumptions affecting the Company's 2025 goodwill quantitative impairment review are as follows:

- Discount rates: The Company used weighted average cost of capital (WACC) as the discount rates for future cash flows. The WACC is intended to represent a rate of return that would be expected by a market participant.
- EBITDA margins: The Company used historical and expected EBITDA margins, which may vary based on the projections of the reporting unit being evaluated.
- Revenue growth rates: The Company used a global automotive market industry growth rate forecast adjusted to estimate its own market participation for product lines.
- Market multiples: The Company used appropriate multiples based on market data for comparable companies.

In addition to the above primary assumptions, the Company notes the following risks to volume and operating income assumptions that could have an impact on the discounted cash flow models:

- The automotive industry is cyclical, and the Company's results of operations could be adversely affected by industry downturns.
- The automotive industry is evolving, and if the Company does not respond appropriately, its results of operations could be adversely affected.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- The Company is dependent on market segments that use its key products and could be affected by decreasing demand in those segments.
- The Company is subject to risks related to international operations.

The results of the impairment testing performed indicated that the estimated fair value of the Fuel Systems and Aftermarket reporting units exceeded their carrying values by considerable amounts. It was determined that the estimated fair value of each reporting unit exceeded its respective carrying value and as such, the Company's goodwill was not considered impaired as of the fourth quarter of 2025.

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

A summary of the changes in the carrying amount of goodwill is presented in the following tables. The Company has determined that each of the reportable segments is also a reporting unit. Refer to Note 24, "Reportable Segments and Related Information" for more information.

(in millions)	2025		2024	
	Fuel Systems	Aftermarket	Fuel Systems	Aftermarket
Gross goodwill balance, January 1	\$ 60	\$ 524	\$ 61	\$ 551
Accumulated impairment losses, January 1	—	(113)	—	(113)
Net goodwill balance, January 1	\$ 60	\$ 411	\$ 61	\$ 438
Goodwill during the year:				
Acquisition (see Note 2)	4	—	—	—
Translation adjustment and other	7	27	(1)	(27)
Net goodwill balance, December 31	<u>\$ 71</u>	<u>\$ 438</u>	<u>\$ 60</u>	<u>\$ 411</u>

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

(in millions)	Estimated useful lives (years)	December 31, 2025			December 31, 2024		
		Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:							
Patented and unpatented technology	6 - 15	\$ 164	\$ 66	\$ 98	\$ 144	\$ 51	\$ 93
Customer relationships	12 - 15	291	141	150	259	118	141
Total amortized intangible assets		<u>455</u>	<u>207</u>	<u>248</u>	<u>403</u>	<u>169</u>	<u>234</u>
Unamortized trade names		150	—	150	140	—	140
Total other intangible assets		<u>\$ 605</u>	<u>\$ 207</u>	<u>\$ 398</u>	<u>\$ 543</u>	<u>\$ 169</u>	<u>\$ 374</u>

Amortization of other intangible assets was \$30 million for the year ended December 31, 2025, and \$28 million for each of the years ended 2024 and 2023. The Company utilizes the straight-line method of amortization recognized over the estimated useful lives of the assets. The estimated future annual amortization expense, primarily for acquired intangible assets, is \$32 million for each of the years 2026 through 2029, \$31 million for 2030 and \$89 million thereafter.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A roll forward of the gross carrying amounts and related accumulated amortization of the Company's other intangible assets is presented below:

(in millions)	Gross carrying amounts		Accumulated amortization	
	2025	2024	2025	2024
Beginning balance, January 1	\$ 543	\$ 562	\$ 169	\$ 145
Amortization	—	—	30	28
Acquisition (see Note 2)	27	—	—	—
Translation adjustment	35	(19)	8	(4)
Ending balance, December 31	<u><u>\$ 605</u></u>	<u><u>\$ 543</u></u>	<u><u>\$ 207</u></u>	<u><u>\$ 169</u></u>

NOTE 13 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 the Company believes it is probable that a loss will be incurred and the amount can be reasonably estimated. See Note 20, "Contingencies", for further discussion on the Company's quarterly process for accruals relating to commercial and legal matters. 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 Consolidated Statements of Operations. The product warranty accrual is allocated to Other current liabilities and Other non-current liabilities in the Consolidated Balance Sheets.

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

(in millions)	2025	2024
Beginning balance, January 1	\$ 61	\$ 56
Provisions for current period sales	50	46
Adjustments of prior estimates	(6)	2
Acquisition	3	—
Payments	(39)	(42)
Other, primarily translation adjustment	5	(1)
Ending balance, December 31	<u><u>\$ 74</u></u>	<u><u>\$ 61</u></u>

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

(in millions)	December 31,	
	2025	2024
Other current liabilities	\$ 35	\$ 36
Other non-current liabilities	39	25
Total product warranty liability	<u><u>\$ 74</u></u>	<u><u>\$ 61</u></u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 14 NOTES PAYABLE AND DEBT

The Company had short-term and long-term debt outstanding as follows:

(in millions)	December 31,	
	2025	2024
<u>Short-term debt</u>		
Short-term borrowings	\$ 2	\$ —
<u>Long-term debt</u>		
5.000% Senior notes due 10/01/25 (\$24 million par value)	\$ —	\$ 24
6.750% Senior notes due 4/15/2029 (\$525 million par value)	519	518
6.625% Senior notes due 10/15/2032 (\$450 million par value)	445	444
Finance leases	4	2
Total long-term debt	\$ 968	\$ 988
Less: current portion	1	25
Long-term debt, net of current portion	\$ 967	\$ 963

The weighted average interest rate on all borrowings outstanding as of December 31, 2025 and 2024 was 6.7%.

Credit Agreement

On July 3, 2023, the Company entered into a \$1.225 billion Credit Agreement (as amended, 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, maturing on July 3, 2028. The Credit Agreement contains customary covenants relating to the Company and its subsidiaries concerning, among other things, investments, dispositions of assets, indebtedness, liens on assets, and dividends and other distributions. The Credit Agreement also contains financial covenants related to the total net leverage ratio as discussed below and the consolidated interest coverage ratio of the Company, determined as of the end of each fiscal quarter, to be at least 3.00 to 1.00. The Term Loan B Facility was fully repaid in connection with the issuance of the 6.75% Senior Secured Notes due 2029 on April 4, 2024, as discussed below. The Term Loan A Facility was fully repaid in connection with the issuance of the 6.625% Senior Notes due 2032 on September 17, 2024, as discussed below.

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 No. 1). The Credit Agreement Amendment No. 1, among other things, modified certain covenants in the Credit Agreement to be more favorable to the Company, and increased 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).

On September 17, 2024, the Company, as borrower, and certain subsidiaries of the Company, each acting as guarantors, entered into Amendment No. 2 to the Credit Agreement (the Credit Agreement Amendment No. 2). The Credit Agreement Amendment No. 2, among other things, (i) reduced the applicable margin with respect to the loans under the Revolving Facility and (ii) modified certain covenants in the Credit Agreement.

The Company utilizes its committed revolving credit facility for short-term working capital requirements, which are reported in Short-term borrowings and current portion of long-term debt on the Consolidated Balance Sheets. As of December 31, 2025 and 2024 the Company had no outstanding borrowings under the Revolving Facility, and availability of \$500 million and \$499 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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. 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 recorded a non-cash pre-tax loss on extinguishment of \$20 million related to the difference between the repayment amount and net carrying amount of the Term Loan B Facility, which is included in the Interest expense line item on the Consolidated Statements of Operations.

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 certain of the Company's existing and future direct and indirect domestic restricted subsidiaries that incur or guarantee indebtedness under the Facilities or other qualifying indebtedness that, in the aggregate, exceeds \$25 million, including the 2032 Notes (as defined below). The 2029 Notes and the guarantors 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 Unsecured Notes due 2032

On September 17, 2024, the Company issued \$450 million aggregate principal amount of 6.625% Senior Notes due 2032 (the 2032 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. The 2032 Notes were sold to investors at 100% plus accrued interest, if any, from September 17, 2024 in a private transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the Securities Act). The net proceeds of the offering of the 2032 Notes were used to repay all of the Company's outstanding borrowings under the Term Loan A Facility, to pay fees and expenses in connection with the offering, and for general corporate purposes. During the third quarter of 2024, the Company recorded a non-cash pre-tax loss on extinguishment of \$2 million related to the difference between the repayment amount and net carrying amount of the Term Loan A Facility, which is included in the Interest expense line item on the Consolidated Statements of Operations.

The 2032 Notes bear interest at a rate of 6.625% per annum. Interest on the 2032 Notes is payable semiannually on April 15 and October 15 of each year, commencing on April 15, 2025. The 2032 Notes will mature on October 15, 2032.

The 2032 Notes are senior unsecured obligations of the Company and are jointly and severally, fully and unconditionally, guaranteed on a senior unsecured basis by certain of the Company's existing and future direct and indirect domestic restricted subsidiaries that incur or guarantee indebtedness under the Facilities or other qualifying indebtedness that, in the aggregate, exceeds \$25 million, including the 2029 Notes.

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 Former Parent notes. In connection with the Spin-Off, the obligations under the remaining \$24 million in aggregate principal amount of the 2025 Notes were assumed

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

by the Company. On October 1, 2025, the Company paid in full the outstanding \$24 million of the 5.0% Senior Notes.

Annual principal payments required as of December 31, 2025 are as follows:

(in millions)	
2026	\$ 3
2027	1
2028	1
2029	526
2030	—
After 2030	450
Total payments	\$ 981
Less: debt issuance costs	(11)
Total	\$ 970

The Company's long-term debt includes various covenants, none of which are expected to restrict future operations. The Company was in compliance with all covenants as of December 31, 2025.

As of December 31, 2025, the estimated fair values of the Company's long-term debt totaled \$1,011 million, which is \$47 million higher than carrying value for the same period. As of December 31, 2024, the estimated fair value of the Company's long-term debt totaled \$1,007 million, which was \$21 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 15 OTHER CURRENT AND NON-CURRENT LIABILITIES

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

(in millions)	December 31,	
	2025	2024
Other current liabilities:		
Customer related	\$ 118	\$ 98
Payroll and employee related	105	106
Product warranties (see Note 13)	35	36
Operating leases (see Note 21)	19	17
Income taxes payable (see Note 7)	18	35
Uncertain tax positions (see Note 7)	18	7
Interest	15	17
Accrued freight	11	17
Supplier related	11	8
Refundable customer deposits	9	9
Deferred income	7	3
Legal and professional fees	7	6
Other non-income taxes	7	3
Employee termination benefits	4	4
Other	50	56
Total other current liabilities	<u>\$ 434</u>	<u>\$ 422</u>
 Other non-current liabilities:		
Deferred income taxes (see Note 7)	\$ 53	\$ 55
Product warranties (see Note 13)	39	25
Operating leases (see Note 21)	31	39
Uncertain tax positions (see Note 7)	25	8
Deferred income	18	11
Other	9	12
Total other non-current liabilities	<u>\$ 175</u>	<u>\$ 150</u>

NOTE 16 FINANCIAL INSTRUMENTS

The Company's financial instruments may include long-term debt, interest rate and cross-currency swaps, commodity derivative contracts and foreign currency derivative contracts. All derivative contracts are placed with counterparties that have an S&P, or equivalent, investment grade credit rating at the time of the contracts' placement. An adjustment for non-performance risk is considered in the estimate of fair value in derivative assets based on the counterparty credit default swap (CDS) rate. When the Company is in a net derivative liability position, the non-performance risk adjustment is based on its CDS rate. At December 31, 2025 and 2024, the Company had no derivative contracts that contained credit-risk-related contingent features.

[Table of Contents](#)**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Company is exposed to certain market risks relating to our ongoing business operations, including foreign currency exchange rate risk, commodity price risk and interest rate risk. The Company, at times, may use certain financial instruments, primarily derivative contracts, to protect against these risks. The Company uses financial instruments to manage foreign currency exchange rate risk related to forecasted cash flows, including capital expenditures, purchases, operating expenses or sales transactions, and the remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of the operating unit, and the foreign currency risk exposure associated with our net investment in certain foreign operations.

As of December 31, 2025 and 2024, the United States dollar equivalent notional values of outstanding currency derivative instruments used for foreign currency cash flow hedging were \$43 million and \$85 million, respectively. These amounts are primarily related to Euro denominated forward contracts at British Pound and Chinese Renminbi functional currency locations.

The Company recognized immaterial amounts of gains and losses in Accumulated other comprehensive loss (AOCL) at December 31, 2025 and 2024 related to derivative instruments designated as foreign currency cash flow hedges, as defined by ASC Topic 815, "Derivatives and Hedging." The Company also recognized a gain of \$3 million in Selling, general and administrative expenses in Net earnings for the year ended December 31, 2025. Balances in AOCL are reclassified to earnings when transactions related to the underlying risk are recognized. At December 31, 2025 and 2024, there were no significant derivative asset or liability balances recorded in the Consolidated Balance Sheets as being payable to or receivable from counterparties under ASC Topic 815, "Derivatives and Hedging".

The table below shows deferred gains (losses) reported in AOCL related to a \$95 million British Pound principal value loan designated as a net investment hedge of a Euro functional holding company's investment in a British Pound functional subsidiary.

(in millions)	Deferred gain (loss) in AOCL at		Gain (loss) expected to be reclassified to income in one year or less
Contract Type	December 31, 2025	December 31, 2024	(in millions)
Foreign currency	\$ (6)	\$ (11)	—

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

The gains and (losses) attributable to the financial instrument designated as a net investment hedge were recognized in other comprehensive income (loss) during the periods presented below.

(in millions)	Year Ended December 31,		
Net investment hedges	2025	2024	2023
Foreign currency	\$ 5	\$ (5)	\$ (2)

The Company utilizes foreign currency derivatives not designated as hedging instruments to mitigate the variability of the remeasurement of monetary assets and liabilities denominated in currencies other than the operating units' functional currency. In February 2025, the Company entered into a \$100 million notional value Chinese Renminbi, U.S. Dollar fixed rate cross-currency swap intended to mitigate the marked-to-market gains and losses of an intercompany loan. The cross-currency swap derivative resulted in a gain of \$5 million for the year ended December 31, 2025 which is included in Selling, general and administrative expenses in the Consolidated Statements of Operations. At December 31, 2025, the \$5 million fair value of the cross-currency swap is recorded in Prepayments and other current assets in the Consolidated Balance Sheets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**NOTE 17 RETIREMENT BENEFIT PLANS**

The Company 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. Under specified conditions, the Company will make contributions to the plans and/or match a percentage of the employee contributions up to certain limits.

Prior to the Spin-Off, certain of the Company's employees participated in defined benefit pension plans sponsored in part by BorgWarner. The Company recorded negligible expense for the year ended 2023 to record its allocation of pension expense related to this plan. In connection with the completion of the Spin-Off, the Company was required to assume additional defined benefit plan liabilities, along with the associated deferred costs in Accumulated other comprehensive loss.

The Company has a number of defined benefit pension plans covering eligible salaried and hourly employees and their dependents. The defined pension benefits provided are primarily based on (1) years of service and (2) average compensation or a monthly retirement benefit amount. The Company provides defined benefit pension plans in France, Germany, India, Japan, Mexico, Turkey, South Korea and the United Kingdom. Some of the Company's defined benefit plans are frozen, and no additional service cost is being accrued, most notably the U.K. Pension Plan. The measurement date for all plans is December 31.

The following table summarizes the expenses (income) for the Company's defined contribution and defined benefit pension plans:

(in millions)	Year Ended December 31,		
	2025	2024	2023
Defined contribution expense	\$ 16	\$ 16	\$ 14
Defined benefit pension expense	8	4	5
Total	\$ 24	\$ 20	\$ 19

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following provides a roll forward of the plans' benefit obligations, plan assets, funded status and recognition in the Consolidated Balance Sheets:

(in millions)	Pension Benefits	
	2025	2024
Change in projected benefit obligation:		
Projected benefit obligation, January 1		
Service cost	\$ 820	\$ 950
Interest cost	4	4
Settlement and curtailment	47	45
Actuarial loss (gain)	(2)	—
Currency translation	1	(103)
Benefits paid	67	(23)
Projected benefit obligation, December 31 ¹	\$ 885	\$ 820
Change in plan assets:		
Fair value of plan assets, January 1		
Actual return on plan assets	\$ 707	\$ 817
Employer contribution	28	(48)
Settlements	8	5
Currency translation	(2)	—
Benefits paid	54	(14)
Fair value of plan assets, December 31	\$ 743	\$ 707
Funded status	\$ (142)	\$ (113)
Amounts in the Consolidated Balance Sheets consist of:		
Current liabilities		
\$ (2)	\$ (2)	\$ (2)
Non-current liabilities		
\$ (140)	\$ (111)	\$ (111)
Net amount	\$ (142)	\$ (113)
Amounts in accumulated other comprehensive loss consist of:		
Net actuarial loss		
\$ 47	\$ 29	\$ 29
Net prior service credit		
\$ (10)	\$ (10)	\$ (10)
Net amount	\$ 37	\$ 19
Total accumulated benefit obligation for all plans	\$ 866	\$ 803

¹ The increase in the projected benefit obligation was primarily due to interest cost as well as currency translation during the period.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The funded status of pension plans with accumulated benefit obligations in excess of plan assets is as follows:

	December 31,	
(in millions)	2025	2024
Accumulated benefit obligation	\$ (863)	\$ (800)
Plan assets	739	703
Deficiency	<u><u>\$ (124)</u></u>	<u><u>\$ (97)</u></u>
Pension deficiency by country:		
United Kingdom	(69)	(53)
France	(17)	(15)
Mexico	(26)	(17)
Other	(12)	(12)
Total pension deficiency	<u><u>\$ (124)</u></u>	<u><u>\$ (97)</u></u>

The funded status of pension plans with projected benefit obligations in excess of plan assets is as follows:

	December 31,	
(in millions)	2025	2024
Projected benefit obligation	\$ (881)	\$ (820)
Plan assets	739	707
Deficiency	<u><u>\$ (142)</u></u>	<u><u>\$ (113)</u></u>
Pension deficiency by country:		
United Kingdom	(69)	(53)
France	(21)	(19)
Mexico	(37)	(26)
Other	(15)	(15)
Total pension deficiency	<u><u>\$ (142)</u></u>	<u><u>\$ (113)</u></u>

The weighted average asset allocations of the Company's funded pension plans and target allocations by asset category are as follows:

	December 31,		Target Allocation
	2025	2024	
Fixed income securities	45 %	43 %	30% - 50%
Real estate, cash and other	34 %	35 %	20% - 60%
Equity securities	21 %	22 %	10% - 30%
	<u><u>100 %</u></u>	<u><u>100 %</u></u>	

The Company's investment strategy is to maintain actual asset weightings within a preset range of target allocations. The Company believes these ranges represent an appropriate risk profile for the planned benefit payments of the plans based on the timing of the estimated benefit payments. In each asset category, separate portfolios are maintained for additional diversification. Investment managers are retained in each asset category to manage each portfolio against its benchmark. Each investment manager has appropriate investment guidelines. In addition, the entire portfolio is evaluated against a relevant peer group. The defined benefit pension plans did not hold any Company securities as investments as of December 31, 2025 and 2024. A portion of pension assets is invested in common and commingled trusts.

The Company expects to contribute a total of \$12 million to \$14 million into its defined benefit pension plans during 2026.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

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

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

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

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

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

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

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

The following tables classify the Company's defined benefit plan assets measured at fair value on a recurring basis:

(in millions)	Balance at December 31, 2025	Basis of fair value measurements					Assets measured at NAV ¹
		Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Valuation technique		
Fixed income securities	\$ 331	\$ 7	\$ 243	\$ —	A	\$ 81	
Equity securities	160	126	—	18	A, C	16	
Cash	22	22	—	—	A	—	
Real estate and other	230	19	—	67	A, C	144	
	\$ 743	\$ 174	\$ 243	\$ 85		\$ 241	

(in millions)	Balance at December 31, 2024	Basis of fair value measurements					Assets measured at NAV ¹
		Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Valuation technique		
Fixed income securities	\$ 306	\$ 6	\$ 215	\$ —	A	\$ 85	
Equity securities	155	127	—	15	A, C	13	
Cash	22	22	—	—	A	—	
Real estate and other	224	20	—	65	A, C	139	
	\$ 707	\$ 175	\$ 215	\$ 80		\$ 237	

¹ Certain assets that are measured at fair value using the Net Asset Value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. These amounts represent investments in commingled and managed funds that have underlying assets in fixed income securities, equity securities, and other assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The reconciliation of Level 3 defined benefit plans assets was as follows:

(in millions)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Real estate and other	Equity
Balance, January 1, 2024	\$ 64	\$ 11
Purchases, sales and settlements	3	5
Unrealized gains on assets still held at the reporting date	(1)	(1)
Translation adjustment	(1)	—
Balance, December 31, 2024	\$ 65	\$ 15
Purchases, sales and settlements	(4)	3
Unrealized gains on assets still held at the reporting date	—	(1)
Translation adjustment	6	1
Balance, December 31, 2025	\$ 67	\$ 18

The fair value of real estate properties is estimated using an appraisal provided by the administrator of the property or infrastructure investment. The fair value of equity securities is estimated using the mark-to-model method. Management believes these are appropriate methodologies to obtain the fair value of these assets.

See the table below for a breakout of net periodic benefit cost:

(in millions)	Year Ended December 31,		
	2025	2024	2023
Service cost	\$ 4	\$ 4	\$ 3
Interest cost	47	45	45
Expected return on plan assets	(42)	(42)	(43)
Amortization of unrecognized gain	(1)	(3)	(2)
Settlements, curtailments and other	—	—	2
Net periodic benefit cost	\$ 8	\$ 4	\$ 5

The components of net periodic benefit cost other than the service cost component are included in Other postretirement expense in the Consolidated Statements of Operations.

The Company's weighted average assumptions used to determine the benefit obligations for its defined benefit pension plans were as follows:

(percent)	December 31,	
	2025	2024
Discount rate ¹	5.77 %	5.86 %
Rate of compensation increase	4.73 %	5.00 %

¹ Includes 5.53% and 5.61% for the U.K. pension plans for December 31, 2025 and 2024, respectively.

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The Company's weighted average assumptions used to determine the net periodic benefit cost for its defined benefit pension plans were as follows:

(percent)	Year Ended December 31,		
	2025	2024	2023
Discount rate ¹	5.86 %	4.98 %	5.19 %
Effective interest rate on benefit obligation	5.65 %	4.98 %	5.24 %
Expected long-term rate of return on assets ²	5.77 %	5.29 %	5.53 %
Average rate of increase in compensation	5.00 %	5.49 %	5.03 %

¹ Includes 5.61%, 4.62% and 4.93% for the U.K. pension plans for December 31, 2025, 2024 and 2023, respectively.

² Includes 5.75%, 5.25% and 5.50% for the U.K. pension plans for December 31, 2025, 2024 and 2023, respectively.

The Company's approach to establishing the discount rate is based upon the market yields of high-quality corporate bonds, with appropriate consideration of each plan's defined benefit payment terms and duration of the liabilities. In determining the discount rate, the Company utilizes a full-yield approach in the estimation of service and interest components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows.

The Company determines its expected return on plan asset assumptions by evaluating estimates of future market returns and the plans' asset allocation. The Company also considers the impact of active management of the plans' invested assets.

The estimated future benefit payments for the pension benefits are as follows:

(in millions)	Pension Benefits
Year	
2026	\$ 57
2027	57
2028	59
2029	62
2030	64
2031-2035	329

NOTE 18 STOCK-BASED COMPENSATION

The Company has granted restricted common stock and restricted stock units (collectively, "restricted stock") and performance stock units as long-term incentive awards to employees and non-employee directors under the PHINIA Inc. 2023 Stock Incentive Plan (2023 Plan). The Company's Board of Directors adopted the 2023 Plan in July 2023. The 2023 Plan authorizes the issuance of a total of 4.7 million shares. Approximately 3.1 million shares were available for future issuance as of December 31, 2025.

The Former Parent granted restricted stock and performance stock units as long-term incentive awards to employees and non-employee directors under the BorgWarner Inc. 2018 Stock Incentive Plan (2018 Plan). The Former Parent's Board of Directors adopted the 2018 Plan in February 2018, and the Former Parent stockholders

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approved the 2018 Plan at the annual meeting of stockholders on April 25, 2018. As discussed further below, outstanding awards under the 2018 Plan were replaced with PHINIA equity awards.

Stock-based compensation expense within the consolidated financial statements for periods prior to the Spin-Off was allocated to PHINIA based on the awards and terms previously granted to PHINIA employees while part of BorgWarner and includes the cost of PHINIA employees who participated in the 2018 Plan, as well as an allocated portion of the cost of the Former Parent corporate employee awards.

In connection with the Spin-Off, outstanding equity awards to employees under the 2018 Plan were replaced with PHINIA equity awards using a formula designed to maintain the economic value of the awards immediately before and after the Spin-Off. Accordingly, the number of restricted stock underlying each unvested award outstanding as of the date of the Spin-Off was multiplied by a factor of 1.74, which resulted in no increase in the intrinsic value of awards outstanding. The replaced restricted stock awards continue to vest in accordance with their original vesting period. These replacement awards did not result in additional compensation expense to the Company.

Restricted Stock: The value of restricted stock is determined by the market value of the Company's common stock at the date of grant. In 2025, PHINIA granted restricted stock in the amount of approximately 210 thousand shares and 30 thousand shares to employees and non-employee directors, respectively. The value of the awards is recognized as compensation expense ratably over the restriction periods, generally two or three years for employees and one year for non-employee directors. As of December 31, 2025, there was \$13 million of unrecognized compensation expense related to restricted stock that will be recognized over a weighted average period of approximately 1.5 years.

Restricted stock compensation expense recorded in the Consolidated Statements of Operations is as follows:

(in millions, except per share data)	Year Ended December 31,		
	2025	2024	2023
Restricted stock compensation expense	\$ 12	\$ 12	\$ 10
Restricted stock compensation expense, net of tax	\$ 8	\$ 11	\$ 8

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A summary of the status of the Company's nonvested restricted stock for employees and non-employee directors is as follows:

	Shares subject to restriction (thousands)	Weighted average grant date fair value
Nonvested at January 1, 2023	330	\$ 42.91
Granted	505	\$ 33.99
Vested	(222)	\$ 34.03
Forfeited	(49)	\$ 45.61
Converted ¹	513	\$ —
Nonvested at December 31, 2023 ¹	1,077	\$ 20.01
Granted	402	\$ 33.22
Vested	(389)	\$ 41.38
Forfeited	(32)	\$ 39.97
Nonvested at December 31, 2024	1,058	\$ 16.56
Granted	242	\$ 49.05
Vested	(579)	\$ 27.21
Forfeited	(23)	\$ 37.61
Nonvested at December 31, 2025	698	\$ 35.38

¹ Reflects the replacement of outstanding equity awards to management under the Former Parent Plan with PHINIA equity awards in conjunction with the Spin-Off. Outstanding equity awards to management were multiplied by the conversion rate of 1.74.

Performance stock units: The Company grants performance stock units to members of senior management that vest at the end of three-year periods based on the following metric:

- **Total Stockholder Return:** This performance metric is based on the Company's market performance in terms of total stockholder return relative to a peer group of automotive and industrial companies. Based on the Company's relative ranking within the performance peer group, it is possible for none of the awards to vest or for a range of up to 200% of the target shares to vest.

The Company recognizes compensation expense relating to these performance stock units ratably over the performance period regardless of whether the market conditions are expected to be achieved. Compensation expense associated with these performance stock units are calculated using a lattice model (Monte Carlo simulation).

As of December 31, 2025, there was \$10 million of unrecognized compensation expense related to total stockholder return units that will be recognized over a weighted average period of approximately 1.7 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The amounts expensed and common stock issued for performance stock units for the years ended December 31, 2025, 2024 and 2023 were as follows:

	Year Ended December 31,					
	2025		2024		2023	
	Expense (in millions)	Number of shares issued (in thousands)	Expense (in millions)	Number of shares issued (in thousands)	Expense (in millions)	Number of shares issued (in thousands)
Total Stockholder Return	\$ 6	—	\$ 3	—	\$ —	8
Other performance-based ¹	—	—	—	—	1	23
Total	\$ 6	—	\$ 3	—	\$ 1	31

¹ Other performance-based awards were performance stock units granted by the Former Parent that were scheduled to vest at the end of three-year periods. At Spin-Off, these performance stock units were replaced with PHINIA restricted stock unit awards, based on their target performance, as agreed upon by the BorgWarner Compensation Committee considering performance through the date of the Spin-Off, and then multiplied by the conversion rate of 1.74, as discussed above.

A summary of the status of the Company's nonvested performance stock units for the years ended December 31, 2025, 2024 and 2023 were as follows:

	Total Stockholder Return		Other Performance-Based	
	Number of shares (in thousands)	Weighted average grant date fair value	Number of shares (in thousands)	Weighted average grant date fair value
Nonvested at January 1, 2023	23	\$ 54.42	68	\$ 41.53
Granted	7	\$ 79.71	22	\$ 48.19
Vested	(10)	\$ 28.55	(20)	\$ 34.69
Converted ¹	(20)	\$ —	—	\$ —
Nonvested at December 31, 2023 ¹	—	\$ —	—	\$ —
Granted	195	\$ 44.56	—	\$ —
Forfeited	(4)	\$ 44.56	—	\$ —
Nonvested at December 31, 2024	191	\$ 44.56	—	\$ —
Granted	157	\$ 66.34	—	\$ —
Nonvested at December 31, 2025	348	\$ 54.40	—	\$ —

¹ Reflects the conversion of outstanding equity awards to management under the Former Parent Plan into PHINIA equity awards in conjunction with the Spin-Off.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**NOTE 19 ACCUMULATED OTHER COMPREHENSIVE LOSS**

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

(in millions)	Foreign currency translation adjustments	Defined benefit pension plans	Hedge instruments	Total
Beginning Balance, January 1, 2023	\$ (85)	\$ (6)	\$ 3	\$ (88)
Comprehensive loss before reclassifications	(13)	(40)	—	(53)
Income taxes associated with comprehensive income before reclassifications	—	11	—	11
Reclassification from accumulated other comprehensive (loss) income	—	2	(3)	(1)
Ending Balance December 31, 2023	\$ (98)	\$ (33)	\$ —	\$ (131)
Comprehensive (loss) income before reclassifications	(95)	7	—	(88)
Income taxes associated with comprehensive income before reclassifications	—	(2)	—	(2)
Reclassification from accumulated other comprehensive loss	—	4	—	4
Ending Balance December 31, 2024	\$ (193)	\$ (24)	\$ —	\$ (217)
Comprehensive income (loss) before reclassifications	135	(19)	—	116
Income taxes associated with comprehensive loss before reclassifications	—	3	—	3
Ending Balance December 31, 2025	\$ (58)	\$ (40)	\$ —	\$ (98)

NOTE 20 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 records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount can be reasonably estimated. The Company evaluates, on a quarterly basis, developments in commercial and legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and reasonably estimable, the Company does not establish an accrued liability. 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.

BorgWarner Dispute

On October 15, 2025, the Company entered into a settlement agreement (the "Settlement Agreement") with the Former Parent to resolve previously disclosed claims asserted by the Former Parent against the Company, and counterclaims asserted by the Company against the Former Parent, in Delaware Superior Court related to payments and other obligations under the Tax Matters Agreement. The Settlement Agreement provides for, among other things, the Company to make payments to the Former Parent pursuant to the following schedule: an initial payment of \$31 million, which was made in the fourth quarter of 2025, a second payment of \$21 million, which was made in the first quarter of 2026, and a third and final payment of \$26 million to be made over the course of 2026 as the Company receives refunds related to certain indirect tax payments prior to the Spin-Off from various tax

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

authorities. The Company expects that a substantial portion of these payments will be funded through the refunds obtained by the Company from tax authorities that relate to the indirect tax payments made prior to the Spin-Off, with the remaining portion of the payments to be funded with available liquidity. The Company recorded a \$39 million loss in the year ended December 31, 2025 in connection with the settlement, representing the aggregate amount of the payments to be made to the Former Parent less the amount the Company had previously recorded for the matter.

In addition, the Settlement Agreement required the Former Parent to pay to the Company approximately \$7 million, which was received in the fourth quarter of 2025, related to the reimbursement of certain pre-Spin-Off corporate income taxes. The Settlement Agreement also provides for the release of certain other claims asserted by the Former Parent against the Company.

In connection with the Settlement Agreement, the Company and the Former Parent also entered into an amendment to the Tax Matters Agreement to provide for, among other things, clarification of the Former Parent's responsibility for certain pre-Spin-Off tax liabilities and the Company's ability to obtain and use the benefit of certain pre-Spin-Off credits and other offsets. Although the credits remain subject to completion of necessary filings and governmental approvals, the Company believes these credits can result in the Company receiving up to approximately \$29 million in cash.

NOTE 21 LEASES AND COMMITMENTS

The Company's lease agreements primarily consist of real estate property, such as manufacturing facilities, warehouses and office buildings, in addition to personal property, such as vehicles, manufacturing and information technology equipment. The Company determines whether a contract is or contains a lease at contract inception. The majority of the Company's lease arrangements are comprised of fixed payments, and a limited number of these arrangements include a variable payment component based on certain index fluctuations. As of December 31, 2025, a significant portion of the Company's leases were classified as operating leases.

Generally, the Company's operating leases have renewal options that extend the lease terms, and some include options to terminate the agreement or purchase the leased asset. The amortizable life of these assets is the lesser of its useful life or the lease term, including renewal periods reasonably assured of being exercised at lease inception.

All leases with an initial term of 12 months or less without an option to extend or purchase the underlying asset that the Company is reasonably certain to exercise (short-term leases) are not recorded on the Consolidated Balance Sheet, and lease expense is recognized on a straight-line basis over the lease term.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table presents the lease assets and lease liabilities as of December 31, 2025 and 2024:

(in millions)	<u>Balance Sheet Location</u>	December 31,	
		2025	2024
Assets			
Operating leases	Other non-current assets	\$ 48	\$ 54
Finance leases	Property, plant and equipment, net	3	2
Total lease assets		<u>51</u>	<u>56</u>
Liabilities			
Current			
Operating leases	Other current liabilities	\$ 19	\$ 17
Finance leases	Short-term borrowings and current portion of long-term debt	1	1
Non-current			
Operating leases	Other non-current liabilities	31	39
Finance leases	Long-term debt	3	1
Total lease liabilities		<u>54</u>	<u>58</u>

The following table presents lease obligations arising from obtaining leased assets for the years ended December 31, 2025, 2024 and 2023:

(in millions)	December 31,		
	2025	2024	2023
Operating leases	\$ 9	\$ 2	\$ 12
Finance leases	2	2	—
Total lease obligations	<u>11</u>	<u>4</u>	<u>12</u>

The following table presents the maturity of lease liabilities as of December 31, 2025:

(in millions)	Operating leases	Finance leases
2026	\$ 20	\$ 1
2027	18	1
2028	8	1
2029	3	1
2030	2	—
After 2030	3	—
Total (undiscounted) lease payments	<u>54</u>	<u>4</u>
Less: Imputed interest	4	—
Present value of lease liabilities	<u>50</u>	<u>4</u>

In the years ended December 31, 2025, 2024 and 2023, the Company recorded operating lease expense of \$21 million, \$20 million and \$15 million, respectively.

In the years ended December 31, 2025, 2024 and 2023, the operating cash flows for operating leases were \$20 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In the years ended December 31, 2025, 2024 and 2023, the Company recorded short-term lease costs of \$4 million, \$5 million and \$1 million, respectively.

Finance lease costs were immaterial for the periods presented.

ASC Topic 842 requires that the rate implicit in the lease be used if readily determinable. Generally, implicit rates are not readily determinable in the Company's agreements, so the incremental borrowing rate is used instead for such lease arrangements. The incremental borrowing rates are determined using rates specific to the term of the lease, economic environments where lease activity is concentrated, value of lease portfolio, and assuming full collateralization of the loans. The following table presents the terms and discount rates:

	December 31,	
	2025	2024
<u>Weighted average remaining lease term (years)</u>		
Operating leases	3	4
Finance leases	4	5
<u>Weighted average discount rate</u>		
Operating leases	3.9 %	3.6 %
Finance leases	6.2 %	5.7 %

NOTE 22 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.

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:

	Year Ended December 31,		
	2025	2024	2023
<u>(in millions, except per share amounts)</u>			
Basic earnings per share:			
Net earnings attributable to PHINIA Inc.	\$ 130	\$ 79	\$ 102
Weighted average shares of common stock outstanding	39.3	44.0	46.9
Basic earnings per share of common stock	<u>\$ 3.31</u>	<u>\$ 1.80</u>	<u>\$ 2.17</u>
Diluted earnings per share:			
Net earnings attributable to PHINIA Inc.	\$ 130	\$ 79	\$ 102
Weighted average shares of common stock outstanding	39.3	44.0	46.9
Effect of stock-based compensation	0.8	0.8	0.1
Weighted average shares of common stock outstanding including dilutive shares	40.1	44.8	47.0
Diluted earnings per share of common stock	<u>\$ 3.24</u>	<u>\$ 1.76</u>	<u>\$ 2.17</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**NOTE 23 RELATED PARTY**

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 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, "Summary of Significant Accounting Policies," 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 the year ended December 31, 2023 totaled \$89 million. These expenses were primarily included in Selling, general and administrative expenses and Other operating expense, net in the 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.

Net Transfers from (to) Former Parent

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

	Year Ended December 31, 2023
(in millions)	
General financing activities	\$ (63)
Cash pooling and other equity settled balances with Former Parent	(64)
Related-party notes converted to equity	260
Corporate allocations	89
Research and development income from Former Parent	(2)
Total net transfers from Former Parent	\$ 220
Exclude non-cash items:	
Stock-based compensation	\$ (4)
Other non-cash activities with Former Parent, net	(16)
Related-party notes converted to equity	(260)
Cash pooling and intercompany financing activities with Former Parent, net	55
Total net transfers to Former Parent per Consolidated Statements of Cash Flow	<u>\$ (5)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 24 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.

In the fourth quarter of 2025, the Company made a strategic decision to shift a significant portion of the OES business, previously reported in its Aftermarket segment, to the Fuel Systems segment, as distribution will now be handled by the Fuel Systems locations that manufacture the products. This is expected to streamline the sales structure to external customers while also reducing administrative efforts. The reporting segment disclosures have been updated accordingly which included recasting prior period information for the new reporting structure.

- **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. Its product portfolio includes a wide range of products as well as maintenance, test equipment and vehicle diagnostics solutions. Additionally, it offers a diverse portfolio of original equipment service solutions and remanufactured products. The Aftermarket segment also includes sales of starters and alternators to OEM and OES customers.

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 Company's chief operating decision maker (CODM) is the chief executive officer.

The CODM uses Segment AOI for the financial planning and review process. The CODM considers actual-to-forecast and actual-to-actual variances on a quarterly basis for Segment AOI when making decisions about the allocation of operating and capital resources to each segment. The CODM also uses Segment AOI for evaluating pricing strategy and to assess the performance of each segment by comparing the results of each segment with one another and in determining the compensation of certain employees.

[Table of Contents](#)**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

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

2025 Segment Revenues and Significant Expenses

(in millions)	Fuel Systems	Aftermarket	Inter-segment Eliminations	Consolidated
Net Sales from external customers	\$ 2,177	\$ 1,306	\$ —	\$ 3,483
Inter-segment eliminations	\$ 143	\$ —	\$ (143)	\$ —
Net Sales	\$ 2,320	\$ 1,306	\$ (143)	\$ 3,483
Less:				
Cost of sales	1,921	943		
Selling, general and administrative expenses (excluding Net R&D costs shown separately below) ¹	69	138		
Net R&D costs	94	11		
Other segment items ²	(8)	3		
Segment AOI	<u>\$ 244</u>	<u>\$ 211</u>		

2024 Segment Revenues and Significant Expenses

(in millions)	Fuel Systems	Aftermarket	Inter-segment Eliminations	Consolidated
Net Sales from external customers	\$ 2,131	\$ 1,272	\$ —	\$ 3,403
Inter-segment eliminations	\$ 144	\$ 10	\$ (154)	\$ —
Net Sales	\$ 2,275	\$ 1,282	\$ (154)	\$ 3,403
Less:				
Cost of sales	1,885	915		
Selling, general and administrative expenses (excluding Net R&D costs shown separately below) ¹	66	141		
Net R&D costs	102	10		
Other segment items ²	(6)	6		
Segment AOI	<u>\$ 228</u>	<u>\$ 210</u>		

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

2023 Segment Revenues and Significant Expenses

(in millions)	Fuel Systems	Aftermarket	Inter-segment Eliminations	Consolidated
Net Sales from external customers	\$ 2,275	\$ 1,225		\$ 3,500
Inter-segment eliminations	\$ 142	\$ 6	\$ (148)	\$ —
Net Sales	\$ 2,417	\$ 1,231	\$ (148)	\$ 3,500
Less:				
Cost of sales	2,030	889		
Selling, general and administrative expenses (excluding Net R&D costs shown separately below) ¹	79	117		
Net R&D costs	98	10		
Other segment items ²	(14)	28		
Segment AOI	<u>\$ 224</u>	<u>\$ 187</u>		

¹ Excludes acquisition-related intangibles amortization.

² Other segment items include inter-segment fees and other income.

Segment AOI

(in millions)	Year Ended December 31,		
	2025	2024	2023
Fuel Systems	\$ 244	\$ 228	\$ 224
Aftermarket	211	210	187
Segment AOI	455	438	411
Corporate, including stock-based compensation	104	92	47
Amortization of acquisition-related intangibles	30	28	28
Separation-related costs	43	31	80
Merger and acquisition costs	9	—	—
(Gains) losses for other one-time events	(2)	(7)	3
Restructuring expense	17	14	12
Asset impairment	—	21	—
Equity in affiliates' earnings, net of tax	(15)	(11)	(10)
Interest expense	81	99	56
Interest income	(14)	(16)	(13)
Other postretirement expense	4	—	2
Earnings before income taxes	<u>\$ 198</u>	<u>\$ 187</u>	<u>\$ 206</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Geographic Information

During the years ended December 31, 2025, 2024 and 2023, approximately 63% of the Company's consolidated net sales were outside the U.S., attributing sales to the location of billing rather than the location of the customer. Outside the United States, no countries other than those presented below exceeded 5% of consolidated net sales during the years ended December 31, 2025, 2024, and 2023.

(in millions)	Net sales			Property, plant and equipment, net		
	2025	2024	2023	2025	2024	2023
United States	\$ 1,298	\$ 1,267	\$ 1,303	\$ 157	\$ 147	\$ 138
Europe:						
United Kingdom	734	701	712	167	170	175
Romania	272	246	238	151	143	139
Poland	85	171	180	7	7	55
Turkey	190	162	159	53	47	42
Other Europe	110	114	136	65	56	62
Total Europe	1,391	1,394	1,425	443	423	473
China	531	467	503	168	176	203
Brazil	176	178	175	43	29	35
Other foreign	87	97	94	65	68	72
Total	\$ 3,483	\$ 3,403	\$ 3,500	\$ 876	\$ 843	\$ 921

2025 Segment information

(in millions)	Year-end assets	Depreciation/ amortization	Long-lived asset expenditures ¹
Fuel Systems	\$ 2,088	\$ 131	\$ 109
Aftermarket	1,351	25	12
Total	3,439	156	121
Corporate ²	378	1	3
Consolidated	\$ 3,817	\$ 157	\$ 124

2024 Segment information

(in millions)	Year-end assets	Depreciation/ amortization	Long-lived asset expenditures ¹
Fuel Systems	\$ 1,902	\$ 133	\$ 83
Aftermarket	1,332	25	19
Total	3,234	158	102
Corporate ²	534	2	3
Consolidated	\$ 3,768	\$ 160	\$ 105

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**2023 Segment information**

(in millions)	Year-end assets	Depreciation/ amortization	Long-lived asset expenditures ¹
Fuel Systems	\$ 2,207	\$ 141	\$ 136
Aftermarket	1,364	28	13
Total	3,571	169	149
Corporate ²	470	1	1
Consolidated	\$ 4,041	\$ 170	\$ 150

¹ Long-lived asset expenditures include capital expenditures and tooling outlays.

² Corporate assets include cash and cash equivalents, investments and long-term receivables, and deferred income taxes.

Sales to Major Customers

Consolidated net sales to General Motors Company (including its subsidiaries) were approximately 18%, 17%, and 16% for the years ended December 31, 2025, 2024, and 2023, respectively. Such sales consisted of a variety of products to a variety of customer locations and regions. No other single customer accounted for more than 10% of consolidated net sales in any of the years presented.

Sales by Product Line

Sales of gasoline fuel systems for light passenger vehicles represented approximately 16%, 17%, and 16% of consolidated net sales for the years ended December 31, 2025, 2024 and 2023, respectively. Sales of diesel fuel systems for medium and heavy duty commercial vehicles represented 12%, 13%, and 14% for the years ended December 31, 2025, 2024 and 2023, respectively. No other single product line accounted for more than 10% of consolidated net sales in any of the years presented.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 25 OPERATING CASH FLOWS AND OTHER SUPPLEMENTAL FINANCIAL INFORMATION

(in millions)	Year Ended December 31,		
	2025	2024	2023
OPERATING			
Net earnings	\$ 130	\$ 79	\$ 102
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and tooling amortization	127	132	143
Intangible asset amortization	30	28	28
Restructuring expense, net of cash paid	3	8	—
Loss on extinguishment of debt	—	22	—
Stock-based compensation expense	18	14	10
Asset impairments	—	21	—
Deferred income tax (benefit) expense	(19)	11	32
Other non-cash adjustments, net	(1)	(8)	(7)
Changes in assets and liabilities, excluding foreign currency translation adjustments:			
Receivables	69	149	79
Inventories	6	23	(4)
Prepayments and other current assets	(15)	(33)	(5)
Accounts payable and other current liabilities	(26)	(114)	(95)
Prepaid taxes and income taxes payable	(21)	(9)	—
Other assets and liabilities	19	(10)	(26)
Retirement plan contributions	(8)	(5)	(7)
Net cash provided by operating activities	\$ 312	\$ 308	\$ 250
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest, net	\$ 59	\$ 34	\$ 26
Income taxes, net of refunds	\$ 61	\$ 94	\$ 88
Non-cash investing transactions:			
Period end accounts payable related to property, plant and equipment purchases	\$ 37	\$ 51	\$ 48

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all

control issues and instances of fraud, if any, within the Company have been detected. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. However, the Company's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives.

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports filed or submitted under the Exchange Act, such as this Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. The Company's disclosure controls and procedures are also designed to provide reasonable assurance that such information is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosure. As required under Exchange Act Rule 13a-15, the Company's management, including the Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of disclosure controls and procedures as of December 31, 2025, the end of the period covered by this Form 10-K report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2025.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Management conducted an assessment of the Company's internal control over financial reporting based on the framework and criteria established by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control - Integrated Framework" (2013). Based on the assessment, management concluded that as of December 31, 2025, the Company's internal control over financial reporting was effective based on those criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the most recent fiscal quarter ended December 31, 2025 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Item 9B. Other Information

Trading Arrangements

During the year ended December 31, 2025, 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 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding our directors, director nominees, changes to the procedures by which security holders may recommend nominees to our Board of Directors and our Board committees will appear in the Company's proxy statement for its 2026 Annual Meeting of Stockholders (Proxy Statement) under the headings "Proposal 1: Election of Directors," "Corporate Governance," and "Code of Ethical Conduct," and is incorporated herein by reference.

Information regarding our executive officers is set forth under the heading "Information About Our Executive Officers" in Part I of this Form 10-K, which is incorporated herein by reference.

Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934, if applicable, will appear in the Company's Proxy Statement under the heading "Delinquent Section 16(a) Reports," and such disclosure, if any, is incorporated herein by reference.

The Company maintains a Code of Ethical Conduct that is applicable to all directors, officers, and employees of the Company, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. The Code of Ethical Conduct is posted on the Company's website at www.phinia.com. The Company intends to disclose any amendments to, or waivers from, a provision of the Code of Ethical Conduct that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions on its website at www.phinia.com.

Item 11. Executive Compensation

Information regarding director and executive compensation will appear in the Company's Proxy Statement under the headings "Non-Employee Director Compensation," "Compensation Committee Interlocks and Insider Participation," "Compensation Discussion and Analysis" and "Executive Compensation Tables," and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding security ownership of certain beneficial owners and management, related stockholders matters, and the Company's equity compensation plans will appear in the Company's Proxy Statement under the headings "Beneficial Ownership of Company Stock" and "Equity Compensation Plan Information" and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information regarding certain relationships and related party transactions and director independence that will appear in the Company's Proxy Statement under the headings "Related Party Transactions Policy" and "Director Independence" and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information regarding principal accountant fees and services will appear in the Company's Proxy Statement under the heading "Independent Auditor's Fees" and is incorporated herein by reference.

PART IV

Item 15. Exhibit and Financial Statement Schedules

The information required by Section (a)(3) of Item 15 is set forth on the Exhibit Index that precedes the Signatures page of this Form 10-K. The information required by Section (a)(1) of Item 15 is set forth above in Item 8, Financial Statements and Supplementary Data. All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule or because the information required is included in the consolidated financial statements and notes thereto included in this Form 10-K.

Item 16. Form 10-K Summary

Not applicable.

Exhibit Index

2.1 [Separation and Distribution Agreement, dated as of July 2, 2023, by and between BorgWarner and the Company \(incorporated by reference to Exhibit 2.1 of the Company's Form 8-K filed on July 7, 2023\)](#)

3.1 [Amended and Restated Certificate of Incorporation of PHINIA Inc. \(incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on June 30, 2023\)](#)

3.2 [Second Amended and Restated By-Laws of PHINIA Inc. \(incorporated by reference to Exhibit 3.1 of the Company's Form 10-Q filed on July 24, 2025\)](#)

4.1 [Description of Securities \(incorporated by reference to Exhibit 4.1 of the Company's Form 10-K for the fiscal year ended December 31, 2023\)](#)

4.2 [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 \(incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filed on April 4, 2024\)](#)

4.3 [Indenture, dated as of September 17, 2024, by and among the Company, the guarantors named therein and U.S. Bank Trust Company, National Association, as trustee \(incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filed on September 18, 2024\)](#)

10.1 [Settlement Agreement, dated as of October 15, 2025, by and between BorgWarner Inc. and the Company*](#)

10.2 [Tax Matters Agreement, dated as of July 2, 2023, by and between BorgWarner and the Company \(incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed on July 7, 2023\)](#)

10.3 [Amended and Restated Tax Matters Agreement, dated as of October 15, 2025, by and between BorgWarner Inc. and the Company*](#)

10.4 [Intellectual Property Cross-License Agreement, dated as of June 30, 2023, by and among BorgWarner, Delphi Technologies IP Limited, PHINIA Technologies, Inc. and BorgWarner Luxembourg Operations S.A.R.L \(incorporated by reference to Exhibit 10.4 of the Company's Form 8-K filed on July 7, 2023\)](#)

10.5 [Electronics Collaboration Agreement, dated as of July 2, 2023, by and between BorgWarner PDS \(USA\) Inc. and PHINIA Technologies Inc \(incorporated by reference to Exhibit 10.5 of the Company's Form 8-K filed on July 7, 2023\)](#)

10.6 [ECU Supply Agreement, dated as of July 2, 2023, by and between BorgWarner Singapore Holdings Pte. Ltd. and BorgWarner France SAS \(incorporated by reference to Exhibit 10.11 of the Company's Form 8-K filed on July 7, 2023\)](#)

10.7 [ECU Supply Agreement, dated as of July 2, 2023, by and between BorgWarner Singapore Holdings Pte. Ltd. and BorgWarner India Private Limited \(incorporated by reference to Exhibit 10.12 of the Company's Form 8-K filed on July 7, 2023\)](#)

10.8 [ECU Supply Agreement, dated as of July 2, 2023, by and between BorgWarner Singapore Holdings Pte. Ltd. and BorgWarner Fuel Systems \(Yantai\) Co., Ltd. \(incorporated by reference to Exhibit 10.13 of the Company's Form 8-K filed on July 7, 2023\)](#)

10.9 [ECU Supply Agreement, dated as of July 2, 2023, by and between BorgWarner PowerDrive Systems \(Suzhou\) Co., Ltd. and BorgWarner \(Shanghai\) Automobile Fuel Systems Co., Ltd. \(incorporated by reference to Exhibit 10.14 of the Company's Form 8-K filed on July 7, 2023\)](#)

10.10 [ECU Supply Agreement, dated as of July 2, 2023, by and between BorgWarner PowerDrive Systems \(Suzhou\) Co., Ltd. and BorgWarner Fuel Systems \(Yantai\) Co., Ltd. \(incorporated by reference to Exhibit 10.15 of the Company's Form 8-K filed on July 7, 2023\)](#)

10.11 [ECU Supply Agreement, dated as of July 2, 2023, by and between BorgWarner PowerDrive Systems \(Suzhou\) Co., Ltd. and BorgWarner Industria E Comercio Brasil Ltda \(incorporated by reference to Exhibit 10.16 of the Company's Form 8-K filed on July 7, 2023\)](#)

10.12 [Credit Agreement, dated as of July 3, 2023, by and among the Company, as borrower, the other loan parties from time to time party thereto, the lenders from time to time party thereto, Bank of America, N.A., as administrative agent, a swingline lender and an L/C issuer, and the other swingline lenders and L/C issuers from time to time party thereto \(incorporated by reference to Exhibit 10.17 of the Company's Form 8-K filed on July 7, 2023\)](#)

10.13 [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 \(incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on April 4, 2024\)](#)

10.14 [Amendment No. 2 to Credit Agreement, dated as of September 17, 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 \(incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on September 18, 2024\)](#)

10.15 [PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-8 filed on June 30, 2023\)+](#)

10.16 [Form of Restricted Stock Agreement for Non-Employee Directors under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.19 of the Company's Form 10-Q filed on August 7, 2023\)+](#)

10.17 [Form of Conversion Award Restricted Stock Agreement for Employees under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.18 of the Company's Form 10-Q filed on November 6, 2023\)+](#)

10.18 [Form of Conversion Award Stock Unit Award Agreement for Non-U.S. Employees under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.20 of the Company's Form 10-Q filed on November 6, 2023\)+](#)

10.19 [Form of Restricted Stock Agreement for Employees under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.21 of the Company's Form 10-Q filed on November 6, 2023\)+](#)

10.20 [Form of Stock Unit Award Agreement for U.S. Employees under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.22 of the Company's Form 10-Q filed on November 6, 2023\)+](#)

10.21 [Form of Stock Unit Award Agreement for Non-U.S. Employees under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.23 of the Company's Form 10-Q filed on November 6, 2023\)+](#)

10.22 [Form of Performance Stock Unit Award Agreement for U.S. Employees under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on February 21, 2024\)+](#)

10.23 [Form of Restricted Stock Agreement for Employees under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed on February 21, 2024\)+](#)

10.24 [Form of Performance Stock Unit Award Agreement for Non-U.S. Employees under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.4 of the Company's Form 10-Q filed on April 25, 2024\)+](#)

10.25 [Form of Stock Unit Award Agreement for Non-U.S. Employees under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.5 of the Company's Form 10-Q filed on April 25, 2024\)+](#)

10.26 [Form of Performance Stock Unit Award Agreement for U.S. Employees under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q filed on April 25, 2025\)+](#)

10.27 [Form of Performance Stock Unit Award Agreement for Non-U.S. Employees under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q filed on April 25, 2025\)+](#)

10.28 [Form of Stock Unit Award Agreement for Non-U.S. Employees under the PHINIA Inc. 2023 Stock Incentive Plan \(incorporated by reference to Exhibit 10.3 of the Company's Form 10-Q filed on April 25, 2025\)+](#)

10.29 [Form of Deferred Cash Award Agreement for Employees \(China\) \(incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q filed on October 31, 2024\)+](#)

10.30 [Form of Deferred Cash Award Agreement for Employees \(China\) \(incorporated by reference to Exhibit 10.4 of the Company's Form 10-Q filed on April 25, 2025\)+](#)

10.31 [PHINIA Inc. Management Incentive Bonus Plan \(incorporated by reference to Exhibit 10.20 of the Company's Form 10-Q filed on August 7, 2023\)+](#)

10.32 [CEO Form of Amended and Restated Change of Control Employment Agreement \(incorporated by reference to Exhibit 10.31 of the Company's Form 10-K for the fiscal year ended December 31, 2024\)+](#)

10.33 [Non-CEO Executive Officer Form of Amended and Restated Change of Control Employment Agreement \(incorporated by reference to Exhibit 10.32 of the Company's Form 10-K for the fiscal year ended December 31, 2024\)+](#)

10.34	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)+
10.35	PHINIA Inc. Director Deferred Compensation Program 2025-2026 Board Year Election Form (incorporated by reference to Exhibit 10.35 of the Company's Form 10-K for the fiscal year ended December 31, 2024)+
10.36	Form of Stock Unit Award Agreement for Non-Employee Directors under the PHINIA Inc. 2023 Stock Incentive Plan (incorporated by reference to Exhibit 10.36 of the Company's Form 10-K for the fiscal year ended December 31, 2024)+
19.1	Insider Trading Policy*
21.1	Subsidiaries of the Company*
23.1	Consent of PricewaterhouseCoopers LLP Independent Registered Public Accounting Firm*
24.1	Powers of Attorney*
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer*
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer*
32	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer**
97.1	PHINIA Inc. Compensation Recovery Policy (incorporated by reference to Exhibit 97.1 of the Company's Form 10-K for the fiscal year ended December 31, 2023)+
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)*

Certain schedules, exhibits, and appendices have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish copies of any omitted schedule, exhibit, or appendix to the SEC upon request.

* Filed herewith

** Furnished herewith

+ Indicates management contracts or compensatory plans or arrangements required to be filed as exhibits to this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PHINIA INC.

By: /s/ Brady D. Ericson
Brady D. Ericson
President and Chief Executive Officer, Director
(Principal Executive Officer)

Date: February 12, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following person on behalf of the registrant and in the capacities indicated on the 12th day of February, 2026.

Signature	Title
<u>/s/ Brady D. Ericson</u> Brady D. Ericson	President and Chief Executive Officer, Director (Principal Executive Officer)
<u>/s/ Chris P. Gropp</u> Chris P. Gropp	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ Samantha M. Pombier</u> Samantha M. Pombier	Vice President and Controller (Principal Accounting Officer)
<u>/s/ Rohan S. Weerasinghe</u> Rohan S. Weerasinghe	Non-Executive Chair and Director
<u>/s/ Samuel R. Chapin</u> Samuel R. Chapin	Director
<u>/s/ Robin Kendrick</u> Robin Kendrick	Director
<u>/s/ Latondra Newton</u> Latondra Newton	Director
<u>/s/ D'aun Norman</u> D'aun Norman	Director
<u>/s/ Meggan M. Walsh</u> Meggan M. Walsh	Director
<u>/s/ Roger J. Wood</u> Roger J. Wood	Director

SETTLEMENT AGREEMENT

This Settlement Agreement (together with all Schedules, the “Agreement”), dated October 15, 2025 (the “Execution Date”) is entered into by and among BorgWarner Inc. (“BorgWarner”) and PHINIA Inc. (“PHINIA”). Each of BorgWarner and PHINIA individually shall be referred to as a “Party,” and collectively shall be referred to as the “Parties.”

WHEREAS, on July 2, 2023, the Parties entered into a Separation and Distribution Agreement (the “SDA”), Tax Matters Agreement (“TMA”), and certain Ancillary Agreements (as defined in the SDA), which set forth the terms upon which the Parties would effect the spin-off of PHINIA from BorgWarner (the “Transactions”);

WHEREAS, on September 19, 2024, BorgWarner commenced a litigation against PHINIA, currently pending in the Superior Court of the State of Delaware (the “Court”) under the caption *BorgWarner Inc. v. PHINIA Inc.*, No. N24C-09-158 PRW [CCLD] (the “Action”);

WHEREAS, in the Action, BorgWarner alleges *inter alia* that PHINIA has breached the TMA by failing to return to BorgWarner certain refunds of value-added tax paid with respect to Pre-Distribution Periods (the “BorgWarner Claims”);

WHEREAS, in the Action, on November 19, 2024, PHINIA filed counterclaims alleging *inter alia* that BorgWarner has breached the terms of the TMA by failing to pay certain taxes, including payroll, sales and use, unemployment, and FICA taxes with respect to Pre-Distribution Periods that are allegedly BorgWarner’s responsibility under the TMA (all counterclaims asserted at any point in the Action collectively, the “PHINIA Counterclaims”);

WHEREAS, the Parties wish to resolve the Action, the BorgWarner Claims, and the PHINIA Counterclaims on the conditions set forth herein:

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Settlement Agreement, and for other good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Settlement Payments.

a. PHINIA shall pay BorgWarner a total amount of seventy-eight million U.S. dollars (\$78,000,000.00) (the “PHINIA Settlement Payment”) in cash in the following installment payments (each an “Installment Payment”) as follows: (i) thirty-one million U.S. dollars (\$31,000,000.00) shall be paid to BorgWarner by no later than three (3) business days after the Execution Date; (ii) twenty-one million U.S. dollars (\$21,000,000.00) shall be paid to BorgWarner by no later than January 15, 2026; (iii) twenty-six million U.S. dollars (\$26,000,000.00) (the “Final Installment”) shall be paid to BorgWarner by no later than December 1, 2026 (the “Final Installment Date”); provided, however, that if PHINIA (including, for the avoidance of doubt, any of its subsidiaries, affiliates, or reporting units) actually receives or realizes Tax Benefits in excess of one

million U.S. dollars (\$1,000,000.00) in the aggregate as a result of value-added Taxes for a Pre-Distribution Period from any government entity or Taxing Authority (a “VAT Refund”) on or after January 16, 2026 and before December 1, 2026, then PHINIA shall pay a cash amount in U.S. Dollars equal to the amount of such VAT Refund (a “Refund Payment”) (which, for the avoidance of doubt, shall not be limited to just the excess amount over one million U.S. dollars (\$1,000,000.00)), within thirty (30) calendar days of such receipt or realization, up to the total amount of the Final Installment, and each such Refund Payment paid by PHINIA and received by BorgWarner shall be deducted against the amount of the Final Installment. For the avoidance of doubt, any remaining portion of the Final Installment not paid to BorgWarner before the Final Installment Date shall be paid no later than the Final Installment Date.

b. PHINIA shall pay the PHINIA Settlement Payment by wire transfer to the following account, or such other account as BorgWarner may request in writing at least ten (10) business days in advance of a scheduled payment:

Bank Name: []

Bank Address: []

Bank’s ABA #: []

SWIFT Code: []

Bank Account #: []

Account Name: []

c. Any late payment of any amounts in Section 1(a) is a material breach of this Settlement Agreement. If PHINIA fails to make any Installment Payment on the dates identified in Section 1(a), the entirety of the remaining PHINIA Settlement Payment shall immediately become due and owing and interest on the whole of the remaining PHINIA Settlement Payment shall accrue at a rate per annum equal to the rate in effect for underpayments under Section 6621 of the Code from such due date to and including the payment date.

d. BorgWarner shall pay PHINIA a total amount of six million, seven-hundred and seventy-two thousand, one-hundred and fifty-two U.S. dollars (\$6,772,152.00) (the “BorgWarner Settlement Payment”) in cash no later than three (3) business days after the Execution Date, which the Parties acknowledge is in respect of corporate income taxes incurred for pre-Distribution Periods.

e. BorgWarner shall pay the BorgWarner Settlement Payment by wire transfer to the following account, or such other account as PHINIA may request in writing at least ten (10) business days in advance of a scheduled payment:

Bank Name: []

Bank Address: []

Bank’s ABA #: []

SWIFT Code: []

Bank Account #: []
Account Name: []

f. Any late payment of the BorgWarner Settlement Payment is a material breach of this Settlement Agreement. If BorgWarner fails to make the BorgWarner Settlement Payment on the date identified in Section 1(d), interest on the whole of the remaining BorgWarner Settlement Payment shall accrue at a rate per annum equal to the rate in effect for underpayments under Section 6621 of the Code from such due date to and including the payment date.

g. Notwithstanding anything to the contrary herein, the Parties may, by mutual written agreement, agree to net the payments under Sections 1(a)(i) and 1(d).

2. Amendment of Tax Matters Agreement. The Parties hereby agree to execute and enter into the Amended and Restated Tax Matters Agreement (the “Amended and Restated Tax Matters Agreement”) attached as Exhibit 1 hereto, which agreement shall be deemed effective as of the Execution Date.

3. Continuing Effect. All terms, conditions, provisions and references of and to the SDA and the Ancillary Agreements which are not modified and/or amended herein shall remain in full force and effect and shall not be altered by any provisions herein contained. In the event of any conflict or inconsistency between the provisions of the SDA or any Ancillary Agreement and the provisions of this Settlement Agreement, the provisions of this Settlement Agreement shall control.

4. Release by BorgWarner. In exchange for the good and valuable consideration received under this Agreement, BorgWarner, on behalf of itself and its current and former direct and indirect parents, subsidiaries, and all other affiliates, and related predecessors and successors and, with respect to each such entity, all current and former officers, directors, owners, representatives, assigns, agents, employees, attorneys, representatives, insurers, and any other persons acting by, through, under, or in concert with any of the foregoing persons or entities, hereby knowingly and voluntarily waives, releases, forever discharges, and promises not to sue each and all of the PHINIA Releasees, from any claim, charge, action or cause of action, liabilities and demands that it may have against any of the PHINIA Releasees, whether known or unknown, based upon, arising out of, or related to the Action, the BorgWarner Claims, or the BorgWarner Released Claims identified on Schedule A; provided, however, that nothing herein shall release any claims to enforce this Agreement or the Amended and Restated Tax Matters Agreement. “PHINIA Releasees” means individually and collectively PHINIA, and its current and former direct and indirect parents, subsidiaries, and all other affiliates, and related predecessors and successors and, with respect to each such entity, all current and former officers, directors, owners, representatives, assigns, agents, employees, attorneys, representatives, insurers, and any other persons acting by, through, under, or in concert with any of the foregoing persons or entities.

5. Release by PHINIA. In exchange for the good and valuable consideration received under this Agreement, PHINIA, on behalf of itself and its current and former direct and indirect parents, subsidiaries, and all other affiliates, and related predecessors and successors and, with respect to each such entity, all current and former officers, directors, owners, representatives, assigns, agents, employees, attorneys, representatives, insurers, and any other persons acting by, through, under, or in concert with any of the foregoing persons or entities, hereby knowingly and voluntarily waives, releases, forever discharges, and promises not to sue each and all of the BorgWarner Releasees from any claim, charge, action or cause of action, liabilities and demands that it may have against any of the BorgWarner Releasees, whether known or unknown, based upon, arising out of, or related to the Action, the PHINIA Counterclaims, or the PHINIA Released Claims identified on Schedule B; provided, however, that nothing herein shall release any claims to enforce this Agreement or the Amended and Restated Tax Matters Agreement. “BorgWarner Releasees” means individually and collectively BorgWarner, and its current and former direct and indirect parents, subsidiaries, and all other affiliates, and related predecessors and successors and, with respect to each such entity, all current and former officers, directors, owners, representatives, assigns, agents, employees, attorneys, representatives, insurers, and any other persons acting by, through, under, or in concert with any of the foregoing persons or entities.

6. Representations and Warranties.

a. BorgWarner hereby represents, warrants, and covenants as follows:

i. Except with respect to the PHINIA Counterclaims, the Covered Tax Items, and the corporate income tax liabilities taken into account in the determination of the BorgWarner Settlement

Payment, to the best of the knowledge of BorgWarner's senior tax executives as of the Distribution Date, BorgWarner is not aware of any material unpaid Taxes or other potential Tax Liabilities existing or expected as of September 30, 2025 with respect to a Pre-Distribution Period for which it would have been responsible pursuant to the TMA (prior to its amendment on the date hereof).

b. PHINIA hereby represents, warrants, and covenants as follows:

ii. Other than the Tax Benefits associated with the payments referenced in Section 1(a) of this Agreement, to the best of the knowledge of PHINIA's senior tax executives, PHINIA is not aware of any outstanding material Tax Benefits existing or expected as of September 30, 2025 with respect to a Pre-Distribution Period to which BorgWarner would have been entitled pursuant to the TMA (prior to its amendment on the date hereof) (excluding, for the avoidance of doubt, the Tax Benefits set forth in Sections 2.5(b) and (c) of the Amended and Restated Tax Matters Agreement).

7. Covenant to Cooperate in Good Faith. The Parties agree to cooperate in good faith to fulfill their respective obligations pursuant to the SDA, the Ancillary Agreements, and this Agreement, including but not limited to under Section 2.07 of the SDA. Such cooperation shall include, without limitation, the obligations set forth in Sections 7.1 and 7.2 of the Amended and Restated Tax Matters Agreement.

8. Covenant Not to Encourage Claims. Neither Party shall take any action that could facilitate, cause or encourage any third party (e.g., shareholders, lenders, customers, or regulators) to assert any claim against the other Party that would be within the scope of the releases in this Agreement if asserted by a Party.

9. Waiver of Unknown Claims. Each of the Parties acknowledges and agrees that, by signing this Agreement, it intends for the release of claims contained herein to extend to each and every claim, demand, and cause of action hereinabove specified, including but not limited to claims that are unknown or unsuspected by it. In doing so, each Party expressly acknowledges and agrees that it is knowingly waiving rights it may have under any applicable federal, state, or local law that restricts the right of a person to waive unknown or unsuspected claims, including but not limited to Section 1542 of the California Civil Code, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

10. No Admissions. It is understood and agreed by the Parties that this Agreement, and the terms described herein, is a compromise of disputed claims and should not be construed or operate as an admission of any kind by any of the Parties with respect to any allegation, fact, liability, or fault. This Agreement shall not be offered or received into evidence in any action or proceeding (except an action to enforce this Agreement).

11. Dismissal of Claims. No later than five (5) business days from the Execution Date, the Parties' counsel shall execute and submit to the Court a stipulation of discontinuance with prejudice (the "Stipulation") in the form attached hereto as Exhibit 2, stipulating to dismissal of the Action with prejudice, with each Party bearing its respective attorney's fees and costs. Neither Party shall seek to condition the Court's dismissal on any terms other than those contained in this Settlement Agreement.

12. Definitions. Capitalized terms otherwise not defined herein shall have the same meaning as defined in the Amended and Restated Tax Matters Agreement.

13. Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) when delivered in person, (b) on the date received, if sent by a nationally recognized delivery or courier service, (c) upon written confirmation of receipt after transmittal by electronic mail or (d) upon the earlier of confirmed receipt or the fifth business day following the date of mailing if sent by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to BorgWarner, to:

BorgWarner Inc.
3850 Hamlin Road
Auburn Hills, MI 48326
Attn: Tonit M. Calaway
Email: tcalaway@borgwarner.com

and with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attn: Jonathan K. Youngwood
Email: jyoungwood@stblaw.com

If to PHINIA, to:

PHINIA Inc.
300 University Drive
Auburn Hills, MI 48326

Attn: Robert Boyle
Email: rboyle@phinia.com

and with a copy to:

Allen Overy Shearman Sterling US LLP
599 Lexington Avenue
New York, NY 10022
Attn: Alan Goudiss and Christopher LaVigne
Email: agoudiss@aoshearman.com; christopher.lavigne@aoshearman.com

Either Party may, by notice to the other Party, change the address and identity of the Person to which such notices and copies of such notices are to be given. Each Party agrees that nothing in this Agreement shall affect any other Party's right to serve process in any other manner permitted by Law (including pursuant to the rules for foreign service of process authorized by the Hague Convention).

14. Termination or Modification. This Agreement may not be terminated, modified, or amended except by an agreement in writing signed by each of the Parties. No waiver of any provision of this Agreement will be valid unless in writing and signed by the Party against whom such waiver is charged. The failure to enforce any term or condition of this Agreement is not intended and shall not act as a waiver of any future breach, or of any right or remedy under this Agreement or applicable law.

15. Disputes. The Superior Court for the State of Delaware shall be the exclusive venue for resolution of any disputes arising out of the implementation or enforcement of this Agreement that the Parties are unable to resolve between themselves (or, if the Superior Court for the State of Delaware lacks jurisdiction over a particular matter or claim, any state or federal court sitting in the County of New Castle of the State of Delaware, including without limitation the Court of Chancery of the State of Delaware). Each of the Parties hereto irrevocably and unconditionally waives any defenses based on lack of personal jurisdiction, lack of subject matter jurisdiction, improper venue, or inconvenient forum, with respect to any such action. In the event of any dispute about this Settlement Agreement, the Court shall have the authority to award, in its discretion, to the prevailing Party fees, costs and expenses, including without limitation attorneys' fees, paid or actually incurred in connection with enforcing this Settlement Agreement. Fees, costs and expenses recoverable under this provision shall include, without limitation, charges and costs incurred by a Party through its retention of outside legal counsel, paralegals, legal assistants, and expert witnesses.

16. Drafting/Governing Law. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any person or entity. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of law. Sections 11.03, 11.04, and 11.05 of the SDA are hereby incorporated by reference and shall apply to this Agreement as if set out herein. Each of the Parties and their counsel have participated in the drafting of this

Agreement and, as a result, the rule that ambiguities are construed against the drafter shall not apply in the event of a dispute arising out of this Agreement.

17. Confidentiality. The Parties agree that, except as set forth in this Section 17, the terms of this Settlement Agreement are confidential, and that they will not at any time hereafter disclose the substance or contents of this Settlement Agreement, other than stating that the Action has been settled and that the Parties have entered into the Amended and Restated Tax Matters Agreement. The parties may disclose the terms of the Settlement Agreement as required by court order, law or by valid legal process and to (i) the Parties' affiliates, accountant(s), attorney(s), financial advisor(s), auditor(s), regulator(s), insurer(s) and/or prospective insurer(s), provided that such recipients agree to maintain the information as confidential, and (ii) local, state or federal taxing authorities, each of whom may be notified of this provision. Notwithstanding the foregoing, each Party may disclose the terms of this Settlement Agreement and the Amended and Restated Tax Matters Agreement and the impact of these agreements on such Party's results of operations, financial condition and outlook in such Party's SEC filings (including a Current Report on Form 8-K, an Annual Report on Form 10-K and/or a Quarterly Report on Form 10-Q), its earnings disclosures and other communications with investors, analysts and other interested stakeholders, and each Party may file the Amended and Restated Tax Matters Agreement and this Settlement Agreement as exhibits to its SEC filings.

18. Execution. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement. A facsimile or electronic (e.g., PDF format) copy of this Agreement as executed shall be deemed an original. Signatures transmitted by facsimile or e-mailed in PDF format shall be binding as evidence of each Party's agreement to be bound by the terms of this Agreement.

19. Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon a determination that any term or provision is invalid, illegal, or unenforceable, the Parties shall negotiate in good faith to modify this Agreement to the minimum extent necessary to give effect to the original intent of the Parties as closely as possible under applicable law, and the unaffected provisions of this Agreement will remain in full force and effect.

20. Waivers. No failure on the part of either Party to exercise, and no delay in exercising, any right or remedy under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or by any related document or by law.

21. Entire Agreement. Except as otherwise set forth in the Amended and Restated Tax Matters Agreement, this Agreement represents the entire agreement among the Parties with

respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, proposals or understandings, whether written or oral, among the Parties with respect to the subject matter. For the avoidance of doubt, this Agreement does not supersede the SDA, the Amended and Restated Tax Matters Agreement, or the other Ancillary Agreements (as defined therein), which continue in full force and effect in accordance with their terms (subject to the express provisions hereof).

[signature page(s) follow]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

BorgWarner Inc.

By: /s/ Tonit M. Calaway
Name: Tonit M. Calaway
Title: Executive Vice President and Secretary

PHINIA Inc.

By: /s/ Robert W. Boyle
Name: Robert W. Boyle
Title: Vice President, General Counsel and Secretary

Schedule A –BorgWarner Released Claims

Schedule B – PHINIA Released Claims

Exhibit 1

(Form of Amended and Restated Tax Matters Agreement)

Exhibit 2

(Form of Stipulation)

AMENDED AND RESTATED TAX MATTERS AGREEMENT

by and between

BORGWARNER INC.

and

PHINIA INC.

Dated as of October 15, 2025

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AMENDED AND RESTATED TAX MATTERS AGREEMENT

This AMENDED AND RESTATED TAX MATTERS AGREEMENT (including the schedules hereto, this “Agreement”), is entered into as of October 15, 2025 between BorgWarner Inc., a Delaware corporation (“Parent”), and PHINIA Inc., a Delaware corporation (“SpinCo” and, together with Parent, the “Parties”).

RECITALS

WHEREAS, the board of directors of Parent determined that it was appropriate, desirable and in the best interests of Parent and its stockholders to separate the Parent Business from the SpinCo Business in the manner described in the Separation and Distribution Agreement, dated as of July 2, 2023, between the Parties (such agreement, the “Separation Agreement” and such separation the “Separation”) and, following the Separation, to undertake the Distribution;

WHEREAS, Parent effected certain restructuring transactions for purposes of aggregating the SpinCo Business in the Parent Group prior to the Distribution (collectively, the “Restructuring”);

WHEREAS, Parent contributed SpinCo Assets to SpinCo in exchange for SpinCo Common Stock and the assumption of SpinCo Liabilities (the “External Contribution”);

WHEREAS, on July 3, 2023, the Spin-Off Transaction was effected;

WHEREAS, Parent intended to effect the Spin-Off Transaction in a transaction that qualifies as tax-free for U.S. federal income tax purposes under Sections 368(a)(1)(D), 355 and 361 of the Code;

WHEREAS, certain members of the Parent Group, on the one hand, and certain members of the SpinCo Group, on the other hand, file certain Tax Returns on a consolidated, combined or unitary basis for certain federal, state, local and Non-U.S. Tax purposes;

WHEREAS, the Parties desire to (a) provide for the payment of Tax Liabilities and entitlement to refunds thereof, allocate responsibility for, and cooperation in, the filing of Tax Returns, and provide for certain other matters relating to Taxes and (b) set forth certain covenants and indemnities relating to the preservation of the Intended Tax Treatment of the Transactions;

WHEREAS, the Parties executed the original Tax Matters Agreement on July 2, 2023 (the “Original Agreement”); and

WHEREAS, the Parties entered into a settlement agreement on October 15, 2025 to resolve certain disputes between the Parties (the “Settlement Agreement”), and desire to amend and restate the Original Agreement in connection with the Settlement Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

Article I – DEFINITIONS

1.1 General. For the purposes of this Agreement, the following terms shall have the following meanings: “Accounting Firm” shall have the meaning set forth in Section 9.1.

“Active Business” shall mean, as shown on Schedule E, the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder) by SpinCo and its “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code) and any SpinCo Group member that is a party to a transaction intended to qualify under Section 355 of the Code and such Affiliate’s “separate affiliated group” of the SpinCo Business, in each case, as conducted immediately prior to the Distribution or any other relevant distribution.

“Adjustment” shall mean an adjustment of any item of income, gain, loss, deduction, credit or any other item affecting Taxes of a taxpayer.

“Affiliate” shall have the meaning set forth in the Separation Agreement.

“Agreement” shall have the meaning set forth in the preamble hereto.

“Ancillary Agreements” shall have the meaning set forth in the Separation Agreement.

“Capital Stock” shall mean classes or series of capital stock of a Person, including (i) common stock, (ii) all options, warrants and other rights to acquire such capital stock and (iii) all instruments properly treated as stock in such Person for U.S. federal income tax purposes.

“Chosen Court Claim” shall have the meaning set forth in Section 9.5.

“Chosen Courts” shall have the meaning set forth in Section 9.5.

“Code” shall mean the U.S. Internal Revenue Code of 1986 (as amended).

“Controlling Party” shall mean, with respect to a Tax Contest, the Party entitled to control such Tax Contest pursuant to Section 6.2, Section 6.3 or Section 6.4.

“Covered Tax Contests” shall have the meaning set forth in Section 6.4.

“Covered Tax Items” shall have the meaning set forth in Section 2.1.

“Delayed Asset” shall have the meaning set forth in the Separation Agreement.

“Dispute” shall have the meaning set forth in Section 9.2.

“Distribution” shall have the meaning set forth in the Separation Agreement.

“Distribution Date” shall have the meaning set forth in the Separation Agreement.

“Distribution Taxes” shall mean any Taxes incurred solely as a result of the failure of any of the Transactions to qualify for the Intended Tax Treatment of such Transaction.

“Due Date” shall mean (a) with respect to a Tax Return, the date (taking into account all valid extensions) on which such Tax Return is required to be filed under applicable Tax Law or, in the case of a Joint Return for a U.S. jurisdiction filed by Parent, such earlier date on which such Tax Return is filed as determined by Parent and (b) with respect to a payment of Taxes, the date on which such payment is required to be made, which shall in any case be no later than the payment date required to avoid the incurrence of interest, penalties and additions to Tax.

“EMA” shall have the meaning set forth in the Separation Agreement.

“External Contribution” shall have the meaning set forth in the recitals hereto

“Final Determination” shall mean the final resolution of any Tax Liability, which resolution may be for a specific issue or adjustment or for a Tax Period, (a) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the Laws of a state, local or non-U.S. taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of Law) the right of the taxpayer to file a claim for Refund or the right of the Taxing Authority to assert a further deficiency in respect of such issue or adjustment or for such Tax Period (as the case may be); (b) by a decision, judgment, decree or other order by a court of competent jurisdiction, which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under Section 7121 or Section 7122 of the Code, or a comparable agreement under the Laws of a state, local or non-U.S. taxing jurisdiction; (d) by any allowance of a Refund, but only after the expiration of all periods during which such Refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; (e) by a final settlement resulting from a competent authority proceeding or determination; or (f) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

“French R&D Tax Credit Amount” shall mean the amount of French Tax credits generated by PHINIA Delphi France SAS in the tax years ending December 31, 2021 and December 31, 2022, attributable to research and development activity, and receivable from the French Taxing Authority by BorgWarner France Holdings SAS (or its Affiliates), without reduction for any Tax Liability or other offset, unless the amount of such French Tax credits has been actually reduced by the French Taxing Authority.

“Gain Recognition Agreement” shall mean any agreement to recognize gain that is described in Treasury Regulations Section 1.367(a)-8(i) which is entered into in connection with the Transactions and (ii) to which any member of the Parent Group or the SpinCo Group is a party.

“Group” shall mean either the Parent Group or the SpinCo Group, as the context requires.

“Indemnifying Party” shall have the meaning set forth in Section 5.2.

“Indemnitee” shall have the meaning set forth in Section 5.2.

“Informational Tax Returns” shall have the meaning set forth in Section 3.6.

“Intended Tax Treatment” shall mean (x) the qualification of (i) the External Contribution (and Parent’s receipt or deemed receipt of the SpinCo Common Stock in connection therewith) and the Distribution, taken together, as a reorganization described in Sections 368(a)(1)(D) and 355(a) of the Code, with each of Parent and SpinCo being a party to the reorganization, in which no income or gain is recognized by Parent, SpinCo, the Parent Group, the SpinCo Group or the holders of Parent Common Stock pursuant to Sections 355, 357, 361 and 1032 of the Code, other than in respect of intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code, and (ii) the Distribution as a transaction in which the stock distributed thereby is “qualified property” for purposes of Section 361(c) of the Code (and neither Section 355(d) nor Section 355(e) of the Code causes such stock to be treated as other than “qualified property” for such purposes), and (y) the qualification of each of the transactions undertaken pursuant to the Restructuring identified on Schedule B for the tax treatment specified for such transaction therein under applicable Tax Law. The term “Intended Tax Treatment” will, as applicable, also include the qualification of each transaction described in clauses (x) and (y) under comparable provisions of state or local Tax Law, or, in the case of clause (y), Non-U.S. Tax Law.

“IRS” shall mean the United States Internal Revenue Service or any successor thereto, including its agents, representatives, and attorneys.

“Joint Return” shall mean any Tax Return that includes, by election or otherwise, one or more members of the Parent Group together with one or members of the SpinCo Group (including, for the avoidance of doubt, the following Tax Returns (and any related claims or elections) for UK Tax purposes: a joint amended return pursuant to the Corporation Tax (Simplified Arrangements for Group Relief) Regulations 1999, an interest restriction return for the purposes of the corporate interest restriction in Part 10 and Schedule 7A to the Taxation (International and Other Provisions) Act 2010, and a group allowance allocation statement for the purposes of the loss restriction in Part 7ZA of the Corporation Tax Act 2010, in each case to the extent that the return or statement covers one or more members of the Parent Group together with one or members of the SpinCo Group).

“Law” shall have the meaning set forth in the Separation Agreement.

“Luxembourg Net Operating Losses” shall mean any and all Luxembourg net operating losses generated by SpinCo or its Affiliates (which shall be determined after taking into account any utilization or reduction of such net operating losses in a Pre-Distribution Period).

“Negotiation Period” shall have the meaning set forth in Section 9.1.

“Non-Controlling Party” shall mean, with respect to a Tax Contest, the Party that is not entitled to (or elects not to) control such Tax Contest pursuant to Section 6.2, Section 6.3 or Section 6.4.

“Non-U.S. Tax” shall mean any Tax imposed by any non-U.S. country or any possession of the United States, or by any political subdivision of any non-U.S. country or possession of the United States.

“Notified Action” shall have the meaning set forth in Section 4.3(a).

“Parent” shall have the meaning set forth in the preamble hereto.

“Parent Business” shall have the meaning set forth in the Separation Agreement.

“Parent Common Stock” shall have the meaning set forth in the Separation Agreement.

“Parent Group” shall have the meaning set forth in the Separation Agreement.

“Parent Separate Return” shall mean any Tax Return of or including any member of the Parent Group (including any consolidated, combined, or unitary return) that does not include any member of the SpinCo Group.

“Parties” shall have the meaning set forth in the preamble hereto.

“Past Practices” shall have the meaning set forth in Section 3.4.

“Person” shall have the meaning set forth in the Separation Agreement.

“Post-Distribution Period” shall mean any Tax Period (or portion thereof) beginning after the Distribution Date, including, for the avoidance of doubt, the portion of any Straddle Period with respect to the Distribution Date beginning after the Distribution Date.

“Post-Distribution Ruling” shall have the meaning set forth in Section 4.2(c).

“Pre-Distribution Period” shall mean any Tax Period (or portion thereof) ending on or before the Distribution Date, including, for the avoidance of doubt, the portion of any Straddle Period with respect to the Distribution Date ending at the end of the day on the Distribution Date.

“Preparing Party” shall have the meaning set forth in Section 3.3.

“Privilege” shall mean any privilege that may be asserted under applicable Law, including any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

“Prohibited Acts” shall mean any act or failure to act by SpinCo described in Section 4.2(a) or Section 4.2(b) (regardless of whether the conditions set forth in Section 4.2(c) are satisfied).

“Proposed Acquisition Transaction” shall mean a transaction or series of transactions (or any agreement, understanding or arrangement within the meaning of Section 355(e) of the Code and Treasury Regulations Section 1.355-7, or any other regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by SpinCo management or stockholders, is a hostile acquisition, or otherwise, as a result of which SpinCo (or any successor thereto) would merge or consolidate with any other Person or as a result of which one or more Persons would (directly or indirectly) acquire, or have the right to acquire, from SpinCo (or any successor thereto) and/or one or more holders of SpinCo Capital Stock, respectively, any amount of stock of SpinCo, that would, when combined with any other direct or indirect changes in ownership of the stock of SpinCo pertinent for purposes of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, comprise 40% or more of (i) the value of all outstanding shares of SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (ii) the total combined voting power of all outstanding shares of voting stock of SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (i) the adoption by SpinCo of a customary stockholder rights plan or (ii) issuances by SpinCo that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person’s performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulations Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging stockholders. This definition and the application thereof are intended to monitor compliance with Section 355(e) of the Code and the Treasury Regulations promulgated thereunder and shall be interpreted and applied accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated in this definition and its interpretation.

“Refund” shall mean any refund, reimbursement, offset, credit or other similar benefit in respect of Taxes (including any overpayment of Taxes that can be refunded or, alternatively, applied against other Taxes payable), including any interest paid on or with respect to such refund of Taxes; provided, however, that the amount of any refund of Taxes shall be net of any costs and expenses (including Taxes imposed by any Taxing Authority) related to, or attributable to, the receipt of or accrual of such refund (including any Taxes imposed by way of withholding or offset).

“Relevant Items” shall have the meaning set forth in Section 2.6.

“Representation Letters” shall mean the representation letters of officers of Parent and/or SpinCo provided to Ernst & Young LLP in connection with any Tax Opinion issued in connection with the Transactions.

“Responsible Party” shall mean, with respect to any Tax Return, the Party having responsibility for preparing and filing such Tax Return pursuant to this Agreement.

“Restricted Period” shall mean the period beginning on the Distribution Date and ending on the two (2)-year anniversary of the day after the Distribution Date.

“Restructuring” shall have the meaning set forth in the recitals hereto.

“Reviewing Party” shall have the meaning set forth in Section 3.3.

“Section 4.2(b)(v) Acquisition Transaction” shall have the meaning set forth in Section 4.2(b)(v).

“Separate Return” shall mean a Parent Separate Return or a SpinCo Separate Return, as the case may be.

“Separation” shall have the meaning set forth in the recitals hereto.

“Separation Agreement” shall have the meaning set forth in the recitals hereto.

“Spin-Off Transaction” shall mean the External Contribution and the Distribution, , taken together.

“SpinCo” shall have the meaning set forth in the preamble hereto.

“SpinCo Assets” shall have the meaning set forth in the Separation Agreement.

“SpinCo Business” shall have the meaning set forth in the Separation Agreement.

“SpinCo Capital Stock” means the Capital Stock of SpinCo, including the SpinCo Common Stock.

“SpinCo Common Stock” shall have the meaning set forth in the Separation Agreement.

“SpinCo Disqualifying Action” shall mean (a) any action (or the failure to take any action) by any member of the SpinCo Group after the Distribution (including entering into any agreement, understanding or arrangement or any negotiations with respect to any transaction or series of transactions), (b) any event (or series of events) after the Distribution involving the SpinCo Capital Stock or any stock or assets of any member of the SpinCo Group or (c) any breach by any member of the SpinCo Group after the Distribution of any representation, warranty or covenant made by them in this Agreement, that, in each case, would adversely affect, jeopardize or prevent the Intended Tax Treatment; provided, however, that the term “SpinCo Disqualifying Action” shall not include any action required by the Separation Agreement or any Ancillary Agreement (other than this Agreement) or that is undertaken pursuant to the Separation or the Distribution.

“SpinCo Group” shall have the meaning set forth in the Separation Agreement.

“SpinCo Separate Return” shall mean any Tax Return of or including any member of the SpinCo Group (including any consolidated, combined, or unitary return) that does not include any member of the Parent Group.

“State Tax” shall mean any Tax imposed by any State of the United States or by any political subdivision of any such State.

“Straddle Period” shall mean any Tax Period beginning on or before the Distribution Date and ending after the Distribution Date.

“Subsidiary” shall have the meaning set forth in the Separation Agreement.

“Tax” or “Taxes” shall mean (i) all taxes, charges, fees, duties, levies, imposts, rates or other assessments or charges of any kind imposed by any Taxing Authority, including income, gross income, gross receipts, profits, employment, estimated, excise, severance, stamp, occupation, premium, windfall profits, environmental, custom duties, property, sales, use, license, lease, capital stock, transfer, import, export, franchise, registration, payroll, withholding, social security, workers’ compensation, unemployment, disability, ad valorem, service, value-added, alternative or add-on minimum, estimated, unclaimed property or escheat, or other taxes, whether disputed or not, and including any fee, assessment, duty, or other charge in the nature of or in lieu of any tax, and including any interest, penalties, charges or additions to tax or additional amounts in respect of the foregoing, (ii) liability for the payment of any amount of the type described in clause (i) arising as a result of being (or having been) a member of any consolidated, combined, unitary or similar group or being (or having been) included or required to be included in any Tax Return related thereto and (iii) liability for the payment of any amount of the type described in clause (i) or (ii) as a result of any express or implied obligation to indemnify or otherwise assume or succeed to the liability of any other Person. For the avoidance of doubt, Tax includes any increase in Tax as a result of a Final Determination.

“Tax Advisor” shall mean a U.S. Tax counsel or other Tax advisor of recognized national standing acceptable to Parent, in its sole and absolute discretion.

“Tax Advisor Dispute” shall have the meaning set forth in Section 9.1.

“Tax Advisor Dispute Notice” shall have the meaning set forth in Section 9.1.

“Tax Attribute” shall mean net operating losses, capital losses, research and experimentation credit carryovers, investment tax credit carryovers, earnings and profits, foreign tax credit carryovers, overall foreign losses, overall domestic losses, previously taxed earnings and profits, separate limitation losses and any other losses, deductions, credits or other comparable items that could affect a Tax Liability for a past, current or future Tax Period, other than the basis or adjusted basis of any property or any depreciation, amortization or other deductions or offsets attributable thereto.

“Tax Benefit” shall mean any reduction in Taxes paid or payable actually realized by a Person as a result of any loss, deduction, Refund, credit, offset or other Tax Item.

“Tax Contest” shall have the meaning set forth in Section 6.1.

“Tax Item” shall mean any item of income, gain, loss, deduction, or credit.

“Tax Law” shall mean the law of any Taxing Authority or political subdivision thereof relating to any Tax.

“Tax Liability” shall mean any liability or obligation for Taxes.

“Tax Materials” shall have the meaning set forth in Section 4.1(a).

“Tax Matter” shall have the meaning set forth in Section 7.1(a).

“Tax Opinion” shall mean any written opinion or memorandum of any law or accounting firm, regarding certain tax consequences of certain transactions executed as part of the Transactions.

“Tax Period” shall mean, with respect to any Tax, the period for which the Tax is reported or required to be reported as provided under the Code or other applicable Tax Law.

“Tax Records” shall have the meaning set forth in Section 8.1.

“Tax Related Costs and Expenses” shall mean, with respect to Taxes, all out-of-pocket accounting, legal and other professional fees, and court costs incurred in connection with such Taxes, as well as any other out-of-pocket costs incurred in connection with such Taxes.

“Tax Related Losses” shall mean (i) Tax Related Costs and Expenses and (ii) with respect to Taxes, all costs, expenses and damages associated with stockholder litigation or controversies and any amount paid by Parent (or any of its Affiliates) or SpinCo (or any of its Affiliates) in respect of the liability of stockholders, whether paid to stockholders or to the IRS or any other Taxing Authority, in each case, resulting from the failure of any of the Transactions to qualify for the Intended Tax Treatment or the defense against any challenge by the IRS or any other Taxing Authority to the Intended Tax Treatment of any Transaction, even if such Transaction ultimately is determined to so qualify.

“Tax Return” shall mean any return, report, certificate, form or similar statement or document (including any related supporting information or schedule attached thereto and any information return, amended tax return, claim for refund or other adjustment or declaration of estimated tax) supplied to or filed with, or required to be supplied to or filed with, a Taxing Authority, or any bill for or notice related to ad valorem or other similar Taxes received from a Taxing Authority, in each case, in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

“Taxing Authority” shall mean any governmental authority or any subdivision, agency, commission or entity thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or imposition of any Tax (including the IRS).

“Transaction Related Tax Contest” shall mean any Tax Contest in which the IRS, another Taxing Authority or any other party asserts a position that could reasonably be expected to (a) adversely affect, jeopardize or prevent (i) the Intended Tax Treatment of the Spin-Off Transaction or (ii) the Intended Tax Treatment of any other Transaction as set forth in a Tax Opinion (or, if not set forth in a Tax Opinion, as set forth in Schedule B) or (b) otherwise affect the amount of Taxes imposed with respect to any of the Transactions, as determined in each case by Parent.

“Transaction Taxes” shall mean all Taxes (including Taxes imposed on any member of the Parent Group under Sections 951 or 951A of the Code) imposed on or with respect to the Transactions other than any Taxes resulting from the failure of any of the Transactions to qualify for the Intended Tax Treatment, as determined by Parent.

“Transactions” shall mean the Separation (including the Restructuring and the External Contribution), the Distribution and any related transactions.

“Treasury Regulations” shall mean the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

“Unqualified Tax Opinion” shall mean an unqualified “will” opinion of a Tax Advisor, and on which Parent may rely, to the effect that a transaction will not affect the Intended Tax Treatment or otherwise cause any Transaction to fail to qualify for the Intended Tax Treatment; provided that any tax opinion obtained in connection with a proposed acquisition of SpinCo Capital Stock entered into during the Restricted Period shall not qualify as an Unqualified Tax Opinion unless such tax opinion concludes that such proposed acquisition will not be treated as “part of a plan (or series of related transactions),” within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, that includes the Distribution; provided, further, that any such opinion must assume that the External Contribution and the Distribution, taken together, would have qualified for the Intended Tax Treatment if the transaction in question did not occur.

Article II – PAYMENTS AND TAX REFUNDS

2.1 Responsibility for Certain Taxes. Parent is responsible solely for the Tax items on Schedule F (such matters, the “Covered Tax Items”) and shall not be responsible for any other Taxes pursuant to this Agreement, except as otherwise provided in Section 2.2(a) of this Agreement.

2.2 Transaction Taxes and Distribution Taxes. Notwithstanding anything to the contrary in Section 2.1, and except as otherwise provided herein (including Schedule A):

(a) Parent shall be responsible for any Transaction Taxes; and

(b) SpinCo shall be responsible for any Distribution Taxes and Tax Related Losses for which SpinCo has an indemnification obligation pursuant to Section 5.1(b)(iv).

2.3 Allocation of Taxes.

(a) If any member of the SpinCo Group is permitted but not required under applicable U.S. federal, state, local or Non-U.S. Tax Law to treat the Distribution Date as the last day of a Tax Period with respect to any member of the SpinCo Group, then the Parties and their Affiliates shall treat such day as the last day of the applicable Tax Period under such applicable Law, and shall file any elections necessary or appropriate for such treatment; provided that, for the avoidance of doubt, this Section 2.3 shall not be construed to require Parent to change its taxable year or treat the Distribution Date as the last day of a Tax Period of any member of the Parent Group.

(b) Any Tax Item arising from transactions occurring, or actions taken, on the Distribution Date but after the Distribution outside the ordinary course of business by, or with respect to, any member of the SpinCo Group shall be deemed subject to the “next day rule” of Treasury Regulations Section 1.1502-76(b)(1)(ii)(B) and under any comparable or similar provision under state, local or non-U.S. Laws or regulations; provided that, if there is no comparable or similar provision under state, local or non-U.S. Laws or regulations or such treatment is not permitted by any comparable or similar provision under state, local or non-U.S. Laws or regulations, then the transaction or action will be deemed subject to the “next day rule” of Treasury Regulations Section 1.1502-76(b)(1)(ii)(B)) for the purposes of this Agreement and as such shall for purposes of this Agreement be treated (and consistently reported by the Parties and their Affiliates) as occurring in a Post-Distribution Period of the SpinCo Group and the responsibility of SpinCo (or a member of the SpinCo Group), as appropriate.

(c) Any Taxes for a Straddle Period with respect to the SpinCo Group (or entities in which any member of the SpinCo Group has an ownership interest) shall, for purposes of this Agreement, be allocated between the portion of the period ending on and including the Distribution Date and the portion of the period beginning after the Distribution Date by means of a closing of the books and records of the SpinCo Group as of the close of business on the Distribution Date; provided that (i) Parent may elect to allocate Tax Items (other than any extraordinary Tax Items) ratably in the month in which the Distribution occurs (and if Parent so elects, SpinCo shall so elect) as described in Treasury Regulations Section 1.1502-76(b)(2)(iii) and corresponding provisions of state, local, and non-U.S. Law; (ii) whenever it is necessary to determine the liability for Taxes of a United States shareholder (within the meaning of Section 951(b) of the Code) of a controlled foreign corporation (within the meaning of Section 957 of the Code) attributable to amounts included in the income of such United States shareholder under Sections 951 or 951A of the Code for the taxable year or period of such controlled foreign corporation that begins on or before and ends after the Distribution Date, the determination of liability for any such Taxes shall be made by assuming that the taxable year or period of the controlled foreign corporation consisted of two (2) taxable years or periods, one which ended at the close of the Distribution Date and the other of which began at the beginning of the day following the Distribution Date and relevant items of income, gain, deduction, loss or credit of the controlled foreign corporation shall be allocated between such two (2) taxable years or periods on a closing of the books basis by assuming that the books of the controlled foreign corporation were closed at the close of the Distribution Date; provided, however, that Subpart F income (within the meaning of Section 952 of the Code) of the controlled foreign corporation shall be determined without regard to Section 952(c) of the Code; and (iii) subject to clauses (i) and (ii), exemptions, allowances or deductions that are calculated on an annual basis, and not on a closing of the books method (including depreciation and amortization deductions) and, at Parent’s election, Taxes that are imposed on a periodic basis or otherwise measured by the level of any item, shall be allocated between the period ending on and including the Distribution Date and the period beginning after the Distribution Date based on the number of days for the portion of the Straddle Period ending on and including the Distribution Date, on the one hand, and the number of days for the portion of the Straddle Period beginning after the Distribution Date, on

the other hand. The foregoing provisions in this Section 2.3(c) shall be applied as determined by Parent.

(d) To the extent there is a conflict between this Section 2.3 and Section 2.1, Section 2.1 shall control.

2.4 Allocation of Employment Taxes. Liability for Taxes and any related Tax Benefits related to any equity compensation awards shall be determined pursuant to the EMA.

2.5 Tax Benefits.

(a) There shall be no obligation of SpinCo or Parent to make any payments of Tax Benefits to the other Party pursuant to this Agreement except to the extent set forth in Section 2.5(b) or to the extent such Tax Benefits to SpinCo (or its Affiliates) are specifically taken into account to reduce a Covered Tax Item as provided in Schedule F.

(b) Parent shall make all filings and take all steps reasonably necessary to obtain the French R&D Tax Credit Amount and shall remit to SpinCo the French R&D Tax Credit Amount within thirty (30) days of Parent actually receiving the French R&D Tax Credit Amount from the French Taxing Authority or realizing a Tax Benefit as a result of the French R&D Tax Credit Amount; provided that if Parent has not actually received or realized a Tax Benefit as a result of the French R&D Tax Credit Amount by December 1, 2026, Parent shall pay SpinCo an amount equal to its estimate of any remaining French R&D Tax Credit Amount that Parent expects to receive from the French Taxing Authority without regard to the estimated date of such receipt, as determined in good faith by Parent after consultation with SpinCo, and Parent shall have no further obligation to make any payment of the French R&D Tax Credit Amount pursuant to this Agreement. For the avoidance of doubt, any amount received or realized by Parent related to the French R&D Tax Credit Amount on or after December 1, 2026 shall be retained by Parent (and not remitted to SpinCo). Notwithstanding anything in this Agreement to the contrary (including Section 5.3), at Parent's election, Parent may cause any payment under this Section 2.5(b) to be made by its French Affiliate to a French Affiliate of SpinCo.

(c) For the avoidance of doubt, SpinCo (and its Affiliates) shall not be required to make any payments pursuant to this Agreement to Parent (or its Affiliates) in respect of Luxembourg Net Operating Losses.

2.6 **The Determination of Taxes.** The amount of any Taxes for which Parent or SpinCo, respectively, is responsible pursuant to this Agreement that is attributable to one or more items of income, gain, loss, deduction or credit (or equivalent items in the case of non-income Taxes) (the “Relevant Items”) shall be based on the increase or decrease in the amount of cash Taxes for which such Party is liable when measured by including such Relevant Items in a computation of Tax compared to excluding such Relevant Items from the computation of Tax, in each case as determined by Parent, which may include making simplifying assumptions concerning the computation of Tax, including that the relevant Party be deemed to recognize all other items of income, gain, loss, deduction or credit (or equivalent items) before recognizing such Relevant Items; provided that, if there is no increase or decrease in the amount of cash Taxes for which a Party is liable in the taxable period when first measured, the Parties shall thereafter remeasure the amount of payment obligations to one another at the end of each subsequent taxable period to reflect any increase or decrease in the amount of cash Taxes recognized in such subsequent taxable period; provided, further, that notwithstanding anything in this Section 2.6 to the contrary, Parent shall not be responsible for any non-U.S. Taxes of the SpinCo Group to the extent SpinCo has Tax Attributes attributable to the Parent Business that are available to offset such Tax (excluding, for the avoidance of doubt, the Luxembourg Net Operating Losses), as reasonably determined by Parent after consultation with SpinCo.

2.7 **Prior Agreements.** Except as set forth in this Agreement and in consideration of the mutual indemnities and other obligations of this Agreement, any and all prior Tax sharing or allocation agreements or practices between any member of the Parent Group and any member of the SpinCo Group shall be terminated with respect to the SpinCo Group and the Parent Group as of the Distribution Date and no member of either the SpinCo Group or the Parent Group shall have any continuing rights or obligations under any such agreement. Except as otherwise set forth in the Settlement Agreement, this Agreement shall be the sole Tax sharing agreement between the members of the SpinCo Group on the one hand, and the members of the Parent Group, on the other hand.

Article III – PREPARATION AND FILING OF TAX RETURNS

3.1 **Joint Returns.** Parent shall prepare and file when due (taking into account any applicable extensions), or shall cause to be prepared and filed, all such Joint Returns, including any amendments to such Joint Returns.

3.2 **SpinCo Separate Returns.** SpinCo shall prepare and file when due (taking into account any applicable extensions), or shall cause to be prepared and filed, all SpinCo Separate Returns, including any amendments to such SpinCo Separate Returns.

3.3 **Right to Review Tax Returns.** To the extent that the positions taken on any Tax Return would reasonably be expected to materially adversely affect the Tax position of the Party other than the Party that is required to prepare and file any such Tax Return pursuant to Section 3.1 or Section 3.2 (the “Reviewing Party”), or, in the case of Tax Returns related to Pre-Distribution Periods required to be prepared and filed by SpinCo, the Party required to prepare and file such Tax Return (the “Preparing Party”) shall prepare the portions of such Tax Return that relates to the business of the Reviewing Party (the Parent Business or the SpinCo Business, as the case may be) and shall provide a draft of such portion of such Tax Return to the Reviewing Party for its review and comment at least 30 days prior to the Due Date for such Tax Return (taking into account any applicable extensions). The Preparing Party shall consider in good faith any comments received at least 14 days prior to the Due Date for such Tax Return (taking into account any applicable extensions) to the extent that the relate to items that would reasonably be expected to materially adversely affect the Tax position of the Reviewing Party, as determined by Parent.

3.4 **Special Rules Relating to the Preparation of Tax Returns.**

(a) General Rule. SpinCo shall prepare, or cause to be prepared, any Tax Return for which it is responsible under this Section 3 in accordance with past practices, accounting methods, elections or conventions (“Past Practices”) used by the members of the Parent Group prior to the Distribution Date with respect to such Tax Return, and to the extent any items, methods or positions are not covered by Past Practices, as directed by Parent.

(b) SpinCo Separate Returns. With respect to any SpinCo Separate Return for which SpinCo is responsible pursuant to this Agreement, SpinCo and the other members of the SpinCo Group shall include such Tax Items in such SpinCo Separate Return in a manner that is consistent with the inclusion of such Tax Items in any related Tax Return for which Parent is responsible to the extent such Tax Items are allocated in accordance with this Agreement.

(c) Election to File Combined Tax Returns. Parent shall have the sole discretion to file any Combined Tax Return if the filing of such Tax Return is elective under Applicable Tax Law.

(d) Preparation of Transfer Tax Returns. The company required under Applicable Tax Law to file any Tax Returns in respect of Transfer Taxes shall prepare and file (or cause to be prepared and filed) such Tax Returns. If required by Applicable Tax Law, Parent and SpinCo shall, and shall cause their respective Affiliates to, cooperate in preparing and filing, and join the execution of, any such Tax Returns.

3.5 Reporting of Separation.

(a) The Tax treatment of any step in or portion of the Transactions shall be reported on each applicable Tax Return consistently with the Intended Tax Treatment, taking into account the jurisdiction in which such Tax Returns are filed.

(b) If Parent determines that a protective election under Section 336(e) of the Code shall be made with respect to the Distribution, then SpinCo shall take any such action that is necessary to effect such election, including any corresponding election with respect to any of its Subsidiaries, as determined by Parent. If such a protective election is made, this Agreement shall be amended in such a manner as is determined by Parent to compensate Parent for any Tax Benefits realized by SpinCo as a result of such election.

3.6 Transfer Pricing and Similar Reports. SpinCo shall prepare and file when due (taking into account any applicable extensions), or shall cause to be prepared and filed, all country-by-country notifications and reports and all transfer pricing documentation (including master file and local files) and other similar Tax documentation required to be filed (“Informational Tax Returns”) with respect to the SpinCo Group following the Distribution Date. SpinCo shall prepare, or cause to be prepared, any Informational Tax Return for which it is responsible under this Section 3.6 in accordance with Past Practices used by the members of the Parent Group prior to the Distribution Date with respect to such Informational Tax Return, and to the extent any items, methods or positions are not covered by Past Practices, as directed by Parent.

3.7 Payment of Taxes.

(a) With respect to any Tax Return required to be filed pursuant to this Agreement, the Responsible Party shall remit or cause to be remitted to the applicable Taxing Authority in a timely manner any Taxes due in respect of any such Tax Return.

(b) In the case of any Tax Return for which the Party that is not the Responsible Party is obligated pursuant to this Agreement to pay all or a portion of the Taxes reported as due on such Tax Return, the Responsible Party shall notify the other Party, in writing,

of its obligation to pay such Taxes and, in reasonably sufficient detail, its calculation of the amount due by such other Party and the Party receiving such notice shall pay such amount to the Responsible Party upon the later of 30 business days prior to the Due Date for such payment and 30 business days after the receipt of such notice; provided that, if any amount due to the Responsible Party cannot be calculated with accuracy prior to the applicable Due Date, the Responsible Party's notice shall set forth, and the Party that is not the Responsible Party shall pay, a reasonable estimate of such amount to the Responsible Party at such time. If the amount determined to be the amount due exceeds the estimated amount, then the Party that is not the Responsible Party shall pay the Responsible Party such excess within 30 business days of receipt of written notice from the Responsible Party setting forth in reasonably sufficient detail the calculation of such final determination. If the estimated amount exceeds the amount determined to be the amount due, then the Responsible Party shall provide the Party that is not the Responsible Party (i) written notice setting forth in reasonably sufficient detail the calculation of such final determination and (ii) payment of such excess amount, in each case within 15 business days of its prompt final determination.

(c) With respect to any estimated Taxes, the Party that is or will be the Responsible Party with respect to any Tax Return that will reflect (or otherwise give credit for) such estimated Taxes shall remit or cause to be remitted to the applicable Taxing Authority in a timely manner any estimated Taxes due. In the case of any estimated Taxes for which the Party that is not the Responsible Party is obligated pursuant to this Agreement to pay all or a portion of the Taxes that will be reported as due on any Tax Return that will reflect (or otherwise give credit for) such estimated Taxes, the Responsible Party shall notify the other Party, in writing, of its obligation to pay such estimated Taxes and, in reasonably sufficient detail, its calculation of the amount due by such other Party and the Party receiving such notice shall pay such amount to the Responsible Party upon the later of 30 business days prior to the Due Date for such payment and 30 business days after the receipt of such notice.

(d)

3.8 **Amended Returns and Carrybacks.**

(a) SpinCo shall not, and shall not permit any member of the SpinCo Group to, file or allow to be filed any request for an Adjustment or any amended Tax Return for any Pre-Distribution Period without the prior written consent of Parent, such consent to be exercised in Parent's sole and absolute discretion; provided that, if requested by Parent in its sole and absolute discretion, SpinCo shall file, or cause to be filed, a request for an Adjustment or an amended Tax Return, and shall, to the extent permitted by applicable Law, amend any financial account or statement to the extent necessary to effectuate such Adjustment or amended Tax Return, to claim a Refund to which Parent is entitled pursuant to this Agreement. Parent shall be entitled to determine whether to file or allow to be filed any request for an Adjustment or any amended Joint Return.

(b) SpinCo shall not, and shall cause each member of the SpinCo Group not to, without the prior written consent of Parent, make any affirmative election to carry back any Tax Attribute from a Post-Distribution Period to a Pre-Distribution Period, including by filing a claim for a refund or making any other filing with any Taxing Authority with respect to such carryback, such consent to be exercised in Parent's sole and absolute discretion. To the extent requested in writing by Parent, in Parent's sole and absolute discretion, SpinCo shall, and shall cause each member of the SpinCo Group to, make any available requested elections to waive the right to carry back any Tax Attribute from a Post-Distribution Period to a Pre-Distribution Period.

(c) Receipt of consent by SpinCo or a member of the SpinCo Group from Parent pursuant to the provisions of this Section 3.8 shall not limit or modify SpinCo's continuing indemnification obligation pursuant to Article V.

3.9 Apportionment of Earnings & Profits and Tax Attributes. Parent shall advise SpinCo in writing of the amount (if any) of any Tax Attributes which Parent determines shall be allocated or apportioned to the SpinCo Group under applicable Law. SpinCo and all members of the SpinCo Group shall prepare all Tax Returns in accordance with such written notice. SpinCo shall not dispute Parent's determination of Tax Attributes. Parent shall provide (or otherwise make available) to SpinCo documentation maintained or prepared by Parent to support such Tax Attributes, provided that, for the avoidance of doubt, Parent shall not be required, to comply with this Section 3.9, to create or cause to be created any books and records or reports or other documents based thereon (including "earnings & profits studies," "basis studies" or similar determinations) that it does not maintain or prepare in the ordinary course of business.

3.10 Gain Recognition Agreements. SpinCo will not take any action (including the sale or disposition of any stock, securities, or other assets), or permit its Affiliates to take any such action, and SpinCo will not fail to take any action, or permit its Affiliates to fail to take any action, that would cause Parent or any of its Affiliates or SpinCo or any of its Affiliates to recognize gain under any Gain Recognition Agreement, including those listed on Schedule D.

Article IV – INTENDED TAX TREATMENT OF THE DISTRIBUTION

4.1 Representations and Warranties.

(a) SpinCo hereby represents and warrants that (i) it has examined the Tax Opinion, the Representation Letters and any other materials delivered or deliverable in connection with the issuance of the rendering of the Tax Opinion, in each case, as they exist as of the date hereof (collectively, the "Tax Materials") and (ii) the facts presented and representations made therein, to the extent descriptive of or otherwise relating to SpinCo or any member of the SpinCo Group or the SpinCo Business, were or will be, at the time presented or represented and from such time until and including the Distribution Date, true, correct and complete in all material respects. SpinCo hereby confirms and agrees to comply, and to cause the other members of the SpinCo Group to comply, with any and all covenants and agreements in the Tax Materials applicable to SpinCo or any member of the SpinCo Group or the SpinCo Business.

(b) SpinCo represents and warrants that it knows of no fact (after due inquiry) that may cause the Tax treatment of any of the Transactions to be other than the Intended Tax Treatment.

(c) SpinCo represents and warrants that it has no plan or intent to take any action that is inconsistent with any statements or representations made in the Tax Materials.

4.2 Restrictions Relating to the Distribution.

(a) SpinCo shall not, and shall not permit any member of the SpinCo Group to, take or fail to take: (i) any action where such action or failure to act would be inconsistent with or cause to be untrue any statement, information, covenant or representation in the Tax Materials or (ii) any action that constitutes a SpinCo Disqualifying Action.

(b) During the Restricted Period, SpinCo:

(i) shall (and shall cause each SpinCo Group member whose Active Business is identified on Schedule E to) continue and cause to be continued and not approve or allow, or enter into any agreement, understanding or arrangement with respect to, the discontinuance, cessation, or sale or other transfer (to an Affiliate or otherwise) of, or a material

change in or sale of the material assets of, any Active Business, other than sales in the ordinary course of business;

(ii) shall not voluntarily dissolve or liquidate or partially liquidate itself, approve or allow any liquidation, or partial liquidation of any of its Affiliates (including any action that is a liquidation for U.S. federal income tax purposes), or enter into any agreement, understanding or arrangement with respect to the foregoing, other than, in the case of any of its Affiliates, into any other Affiliate that is a member of the SpinCo “separate affiliated group” as defined in Section 355(b)(3)(B) of the Code;

(iii) shall not (1) enter into any Proposed Acquisition Transaction or, to the extent SpinCo has the right or ability to prevent or prohibit any Proposed Acquisition Transaction, permit any Proposed Acquisition Transaction to occur, (2) redeem or otherwise repurchase (directly or through an Affiliate) any stock, or rights to acquire stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48), (3) amend its certificate of incorporation (or other organizational documents), issue a new class of non-voting stock, or take any other action, whether through a stockholder vote or otherwise, affecting the relative voting rights of its Capital Stock (including through the conversion of any Capital Stock into another class of Capital Stock), (4) (A) merge or consolidate with any other Person or (B) allow any of its Affiliates to merge or consolidate with any other Person other than any other Affiliate that is a member of the SpinCo “separate affiliated group” as defined in Section 355(b)(3)(B) of the Code or (5) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation made in the Tax Materials) that in the aggregate would, when combined with any other direct or indirect changes in ownership of SpinCo Capital Stock pertinent for purposes of Section 355(e) of the Code, have the effect of causing or permitting one or more Persons (whether or not acting in concert) to acquire directly or indirectly stock representing a 40% or greater interest in SpinCo or would reasonably be expected to result in a failure to preserve, achieve or maintain the Intended Tax Treatment, or enter into any agreement, understanding or arrangement with respect to any of the foregoing;

(iv) shall not and shall not permit any member of the SpinCo Group, to sell, transfer or otherwise dispose of (including in any transaction treated for U.S. federal income tax purposes as a sale, transfer or disposition) assets (including any shares of Capital Stock of a Subsidiary) that, in the aggregate, constitute more than 20% of the consolidated gross assets of SpinCo or the SpinCo Group, or enter into (or permit any member of the SpinCo Group to enter into) any agreement, understanding or arrangement with respect to the foregoing. The foregoing sentence shall not apply to (1) sales, transfers or dispositions of assets in the ordinary course of business or to members of the SpinCo “separate affiliated group” as defined in Section 355(b)(3)(B) of the Code, (2) any cash paid to acquire assets from an unrelated Person in an arm’s-length transaction, (3) any assets transferred to a Person that is disregarded as an entity separate from the transferor for U.S. federal income tax purposes or (4) any mandatory or optional repayment (or pre-payment) of any indebtedness of SpinCo or any member of the SpinCo Group. The percentages of gross assets or consolidated gross assets of SpinCo or the SpinCo Group, as the case may be, sold, transferred or otherwise disposed of, shall be based on the fair market value of the gross assets of SpinCo and the members of the SpinCo Group as of the Distribution Date. For purposes of this Section 4.2(b)(iv) a merger of SpinCo or one of its Subsidiaries with and into any Person that is not a wholly owned Subsidiary of SpinCo shall constitute a disposition of all of the assets of SpinCo or such Subsidiary;

(v) shall, if any member of the SpinCo Group proposes to enter into any transaction or series of transactions that is not a Proposed Acquisition Transaction but would

be a Proposed Acquisition Transaction if the percentage reflected in the definition of Proposed Acquisition Transaction were 30% instead of 40% (a “Section 4.2(b)(v) Acquisition Transaction”) or, to the extent SpinCo has the right or ability to prevent or prohibit any Section 4.2(b)(v) Acquisition Transaction, proposes to permit any Section 4.2(b)(v) Acquisition Transaction to occur, in each case, provide Parent, no later than 10 business days following the signing of any written agreement with respect to the Section 4.2(b)(v) Acquisition Transaction, a written description of such transaction (including the type and amount of stock of SpinCo to be issued in such transaction) and a certificate of the board of directors of SpinCo to the effect that the Section 4.2(b)(v) Acquisition Transaction is not a Proposed Acquisition Transaction;

(vi) shall not cause or permit (A) any member of the SpinCo Group identified on Schedule C as either a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(b) of the Code) in any Transaction other than the Distribution to take any action or enter into any transaction described in Section 4.2(b)(ii), in clauses (2), (3), (4) or (5) of Section 4.2(b)(iii) or in Section 4.2(b)(iv) (in each case, substituting references therein to “SpinCo”, the “SpinCo Group” and “SpinCo Capital Stock” with references to the relevant corporation, the relevant corporation and its Subsidiaries and the Capital Stock of such corporation, respectively) or (B) any member of the SpinCo Group otherwise identified on Schedule C to entering into a transaction or take an action identified on Schedule C; and

(vii) shall not take (or fail to take), or permit any other member of the SpinCo Group to take (or fail to take), any action, the commission (or omission) of which could reasonably be expected to result in a Tax treatment inconsistent with the Intended Tax Treatment.

(c) Notwithstanding the restrictions imposed by Section 4.2(b), SpinCo or a member of the SpinCo Group may take any of the actions or transactions described therein if (i) SpinCo shall have requested that Parent obtain a private letter ruling (including a supplemental ruling, if applicable) from the IRS (a “Post-Distribution Ruling”) in accordance with Section 4.3(b) to the effect that such transaction will not affect the Intended Tax Treatment, and Parent shall have received such a Post-Distribution Ruling and shall have notified SpinCo in writing that Parent has determined that such Post-Distribution Ruling is in form and substance satisfactory to Parent in its sole and absolute discretion or (ii) both (A) SpinCo obtains an Unqualified Tax Opinion with respect thereto and (B) Parent notifies SpinCo in writing that Parent has determined that such Unqualified Tax Opinion is in form and substance satisfactory to Parent. Parent’s evaluation of a Post-Distribution Ruling or an Unqualified Tax Opinion may consider, among other factors, the appropriateness of any underlying assumptions, representations and covenants made in connection with such ruling or opinion as well as any other factors, circumstances, considerations or concerns that Parent determines are relevant. SpinCo shall bear all costs and expenses of securing any such Post-Distribution Ruling or Unqualified Tax Opinion and shall, as set forth in Section 4.3(b), reimburse Parent for all reasonable out-of-pocket expenses that Parent or any of its Affiliates may incur in good faith in seeking to obtain or evaluate any such Post-Distribution Ruling or Unqualified Tax Opinion. None of the obtaining of a Post-Distribution Ruling, the delivery of an Unqualified Tax Opinion or Parent’s waiver of SpinCo’s obligation to deliver a Post-Distribution Ruling or an Unqualified Tax Opinion shall limit or modify SpinCo’s continuing indemnification obligation pursuant to Article V.

4.3 Additional Procedures Regarding Post-Distribution Rulings and Unqualified Tax Opinions.

(a) If SpinCo determines that it desires to take one of the actions described in Section 4.2(b) (a “Notified Action”), then SpinCo shall notify Parent of this fact in writing.

(b) Post-Distribution Rulings or Unqualified Tax Opinions at SpinCo's Request. Unless Parent shall have waived the requirement to obtain such Post-Distribution Ruling or Unqualified Tax Opinion, upon the reasonable request of SpinCo pursuant to Section 4.2(c)(i), Parent shall use commercially reasonable efforts in cooperating with SpinCo and in seeking to obtain, as expeditiously as possible, at Parent's election at its sole discretion either a Post-Distribution Ruling from the IRS (and/or any other applicable Taxing Authority) or an Unqualified Tax Opinion for the purpose of permitting SpinCo to take the Notified Action, subject in all respects to the provisions of Section 4.2. Notwithstanding the foregoing, Parent shall not be required to file or cooperate in the filing of any request for a Post-Distribution Ruling under this Section 4.3(b) unless (i) Parent elects to seek to obtain a Post-Distribution Ruling (and not an Unqualified Tax Opinion) pursuant to the first sentence of this Section 4.3(b) and (ii) SpinCo represents that (A) it has reviewed such request for a Post-Distribution Ruling, and (B) all statements, information and representations relating to any member of the SpinCo Group contained in such request for a Post-Distribution Ruling are (subject to any qualifications therein) true, correct and complete. SpinCo shall reimburse Parent for all reasonable costs and expenses, including out-of-pocket expenses and expenses relating to the utilization of Parent personnel, incurred by the Parent Group in obtaining a Post-Distribution Ruling or Unqualified Tax Opinion requested by SpinCo within 30 business days after receiving an invoice from Parent therefor.

(c) Post-Distribution Rulings or Unqualified Tax Opinions at Parent's Request. Parent shall have the right to obtain a Post-Distribution Ruling or an Unqualified Tax Opinion at any time in its sole and absolute discretion. If Parent determines to obtain a Post-Distribution Ruling or an Unqualified Tax Opinion, SpinCo shall (and shall cause each Affiliate of SpinCo to) cooperate with Parent and take any and all actions reasonably requested by Parent in connection with obtaining the Post-Distribution Ruling or Unqualified Tax Opinion (including by making any representation or covenant or providing any materials or information requested by the IRS, any other applicable Taxing Authority or a Tax Advisor. Parent shall reimburse SpinCo for all reasonable costs and expenses, including out-of-pocket expenses and expenses relating to the utilization of SpinCo personnel, incurred by the Parent Group in connection with such cooperation within 30 business days after receiving an invoice from SpinCo therefor.

(d) Parent shall have sole and exclusive control over the process of obtaining any Post-Distribution Ruling, and only Parent shall be permitted to apply for a Post-Distribution Ruling. In connection with obtaining a Post-Distribution Ruling, Parent shall (A) keep SpinCo informed in a timely manner of all material actions taken or proposed to be taken by Parent in connection therewith; (B) (1) reasonably in advance of the submission of any request for any Post-Distribution Ruling provide SpinCo with a draft copy thereof, (2) reasonably consider SpinCo comments on such draft copy, and (3) provide SpinCo with a final copy of such Post-Distribution Ruling; and (C) provide SpinCo with notice reasonably in advance of, and SpinCo shall have the right to attend, any formally scheduled meetings with the IRS or other applicable Taxing Authority (subject to the approval of the IRS or such Taxing Authority) that relate to such Post-Distribution Ruling. Neither SpinCo nor any Affiliate of SpinCo directly or indirectly controlled by SpinCo shall seek any guidance from the IRS or any other Taxing Authority (whether written, oral or otherwise) at any time concerning the Transactions (including the impact of any transaction on the Transactions).

(e) Any Post-Distribution Ruling or Unqualified Tax Opinion obtained in accordance with Section 4.2(c) and Section 4.3 shall be deemed included in the definition of Tax Materials from and after the obtaining thereof for all purposes of this Agreement.

Article V – INDEMNITY OBLIGATIONS

5.1 Indemnity Obligations.

(a) Parent shall indemnify and hold harmless SpinCo from and against, and will reimburse SpinCo for, (i) all liability for Covered Tax Items, (ii) Taxes for which Parent is responsible pursuant to Section 2.2(a), (iii) all Tax Related Costs and Expenses allocated to Parent pursuant to Section 6.6, and (iv) all Taxes, Tax Related Costs and Expenses and Tax Related Losses (without duplication) to the extent arising out of, based upon, or relating or attributable to any breach of or inaccuracy in, or failure to perform, as applicable, any representation, covenant or obligation of any member of the Parent Group pursuant to this Agreement.

(b) Without regard to whether a Post-Distribution Ruling or an Unqualified Tax Opinion may have been provided or whether any action is permitted or consented to hereunder and notwithstanding anything to the contrary in this Agreement, SpinCo shall indemnify and hold harmless Parent from and against, and will reimburse Parent for, (i) Taxes for which SpinCo is responsible pursuant to Section 2.2(b), (ii) all Tax Related Costs and Expenses allocated to SpinCo pursuant to Section 6.6, (iii) all liability for Taxes, Tax Related Costs and Expenses and Tax Related Losses (without duplication) arising out of, based upon, or relating or attributable to any breach of or inaccuracy in, or failure to perform, as applicable, any representation, covenant or obligation of any member of the SpinCo Group pursuant to this Agreement, and (iv) any Distribution Taxes and Tax Related Losses attributable to a Prohibited Act, or otherwise attributable to a SpinCo Disqualifying Action (regardless of whether the conditions set forth in Section 4.2(c) are satisfied). To the extent that any Tax, Tax Related Costs and Expenses or Tax Related Loss is subject to indemnity pursuant to both Section 5.1(a) and Section 5.1(b), responsibility for such Tax, Tax Related Costs and Expenses or Tax Related Loss shall be shared by Parent and SpinCo according to relative fault as determined by Parent. The amount of any liability for Taxes that are indemnifiable pursuant to this Section 5.1(b)(iii) and (iv) shall be determined by Parent without regard to any Tax Attributes of the Parent Group or the Parent Business.

5.2 Indemnification Payments.

(a) Except as otherwise provided in this Agreement, if either Party (the “Indemnitee”) is required to pay to a Taxing Authority a Tax or to another Person a payment in respect of a Tax, Tax Related Costs and Expenses or Tax Related Loss that the other Party (the “Indemnifying Party”) is liable for under this Agreement, including as the result of a Final Determination, the Indemnitee shall notify the Indemnifying Party, in writing, of its obligation to pay such Tax, Tax Related Costs and Expenses or Tax Related Loss and, in reasonably sufficient detail, its calculation of the amount due by such Indemnifying Party to the Indemnitee. The Indemnifying Party shall pay such amount, including any Tax Related Costs and Expenses or Tax Related Losses, to the Indemnitee no later than the later of (i) 30 business days prior to the Due Date for such payment to the applicable Taxing Authority or (ii) 30 business days after the receipt of notice from the other Party.

(b) If a Party incurs a Tax Liability as a result of its receipt of a payment pursuant to this Agreement or the Separation Agreement, such payment shall be appropriately adjusted so that the amount of such payment, reduced by the amount of all Taxes payable with respect to the receipt thereof (but taking into account all correlative Tax Benefits resulting from the payment of such Taxes), shall equal the amount of the payment which the Party receiving such payment would otherwise be entitled to receive. With respect to payments made by Parent attributable to the Covered Tax Items, SpinCo and Parent shall cooperate to reduce or eliminate any Tax Liability incurred as a result of SpinCo’s receipt of such payments. For avoidance of

doubt, this Section 5.2(b) shall not apply to payments made pursuant to the Settlement Agreement.

5.3 Payment Mechanics.

(a) All payments under this Agreement shall be made by Parent directly to SpinCo and by SpinCo directly to Parent; provided, however, that if the Parties mutually agree with respect to any such indemnification payment, any member of the Parent Group, on the one hand, may make such indemnification payment to any member of the SpinCo Group, on the other hand, and vice versa. All indemnification payments shall be treated in the manner described in Section 5.4.

(b) In the case of any payment of Taxes made by a Responsible Party or Indemnitee pursuant to this Agreement for which such Responsible Party or Indemnitee, as the case may be, has received a payment from the other Party, such Responsible Party or Indemnitee shall provide to the other Party a copy of any official government receipt received with respect to the payment of such Taxes to the applicable Taxing Authority (or, if no such official governmental receipts are available, executed bank payment forms or other reasonable evidence of payment).

(c) It is intended that the provisions of this Agreement shall not result in a duplicative payment of any amount required to be paid under the Separation Agreement or any other Ancillary Agreement, and this Agreement shall be construed accordingly.

5.4 Treatment of Payments. The Parties agree that any payment made among the Parties pursuant to this Agreement, pursuant to Article VI of the Separation Agreement, pursuant to indemnification obligations under Section 2 or Section 5 of the EMA, or pursuant to the Settlement Agreement, shall be treated, to the extent permitted by Law, for all U.S. income tax purposes as either (a) a non-taxable contribution by Parent to SpinCo or (b) a distribution by SpinCo to Parent, and with respect to any payment made among the Parties pursuant to this Agreement after the Distribution, such payment shall be treated as having been made immediately prior to the Distribution.

Article VI – TAX CONTESTS

6.1 Notice. Each Party shall notify the other Party in writing (a) within 30 days after receipt by such Party or any member of its Group of a written communication from any Taxing Authority with respect to any pending or threatened audit, claim, dispute, suit, action, proposed assessment or other proceeding (a “Tax Contest”) concerning any Taxes for which the other Party may be liable pursuant to this Agreement, or (ii) at least 10 days prior to any deadline to respond to any such communication from any Taxing Authority with respect to such a Tax Contest, whichever is earlier, and thereafter shall promptly forward or make available to such Party copies of notices and communications relating to such Tax Contest.

6.2 Separate Returns.

(a) In the case of any Tax Contest with respect to any Separate Return other than a Separate Return in respect of a Straddle Period, the Party having the liability for the Tax pursuant to Article II shall have the sole responsibility and right to control the prosecution of such Tax Contest, including the exclusive right to communicate with agents of the applicable Taxing Authority and to control, resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of such Tax Contest.

(b) In the case of any Tax Contest with respect to any Separate Return in respect of a Straddle Period, Parent shall have the responsibility and right to control the prosecution of such Tax Contest; provided that, Parent may elect that SpinCo be responsible for the conduct of such Tax Contest (or portion thereof), but, in such case, SpinCo may not take any

position in such Tax Contest inconsistent with any position taken by Parent on a relevant U.S. federal Tax Return or Joint Return unless and until there has been a Final Determination that such latter position is not correct; provided, further, the other Party shall have the right to participate, at its own expense, and the controlling Party shall not have the right to resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of such Tax Contest without the consent of the other Party, not to be unreasonably withheld, delayed or conditioned.

6.3 Joint Return. In the case of any Tax Contest with respect to any Joint Return, Parent shall have the responsibility and right to control the prosecution of such Tax Contest, including the exclusive right to communicate with agents of the applicable Taxing Authority and to control, resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted, or assessed in connection with or as a result of such Tax Contest. Notwithstanding the foregoing, (a) to the extent a portion of any such Tax Contest controlled by Parent relates to a Tax liability allocated to SpinCo pursuant to Schedule A, SpinCo shall have the right to be notified of any material written communication asserting a Tax liability for which the SpinCo Group could reasonably be expected to be liable hereunder, as determined by Parent, provided that Parent shall have the right to resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of such portion of the Tax Contest in its sole and absolute discretion, (b) to the extent a portion of any such Tax Contest controlled by SpinCo relates to a Tax liability allocated to Parent, Parent shall have the right to be notified of any material written communication asserting a Tax liability for which the Parent Group could reasonably be expected to be liable hereunder, as determined by Parent, Parent shall have the right to participate in such portion of such Tax Contest, and SpinCo shall not resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of such portion of the Tax Contest without the prior written consent of Parent, such consent to be exercised in Parent's sole and absolute discretion and (c) to the extent a portion of any such Tax Contest controlled by Parent with respect to a Joint Return with respect to Non-U.S. Taxes relates to a matter which was customarily controlled by a member of the SpinCo Group, as determined by Parent, then Parent may elect that SpinCo shall be responsible for conduct of such portion of such Tax Contest and, notwithstanding anything to the contrary in Section 6.6, any expenses related thereto, including expenses relating to supporting transfer pricing analysis.

6.4 Transaction Related Tax Contests and Covered Tax Contests. Notwithstanding anything to the contrary in Section 6.2 or Section 6.3, in the case of any Transaction Related Tax Contest or Tax Contest related to a Covered Tax Item (a "Covered Tax Contest"), Parent shall have the sole and absolute responsibility and right to control the prosecution of such Tax Contest, including the exclusive right to communicate with agents of the applicable Taxing Authority and to control, resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted, or assessed in connection with or as a result of such Tax Contest. Notwithstanding anything to the contrary in Section 6.5, the final determination of the positions taken, including with respect to settlement or other disposition, in any Transaction Related Tax Contest or Covered Tax Contest (in each case, taking into account the proviso to the first sentence of this Section 6.4) shall be made by Parent and shall be final and not subject to the dispute resolution provisions of Section 9.1 or Section 9.2 of this Agreement or Section 11.02, Section 11.03 or Section 11.05 of the Separation Agreement.

6.5 Tax Contest Rights.

(a) Unless waived by the Parties in writing, in connection with any potential adjustment in a Tax Contest as a result of which adjustment the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement: (i) the Controlling Party shall keep the Non-Controlling Party informed in a timely manner of all material actions taken or proposed to be taken by the Controlling Party with respect to such potential adjustment in such Tax Contest; (ii) the

Controlling Party shall timely provide the Non-Controlling Party with copies of any correspondence or filings submitted to any Taxing Authority or judicial authority in connection with such potential adjustment in such Tax Contest; and (iii) the Controlling Party shall defend such Tax Contest diligently and in good faith. The failure of the Controlling Party to take any action specified in the preceding sentence with respect to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement, and in no event shall such failure relieve the Non-Controlling Party from any other liability or obligation which it may have to the Controlling Party.

(b) Consistent Treatment. Unless and until there has been a Final Determination to the contrary, each Party agrees not to take any position on any Tax Return, in connection with any Tax Contest or otherwise that is inconsistent with (i) the treatment of payments between the Parent Group and the SpinCo Group as set forth in Section 5.4, (ii) the Tax Materials or (iii) the Intended Tax Treatment.

6.6 Costs and Expenses. Except to the extent provided otherwise in this Agreement, the Party to which the Tax liability related to a Tax Contest is (or would be) allocated, as determined by Parent, shall be responsible for all Tax Related Costs and Expenses incurred in connection with such Tax Contest, regardless of which Party is responsible for the conduct of such Tax Contest; provided that in the event such Tax liability is allocated to both Parties, such Tax Related Costs and Expenses shall be allocated to the Parties in such manner as the Parent determines.

Article VII – COOPERATION

7.1 General.

(a) Each Party shall fully cooperate, and shall cause all members of such Party's Group to fully cooperate, with all reasonable requests in writing from the other Party, or from an agent, representative or advisor to such Party, in connection with the preparation and filing of any Tax Return, claims for Refunds, Covered Tax Items, the conduct of any Tax Contest (including, for the avoidance of doubt, providing assistance to respond to information requests from any Taxing Authority), and calculations of amounts required to be paid pursuant to this Agreement, in each case, related or attributable to or arising in connection with Taxes of either Party or any member of either Party's Group covered by this Agreement or otherwise relating to the SpinCo Business for any Pre-Distribution Period and the establishment of any reserve required in connection with any financial reporting (a "Tax Matter"). Such cooperation shall include making available, upon reasonable notice, all information and documents in their possession relating to the other Party and its respective Affiliates as provided in this Article VII and Article VIII. Each Party shall make its employees, advisors and facilities available, subject to Section 6.7 without charge, on a reasonable and mutually convenient basis in connection with the foregoing matters in a manner that does not interfere with the ordinary business operations of such Party. The Parties shall use commercially reasonable efforts to provide any information or documentation requested by the other Party in a manner that permits the other Party (or its Affiliates) to comply with Tax Return filing deadlines, to make claims for Refunds, or to comply with other applicable timing requirements including regulatory requests (such as in connection with audits by any Taxing Authority). Such efforts shall include commercially reasonable efforts to respond to reasonable requests regarding the following, without limitation: (1) providing information or documentation reasonably available to the non-requesting Party within 30 days of it being requested (unless required sooner under applicable timing requirements, including regulatory or legal deadlines), (2) Parent supplying all information and documentation reasonably available to Parent within 30 days of it being requested that is necessary to enable (i) SpinCo to make claims for Refunds related to Pre-Distribution value-added taxes no later than May 1, 2026, and (ii) SpinCo to assess the status of the French R&D Tax Credit Amount, and (3) SpinCo supplying all information and documentation reasonably available to SpinCo that is necessary to enable Parent to make claims to the French Taxing Authority in connection with the French R&D Tax Credit Amount within 30 days of Parent's request for such information and documentation. Without limitation of the foregoing, the Parties shall cooperate in good faith with regard to Covered Tax Items and will use commercially reasonable efforts to mitigate the liability of such items. For the avoidance of doubt, this Section 7.1(a) is not a condition to payment obligations set forth in the Settlement Agreement.

(b) Any information or documents provided under this Section 7.1 shall be kept confidential by the Party receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any Tax Contest. Notwithstanding any other provision of this Agreement or any other agreement, (i) no Party or any of its Affiliates shall be required to provide another Party or any Affiliate thereof or any other Person access to or copies of any information or procedures (including the proceedings of any Tax Contest) other than information or procedures that reasonably relate to the Taxes (including any Taxes for which the first Party is liable under this Agreement), business or assets of the first Party or any of its Affiliates or are necessary to prepare Tax Returns for which the first Party is responsible for preparing the applicable Tax Return in accordance with the terms of this Agreement, (ii) in no event shall any Party or its Affiliates be required to provide another Party, any of its Affiliates or any other Person access to or copies of any information if such action could reasonably be expected to result in the waiver of any Privilege, and (iii) for the avoidance of doubt, Section 7.08 of the Separation Agreement shall apply with respect to matters of Privilege. In addition, in the event that a Party determines that the provision of any

information to another Party or any of its Affiliates could be commercially detrimental, violate any Law or agreement or waive any Privilege, the first Party shall use reasonable best efforts to permit compliance with its obligations under this Section 7.1 in a manner that avoids any such harm or consequence.

7.2 Return Information. SpinCo and Parent acknowledge that time is of the essence in relation to any request for information, assistance or cooperation made by Parent or SpinCo pursuant to Section 7.1 or this Section 7.2. Each Party shall provide to the other Parties information and documents relating to its Group reasonably required by the other Parties to prepare Tax Returns. Any information or documents a Party responsible for preparing a Tax Return in accordance with the terms of this Agreement requires to prepare such Tax Returns shall be provided in such form as such Party reasonably requests and in sufficient time for such Party to prepare such Tax Returns on a timely basis.

Article VIII – RETENTION OF RECORDS; ACCESS

8.1 Retention of Records. Until the later of (i) 60 days after the expiration of any applicable statutes of limitation (including any waivers or extensions thereof) and (ii) seven (7) years after the Distribution Date, the Parties shall retain records, documents, accounting data and other information (including computer data) necessary for the preparation and filing of all Tax Returns (collectively, “Tax Records”) in respect of Taxes of any member of either the Parent Group or the SpinCo Group for any Pre-Distribution Period or Post-Distribution Period or for any Tax Contests relating to such Tax Returns. Each Party will notify the other in writing of any waivers or extensions of the applicable statute of limitations that may affect the period for which the Tax Records must be retained.

8.2 Access to Tax Records. The Parties and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records (including, for the avoidance of doubt, any pertinent underlying data accessed or stored on any computer program or information technology system) in their possession and shall permit the other Party and its Affiliates, authorized agents and representatives and any representative of a Taxing Authority or other Tax auditor direct access, during normal business hours upon reasonable notice to any computer program or information technology system used to access or store any Tax Records, in each case to the extent reasonably required by the other Party in connection with the preparation of Tax Returns or financial accounting statements, audits, litigation or the resolution of items pursuant to this Agreement. The Party seeking access to the records of the other Party shall bear all costs and expenses associated with such access, including any professional fees.

Article IX – DISPUTE RESOLUTION

9.1 Tax Disputes. Subject to Section 9.3, Section 9.4 and Section 9.5, this Section 9.1 shall govern the resolution of any dispute between the Parties as to any matter covered by this Agreement that primarily relates to the interpretation of Tax Law, as determined by Parent (a “Tax Advisor Dispute”). The Party raising the Tax Advisor Dispute shall give written notice of the Tax Advisor Dispute (a “Tax Advisor Dispute Notice”), and the tax directors of the Parties (or such other individuals designated by the respective general counsels) and/or the executive officers designated by the Parties shall negotiate for a reasonable period of time to settle such Tax Advisor Dispute; provided that, such reasonable period shall not, unless otherwise agreed by the Parties in writing, exceed 30 days (the “Negotiation Period”) from the time of receipt of the Tax Advisor Dispute Notice; provided, further, that (x) the Parties shall not assert the defenses of statute of limitations, laches or any other defense, in each such case based on the passage of time during the Negotiation Period, and (y) any contractual time period or deadline under this Agreement relating to such Tax Advisor Dispute occurring after the Tax Advisor Dispute Notice is received shall not be deemed to have passed until the procedures described in this Section 9.1 have been resolved. If the Tax Advisor Dispute has not been resolved for any reason after the

Negotiation Period, Parent shall, in its sole and absolute discretion, appoint a nationally recognized independent public accounting firm (the “Accounting Firm”) to resolve such dispute. In this regard, the Accounting Firm shall make determinations with respect to the Tax Advisor Dispute based solely on representations made by Parent, SpinCo and their respective representatives, and not by independent review, and shall function only as an expert and not as an arbitrator and shall be required to make a determination in favor of one Party only. The Parties shall require the Accounting Firm to resolve all Tax Advisor Disputes no later than 30 days after the submission of such Tax Advisor Dispute to the Accounting Firm, but in no event later than the Due Date of Taxes or the filing of the applicable Tax Return, if applicable, and agree that all decisions by the Accounting Firm with respect thereto shall be final and conclusive and binding on the Parties. The Accounting Firm shall resolve all Tax Advisor Dispute in a manner consistent with this Agreement and, to the extent not inconsistent with this Agreement, in a manner consistent with the Past Practices of Parent and its Subsidiaries, except as otherwise required by applicable Law. The Parties shall require the Accounting Firm to render all determinations in writing and to set forth, in reasonable detail, the basis for such determination. The fees and expenses of the Accounting Firm shall be borne equally by the Parties, and the parties agree to waive any objection to the naming of the Accounting Firm or the determination of the Accounting Firm based on actual or alleged conflicts of interest.

9.2 Legal Disputes. Subject to Section 9.1, Section 9.3, Section 9.4 and Section 9.5, in the event of any claim, controversy, demand or request for relief of any kind arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of or related to this Agreement (a “Dispute”), then the Party raising the Dispute shall give written notice of the Dispute, and the Parties shall work together in good faith to resolve any such Dispute within 30 days of such notice. If any Dispute is not so resolved, then a senior executive of each Party shall, in good faith, attempt to resolve any such Dispute within the following 30 days of the referral of the matter to the senior executives. If no resolution is reached with respect to any such Dispute, the Dispute shall be resolved in accordance with the procedures contained in Section 11.03, Section 11.04 and Section 11.05 of the Separation Agreement.

9.3 Injunctive Relief. Nothing in this Article IX shall prevent Parent from seeking injunctive relief to enforce the procedures provided for in Section 9.1 if any delay resulting from the efforts to resolve the Tax Advisor Dispute through the Accounting Firm could result in serious and irreparable injury to Parent. Notwithstanding anything to the contrary in this Agreement or the Separation Agreement (or any Ancillary Agreement), Parent and SpinCo are the only members of their respective Groups entitled to commence a dispute resolution procedure under this Agreement, and each of Parent and SpinCo will cause its respective Group members not to commence any dispute resolution procedure other than through Parent or SpinCo, as applicable, as provided in this Article IX.

9.4 Specific Performance. Notwithstanding anything to the contrary in this Agreement or the Separation Agreement (or any Ancillary Agreement), in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of Section 4.1(a), Section 4.2(a) or Section 4.2(b) by SpinCo, Parent shall have the right, without first pursuing the procedures provided for in Section 9.1 and Section 9.2, to specific performance, declaratory relief and injunctive or other equitable relief (on a permanent, emergency, temporary, preliminary or interim basis) of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. SpinCo shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. SpinCo agrees that the remedies at Law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss, and waives any defense in any action by Parent for specific performance that a remedy at Law would be adequate. SpinCo also waives any requirements that Parent secure or post any bond or similar security with respect to such remedy.

9.5 Venue for Injunctive Relief and Specific Performance Claims by Parent. Notwithstanding anything to the contrary in this Agreement or the Separation Agreement (or any Ancillary Agreement), Parent may bring any claim for specific performance, declaratory relief and injunctive or other equitable relief (on a permanent, emergency, temporary, preliminary or interim basis) under Section 9.3 or Section 9.4 of this Agreement (a “Chosen Court Claim”) either (a) pursuant to the procedures contained in Section 11.03, Section 11.04 and Section 11.05 of the Separation Agreement or (b) at Parent’s sole and absolute discretion, in the Delaware Court of Chancery (or, if the Delaware Court of Chancery shall be unavailable, any Delaware State court or the federal court sitting in the State of Delaware) (the “Chosen Courts”). SpinCo irrevocably consents and agrees to the jurisdiction, forum and venue of the Chosen Courts for a Chosen Court Claim, and agrees that it shall not assert, and shall hereby waive, any claim or right or defense that it is not subject to the jurisdiction of the Chosen Courts, that the venue is improper, that the forum is inconvenient, that the Chosen Court Claim should instead be arbitrated by agreement of Parent or operation of law, or any similar objection, claim or argument.

Article X – MISCELLANEOUS PROVISIONS

10.1 Conflicting Agreements. In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Separation Agreement, this Agreement shall control with respect to the subject matter hereof.

10.2 Specified Matters. Notwithstanding anything to the contrary in this Agreement, the matters specified in Schedule A shall in addition be subject to the provisions of Schedule A, which shall govern in the event of any conflict between the provisions of Schedule A and any provision in this Agreement.

10.3 Interest on Late Payments. With respect to any payment between the Parties pursuant to this Agreement not made by the due date set forth in this Agreement for such payment, the outstanding amount will accrue interest at a rate per annum equal to the rate in effect for underpayments under Section 6621 of the Code from such due date to and including the payment date.

10.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and scanned and exchanged by electronic mail, and such facsimile or PDF signature or scanned and exchanged copies shall constitute an original for all purposes.

10.5 Successors. This Agreement shall be binding on and inure to the benefit of any successor by merger, acquisition of assets or otherwise, to any of the parties hereto, to the same extent as if such successor had been an original party to this Agreement.

10.6 Third Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any Person except the Parties hereto any rights or remedies hereunder. There are no third-party beneficiaries of this Agreement, and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

10.7 Governing Law. This Agreement and any disputes relating to, arising out of or resulting from this Agreement, including to its execution, performance, or enforcement, shall be governed by, and construed and enforced in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof or of any jurisdiction.

10.8 Assignability. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of Law or otherwise by either Party without the prior written consent of the other Party. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this

Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns. Notwithstanding the foregoing, if any Party to this Agreement (or any of its successors or permitted assigns) (a) shall enter into a consolidation or merger transaction in which such Party is not the surviving entity and the surviving entity acquires or assumes all or substantially all of such Party's assets or (b) shall transfer all or substantially all of such Party's assets to any Person, then, in each such case, the assigning Party (or its successors or permitted assigns, as applicable) shall ensure that the assignee or successor-in-interest expressly assumes in writing all of the obligations of the assigning Party under this Agreement, and the assigning Party shall not be required to seek consent, but shall provide written notice and evidence of such assignment, assumption or succession to the non-assigning Party. No assignment permitted by this Section 10.8 shall release the assigning Party from liability for the full performance of its obligations under this Agreement.

10.9 Further Assurances. Subject to the provisions hereof, the Parties hereto shall make, execute, acknowledge and deliver, or cause to be made, executed, acknowledged and delivered, such other instruments and documents, and take or do, or cause to be taken or done, all such other actions and all things reasonably necessary, proper or advisable under applicable Laws and agreements to effectuate the provisions and purposes of this Agreement and to consummate and make effective the transactions contemplated hereby.

10.10 Survival. Notwithstanding anything to the contrary in this Agreement, all representations, covenants and obligations contained in this Agreement shall survive until the expiration of the applicable statute of limitations with respect to any such matter (including extensions thereof).

10.11 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by an arbitrator or court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances, or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, any such provision, to the extent determined to be invalid, void or unenforceable, shall be deemed replaced by a provision that such arbitrator or court determines is valid and enforceable and that comes closest to expressing the intention of the invalid, void or unenforceable provision.

10.12 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party. Any decision by any Party to waive or to not waive any provision of this Agreement is in such Party's sole and absolute discretion.

10.13 Headings. The article, section and paragraph headings contained in this Agreement, including in the table of contents of this Agreement, are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.14 Waivers of Default. No failure or delay of any Party (or the applicable member of its Group) in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

10.15 Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide services and honor all other commitments under this Agreement, each other Ancillary Agreement and the Separation Agreement during the course of dispute resolution pursuant to the provisions of Article IX with respect to all matters not subject to such dispute resolution.

10.16 **Notices.** All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) when delivered in person, (b) on the date received, if sent by a nationally recognized delivery or courier service, (c) upon written confirmation of receipt after transmittal by electronic mail or (d) upon the earlier of confirmed receipt or the fifth business day following the date of mailing if sent by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to Parent, to:

BorgWarner Inc.
3850 Hamlin Road
Auburn Hills, MI 48326
Attn: Tonit M. Calaway
Email: tcalaway@borgwarner.com

and with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attn: Jonathan K. Youngwood
Email: jyoungwood@stblaw.com

If to SpinCo, to:

PHINIA Inc.
3000 University Drive
Auburn Hills, MI 48326
Attn: Robert Boyle
Email: rboyle@phinia.com

and with a copy to:

Allen Overy Shearman Sterling US LLP
599 Lexington Avenue
New York, NY 10022
Attn: Alan Goudiss and Christopher LaVigne
Emails: agoudiss@aoshearman.com; christopher.lavigne@aoshearman.com

Either Party may, by notice to the other Party, change the address and identity of the Person to which such notices and copies of such notices are to be given. Each Party agrees that nothing in this Agreement shall affect any other Party's right to serve process in any other manner permitted by Law (including pursuant to the rules for foreign service of process authorized by the Hague Convention).

10.17 Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms “hereof,” “herein,” “herewith” and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole (including all of the schedules hereto) and not to any particular provision of this Agreement. Article, Section or schedule references are to the articles, sections and schedules of or to this Agreement unless otherwise specified. Any capitalized terms used in this Agreement but not otherwise defined therein shall have the meaning as defined in the Separation Agreement. Any definition of or reference to any agreement, instrument or other document herein (including any reference herein to this Agreement) shall, unless otherwise stated, be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein, including in Section 10.12). The word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless the context otherwise requires or unless otherwise specified. The word “or” shall not be exclusive. The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if.” All references to “\$” or dollar amounts are to the lawful currency of the United States of America. References herein to any Law shall be deemed to refer to such law as amended, reenacted, supplemented or superseded in whole or in part and in effect from time to time and also to all rules and regulations promulgated thereunder. Any determination contemplated by this Agreement to be made by Parent shall be made by Parent in its sole and absolute discretion. Except as expressly set forth in this Agreement, the Parties (or their respective Group members) shall make, or cause to be made, any payment that is required to be made pursuant to this Agreement as promptly as practicable and without regard to any local currency constraints or similar restrictions. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any provisions hereof.

10.18 Effectiveness. This Agreement shall become effective only upon the Execution Date set forth in the Settlement Agreement. Except as otherwise set forth in the Settlement Agreement, this Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes the Original Agreement (and any other prior representations, warranties, agreements, and understandings, both written and oral, among the Parties) with respect to the subject matter hereof.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

BORGWARNER INC.

By: /s/ Tonit M. Calaway

Name: Tonit M. Calaway

Title: Executive Vice President and
Secretary

PHINIA INC.

By: /s/ Robert W. Boyle

Name: Robert W. Boyle

Title: Vice President, General Counsel and
Secretary

[Signature Page to Amended and Restated Tax Matters Agreement]

SCHEDULE A
SPECIFIED MATTERS

SCHEDULE B
INTENDED TAX TREATMENT

SCHEDULE C
IDENTIFIED TRANSACTIONS

SCHEDULE D
GAIN RECOGNITION AGREEMENTS

SCHEDULE E

Active Business

SCHEDULE F
COVERED TAX ITEMS

PHINIA Inc.

Insider Trading and Confidentiality Policy

1.0 Purpose / Scope

This Insider Trading and Confidentiality Policy (“**Insider Trading Policy**”) provides guidelines with respect to transactions in PHINIA Securities (as defined below) and the handling of confidential information about PHINIA Inc. (“**Company**” or “**PHINIA**”) and the companies with which the Company does business, in which the Company has significant investments, or are involved in a potential transaction or business relationship with the Company. The Company has adopted this Insider Trading Policy to promote compliance with U.S. federal, state, and foreign securities laws that prohibit certain persons who are aware of material non-public information about a company from: (i) engaging in transactions in the securities of that company; or (ii) providing material non-public information to other persons.

2.0 Applicability

This Insider Trading Policy applies to the Company and all “**Covered Persons**” (defined as all members of the Board of Directors (“**directors**”) and all employees of the Company and its subsidiaries). This Insider Trading Policy also applies to Family Members and Controlled Entities, each as defined below. The Company may also determine that other persons should be subject to this Insider Trading Policy, such as contractors or consultants who have access to material non-public information (as further described below).

- 2.1 Transactions by Family Members and Others. This Insider Trading Policy applies to family members who reside with a Covered Person (for example, a spouse, child, stepchild, grandchild, parent, stepparent, grandparent, sibling, or in-law), anyone else who lives in a Covered Person’s household, and any family members who do not live in a Covered Person’s household but whose transactions in PHINIA Securities are directed by the Covered Person or are subject to the Covered Person’s influence or control, such as parents or children who consult with the Covered Person before they engage in transactions in PHINIA Securities (collectively referred to as “**Family Members**”). The Covered Person is responsible for ensuring that any transactions executed by Family Members comply with this Insider Trading Policy, and, therefore, the Covered Person should make Family Members aware of the need to confer with the Covered Person before they engage in transactions in PHINIA Securities. The Covered Person should treat all such transactions for the purposes of this Insider Trading Policy and applicable securities laws as if the transactions were for its own account. This Insider Trading Policy does not, however, apply to personal securities transactions of Family Members where the decision to engage in transactions in PHINIA Securities is made by a third party not controlled by, influenced by, or related to the Covered Person or Family Members.
- 2.2 Transactions by Entities that Covered Persons Influence or Control. This Insider Trading Policy applies to any entities that the Covered Person influences or controls, including any corporations, partnerships, or trusts (collectively referred to as “**Controlled Entities**”), and transactions by these Controlled Entities should be treated for the purposes of this Insider Trading Policy and applicable securities laws as if the transactions were for the Covered Person’s own account.

3.0 Restrictions

- 3.1 Covered transactions. Neither the Company nor any Covered Person, Family Member, or Controlled Entity may engage in any transaction involving stock, bonds, options, derivative instruments, or other securities of the Company (“**PHINIA Securities**”), or direct or recommend others to engage in transactions involving PHINIA Securities, if the Company or such person is in

possession of material information that has not been publicly disclosed. Transactions subject to this Insider Trading Policy include purchases, sales and *bona fide* gifts of PHINIA Securities.

Material information. "Material information" has no precise definition; for purposes of this Insider Trading Policy, a broad view of the term should be taken. Generally, "material information" includes any information, positive or negative, that a reasonable person would consider important in determining whether to buy, hold or sell a company's securities. Examples of material information relating to the Company include, but are not limited to: the Company's consolidated operating or financial results, projections of future earnings or losses, changes to previously announced guidance, or the decision to suspend guidance; potential significant mergers, joint ventures, restructurings, tender offers, or acquisitions or dispositions of significant assets; changes in dividend policies; the establishment, amendment, or termination of a Company share repurchase program for PHINIA Securities; the declaration of a stock split or the possibility of an offering of PHINIA Securities; development of significant new products, services or technologies; significant new contracts or loss of business; significant shifts in operating or financial circumstances, such as major write-offs or financial liquidity problems; significant bank borrowings or other financing transactions out of the ordinary course; pending or threatened significant litigation or governmental investigations; major changes in the Company's management or directors; a change in the Company's external auditor or notification that the auditor's report may no longer be relied upon; a significant cybersecurity attack or incident; and the imposition of an Event-Specific Blackout Period (as defined below) or the extension or termination of such restriction. The General Counsel's Office is available to discuss any questions relating to whether an individual may be in possession of material non-public information.

When Information Is Considered Public. Information that is generally not known or that has not been made available to the investing public is generally considered to be non-public information, even if the information is widely known within the Company. Information generally would be considered publicly disclosed if it has been disclosed through a widely disseminated press release distributed through newswire services, a broadcast on widely-available radio or television programs, or publication in a widely-available newspaper, magazine, or news website, or through a public disclosure document filed with, or furnished to, the Securities and Exchange Commission (the "SEC") that is available on the SEC's website. Once information is considered public, it is still necessary to provide the public with sufficient time to absorb and evaluate the information. As a general rule, information should not be considered fully absorbed by the public and therefore still "non-public" until at least two full trading days after the initial release of information to the public. Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of specific material non-public information.

3.2 No Covered Person, Family Member, or Controlled Entity may, directly or indirectly, disclose ("tip") material non-public information either (a) to persons within the Company whose jobs do not require them to have that information, or (b) to persons outside the Company including, but not limited to, Family Members, Controlled Entities, friends, business associates, investors, and consulting firms, unless any such disclosure is authorized and made in a manner to protect such information from unauthorized disclosure.

Covered Persons, Family Members, or Controlled Entities may be liable for tipping material non-public information to any third party (a "Tippee"). Tippees inherit such an individual's duties and may be liable for engaging in transactions based on material non-public information illegally tipped to them by a Covered Person, Family Member, or Controlled Entity. Tipping may also result in the same penalties to the tipper as if they engaged in any such transactions.

3.3 No Covered Person, Family Member, or Controlled Entity who learns of material non-public information about another company with which the Company does business, in which the Company has significant investments, or that is involved in a potential transaction or business

relationship with the Company, may engage in transactions, or direct others to engage in transactions, involving the securities of that other company until the information becomes public or is no longer material.

3.4 No Covered Person, Family Member, or Controlled Entity may engage in any transaction involving derivative securities that are not issued by the Company, including a publicly-traded put option, call option, or swap relating to PHINIA Securities. Directors and employees shall not sell any PHINIA Securities that the individual does not own; *i.e.*, directors and employees may not "sell short."

3.5 No Covered Person, Family Member, or Controlled Entity may engage in hedging or monetization transactions such as collars or forward sale contracts.

3.6 No director nor any Section 16 executive officer designated by the Company's Board of Directors ("Section 16 Officers") or their respective Family Members or Controlled Entities may enter into any transactions that result in pledging or using PHINIA Securities as collateral to secure personal loans or other obligations. PHINIA Securities may not be held in margin accounts by them.

Any exceptions to the anti-pledging policy will be considered only for extraordinary reasons. Requests for exceptions will be considered by the General Counsel in consultation with the Chairperson of the Corporate Governance Committee of the Board of Directors.

3.7 Neither the Company nor any director or Section 16 Officer, any direct report or administrative assistant to a Section 16 Officer, or other persons notified in writing by the Company, or their respective Family Members and Controlled Entities, shall engage in any transaction involving PHINIA Securities during a quarterly blackout period ("Blackout Period"). Blackout Periods will begin at the close of the market on the fifteenth (15th) calendar day of the third month of each fiscal quarter and will end at the open of the market on the third trading day following the Company's public release of earnings for the prior fiscal quarter. Notwithstanding the foregoing, in its discretion, the General Counsel's Office may cause a Blackout Period to begin prior to the close of the market on the fifteenth (15th) calendar day of the third month of each fiscal quarter, or may extend a Blackout Period, for some or all of the individuals subject to the Blackout Period and will notify such individuals in the event of any such earlier commencement or extension. The vesting of an equity award, or the purchase of PHINIA Securities by way of an exercise of an option, granted under the Company's applicable equity plan and any related withholding of shares to satisfy tax withholding requirements, is permitted during a Blackout Period, but the sale or simultaneous purchase and sale of such resulting PHINIA Securities in the open market is prohibited. Transfers between any PHINIA stock fund and other investment options in any retirement savings plan available to current or former employees are prohibited during the Blackout Period.

3.8 Occasionally, an event may occur (or may be probable to occur) that is material to the Company and is known by only a limited number of directors and employees such that the persons designated in writing by the General Counsel's Office may not engage in any transaction involving, or otherwise transfer, PHINIA Securities until notified by the General Counsel's Office that the event-specific blackout period ("Event-Specific Blackout Period") has ended. The existence of an Event-Specific Blackout Period will not be announced to the Company as a whole and should not be communicated to any other person.

3.9 The Company and all directors, Section 16 Officers, and other persons notified in writing by the Company ("other preclearance individuals") must seek preclearance from the General Counsel's Office before engaging in any transaction involving PHINIA Securities, including transfers between any PHINIA stock fund and other investment options in any PHINIA retirement

savings plan available to current or former employees. Each proposed transaction will be evaluated to determine if it raises insider trading concerns or other concerns under applicable federal or state securities laws and regulations. The General Counsel's Office is under no obligation to approve a transaction submitted for preclearance and may determine not to permit the transaction. If the General Counsel's Office grants preclearance, the requestor may execute the transaction at any time within, but not after, three calendar days of receipt of preclearance. If the requestor becomes aware of material non-public information relating to the Company or PHINIA Securities before the transaction is executed, the preclearance will be void and the transaction must not be completed. If preclearance to engage in a transaction is denied, the requestor must refrain from initiating any transaction in PHINIA Securities and should not inform any other person of the denial.

4.0 Responsibility and Consequences

Persons subject to this Insider Trading Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in PHINIA Securities while in possession of material non-public information. Persons subject to this Insider Trading Policy must not engage in illegal trading and must avoid even the appearance of improper trading. Each Covered Person is responsible for making sure that such Covered Person complies with this Insider Trading Policy, and that any Family Member or Controlled Entity whose transactions are subject to this Insider Trading Policy also comply with this Insider Trading Policy. In all cases, the responsibility for determining whether a Covered Person is in possession of material non-public information rests with that Covered Person, and any action on the part of the Company, the General Counsel's Office, or any other employee or director pursuant to this Insider Trading Policy (or otherwise) does not in any way constitute legal advice or insulate a person from liability under applicable securities laws. Any actions in violation of this policy will result in severe consequences, up to and including termination of employment for cause, or substantially the equivalent under local regimes, and civil and criminal penalties. Violations of this policy by Family Members or Controlled Entities will be deemed violations by the related Covered Person for purposes of assessing penalties.

5.0 Additional Restrictions and Reporting Requirements for Directors and Section 16 Officers

- 5.1 Any advice regarding this Insider Trading Policy will relate solely to the restraints imposed by law and will not constitute advice regarding the investment or tax aspects of any transaction.
- 5.2 Section 16 of the Securities Exchange Act of 1934 ("Exchange Act") imposes certain reporting obligations on the Company's directors and Section 16 Officers and provides for strict liability to the Company for all profits resulting from any non-exempt purchase and sale, or non-exempt sale and purchase, of PHINIA Securities within a six-month period by such persons. For Section 16(b) purposes, profit is determined by matching the lowest purchase price and the highest selling price within six months.
- 5.3 Section 16 of the Exchange Act requires directors and Section 16 Officers to file certain reports regarding their ownership of PHINIA Securities, including ownership of PHINIA Securities by their Family Members and Controlled Entities, with the SEC, the New York Stock Exchange, and the Company. These reports include: (i) within 10 days of election or appointment, a director or Section 16 Officer must file a Form 3 stating such person's beneficial ownership of PHINIA Securities; (ii) within 2 business days after there has been a change in ownership, including bona fide gifts, a director or Section 16 Officer must file a Form 4 unless the transaction qualifies for deferred reporting by Form 5; and (iii) within 45 days after the close of the Company's fiscal year, a director or Section 16 Officer must file a Form 5 to cover any transactions in PHINIA Securities that were eligible for deferred reporting (and not earlier reported on Form 4) and transactions that should have been reported but were not reported on Form 4. The Company must report late and missed filings in its annual proxy statement.

5.4 The General Counsel's Office will file the proper report on behalf of directors and Section 16 Officers who obtain preclearance of transactions in PHINIA Securities and who subsequently notify the General Counsel's Office of the completion of the transaction. Section 16 reports will also be posted on the Company's website.

6.0 Confidentiality and Providing Information

6.1 Covered Persons shall take appropriate measures to restrict access to, and the disclosure of, material non-public information. In the event a Covered Person becomes aware of possible insider trading violations by Family Members or Controlled Entities, the Covered Person shall contact the General Counsel's Office immediately.

6.2 Consistent with the foregoing, Covered Persons must not discuss internal matters or developments with anyone outside of the Company (including Family Members), except as required in the performance of their regular duties. This prohibition applies specifically (but not exclusively) to inquiries about the Company that may be made by the financial press, investment analysts or others in the financial community. Unless an individual is expressly authorized to respond to inquiries of this nature pursuant to the Company's Disclosure Policy, such inquiries should be referred to the Company's General Counsel or the Company's Vice President, Investor Relations. This prohibition applies whether or not the Covered Person receives a benefit from the use of that information by the other person or entity outside the Company.

6.3 Upon request, a Covered Person must report to the Company's General Counsel's Office all of their transactions in PHINIA Securities and certify that all such transactions have been conducted in compliance with the provisions of this policy.

7.0 Pre-Approved Trading Plans

7.1 Notwithstanding anything contained in this Insider Trading Policy to the contrary, the Company and Covered Persons may engage in transactions involving PHINIA Securities under a pre-arranged written trading plan that meets the requirements of Rule 10b5-1(c) of the Exchange Act ("**10b5-1 Trading Plan**") and the requirements of this section.

7.2 Prior to establishing, modifying or terminating a 10b5-1 Trading Plan, the Company and all directors, Section 16 Officers, and other preclearance individuals must submit a copy of such plan to the General Counsel's Office for advance review and approval. Regardless of whether the Company or the individual is subject to preclearance, neither the Company nor any Covered Person may enter into or modify a 10b5-1 Trading Plan during a Blackout Period or Event-Specific Blackout Period except as approved by the General Counsel's Office, or while the Company or any such Covered Person is aware of material non-public information.

7.3 Under Rule 10b5-1(c), a cooling-off period for directors and Section 16 Officers of the later of (a) 90 days after plan adoption or modification and (b) two business days following disclosure of the Company's financial results in a Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as applicable, for the fiscal quarter in which the plan was adopted or modified (but not to exceed 120 days after plan adoption or modification) must be observed before any trading can commence under a 10b5-1 Trading Plan.

7.4 Under Rule 10b5-1(c), a cooling-off period for Covered Persons (other than directors or Section 16 Officers, or the Company) of 30 days following adoption or modification of a 10b5-1 Trading Plan must be observed before any trading can commence under the plan.

7.5 Directors and Section 16 Officers must include a representation in the 10b5-1 Trading Plan certifying that, on the date of adoption or modification of the plan (i) the person is not aware of

material non-public information about the Company or PHINIA Securities and (ii) the person is adopting the 10b5-1 Trading Plan in good faith and not as part of plan or scheme to evade the prohibitions of Section 10(b) and Rule 10b-5 under the Exchange Act. Covered Persons must act in good faith when entering into and throughout the duration of the 10b5-1 Trading Plan. A 10b5-1 Trading Plan cannot be entered into as part of a plan or scheme to evade the prohibition of Rule 10b-5.

- 7.6 Subject to certain limited exceptions specified in Rule 10b5-1 and approved by the General Counsel's Office, Covered Persons may not enter into more than one 10b5-1 Trading Plan at the same time.
- 7.7 Subject to certain limited exceptions specified in Rule 10b5-1 and approved by the General Counsel's Office, a Covered Person entering into (or modifying) a "single-trade plan" must not have entered into (or modified) another single-trade plan in the prior 12-month period that also qualified for the affirmative defense under Rule 10b5-1. For these purposes, a "single-trade plan" means a 10b5-1 Trading Plan that is designed to effect an open market purchase or sale of the total amount of securities subject to the plan in one single transaction.
- 7.8 Although modifications to or termination of an existing 10b5-1 Trading Plan are not prohibited, a 10b5-1 Trading Plan should be adopted with the intention that it will not be amended or terminated prior to its expiration.

8.0 Interpretation

Any questions regarding the interpretation, scope and application of the policy set forth herein shall be reviewed with the General Counsel's Office.

9.0 Post-Termination Transactions

This Insider Trading Policy continues to apply to transactions in PHINIA Securities even after termination of service to the Company or any of its subsidiaries. If an individual is in possession of material non-public information when his or her service terminates, that individual may not engage in transactions in PHINIA Securities until that information has become public or is no longer material. In addition, after termination of service with the Company or any of its subsidiaries, directors and Section 16 Officers remain subject to Section 16 "short swing" profit-disgorgement rules for up to six months after termination and are required to file Forms 4 to report any non-exempt transactions in PHINIA Securities (*i.e.*, purchases and sales) occurring within six months after an "opposite-way" non-exempt transaction that occurred while they were still serving at the Company or any of its subsidiaries.

10.0 Miscellaneous

- 10.1 The General Counsel's Office will conduct a periodic review as necessary to confirm that the Insider Trading Policy is amended as necessary to remain up-to-date with insider trading laws and regulations.
- 10.2 The Company will not take any inappropriate retaliatory action against any employee or other party with respect to good faith reporting of complaints relating to or arising out of the Insider Trading Policy.
- 10.3 The Insider Trading Policy will be filed as an exhibit to the Company's Annual Report on Form 10-K.

PHINIA INC.**Subsidiaries**

Name of Subsidiary	Jurisdiction of Organization
PHINIA Australia Pty Ltd	Australia
PHINIA Delphi Brasil Ltda.	Brazil
PHINIA Do Brasil Produtos Automotivos Ltda.	Brazil
PHINIA Canada Inc.	Canada
PHINIA Investment (Shanghai) Co., Ltd.	China
PHINIA Automotive Trading (Shanghai) Co. Ltd.	China
PHINIA Delphi Automobile Systems (Shanghai) Co. Ltd.	China
PHINIA Delphi Automotive Systems (Yantai) Co. Ltd.	China
PHINIA Delphi Gasoline Systems (Yantai) Co. Ltd.	China
PHINIA Delphi France SAS	France
PHINIA Delphi Deutschland GmbH	Germany
PHINIA Delphi India Private Limited	India
PHINIA Delphi Italia S.R.L.	Italy
PHINIA Delphi Japan Ltd Co	Japan
PHINIA Holdings Jersey Limited	Jersey
PHINIA Korea LLC	Korea
PHINIA Holdfi Holdings Luxembourg SARL	Luxembourg
PHINIA European Holdings Luxembourg SARL	Luxembourg
PHINIA Investments Luxembourg SARL	Luxembourg
PHINIA Delphi Luxembourg SARL	Luxembourg
PHINIA Holdings Luxembourg SARL	Luxembourg
PHINIA Technologies Luxembourg SARL	Luxembourg
Delphi Technologies Malta Holdings Ltd.	Malta
PHINIA Holdings Mexico S. de R.L. de C.V.	Mexico
PHINIA Comercializadora Mexico S de R.L. de C.V.	Mexico
PHINIA Componentes Mexico S de R.L. de C.V.	Mexico
PHINIA Technologies Holdings Mexico S. de R.L de C.V.	Mexico
PHINIA Netherlands B.V.	Netherlands
PHINIA Delphi Poland Sp. Z.o.o.	Poland
D2 Industrial Development and Production S.R.L.	Romania
PHINIA Delphi Romania S.R.L.	Romania
PHINIA Services Romania S.R.L.	Romania
Joint Stock Company Delphi Samara	Russia
PHINIA Delphi Holdings Singapore Pte Ltd.	Singapore
PHINIA Holdings Singapore Pte Ltd.	Singapore
PHINIA Delphi Spain SLU	Spain
PHINIA Delphi Turkey Otomotiv Sistemleri Sanayi ve Ticaret A.S.	Turkey
PHINIA Holding and Financing UK Limited	United Kingdom
PHINIA Management UK Limited	United Kingdom
PHINIA Delphi Pension Trustees Ltd.	United Kingdom

PHINIA Financial Services APAC Limited	United Kingdom
PHINIA Financial Operations UK Limited	United Kingdom
PHINIA Financial Services UK Limited	United Kingdom
Hartridge Ltd.	United Kingdom
PHINIA Delphi UK Ltd.	United Kingdom
PHINIA Holdings UK Ltd.	United Kingdom
PHINIA Kingway Financing LLC	United States - Delaware
PHINIA Delphi Netherlands LLC	United States - Delaware
PHINIA Delphi USA LLC	United States - Delaware
PHINIA Holdings Mexico LLC	United States - Delaware
PHINIA International Holdings LLC	United States - Delaware
PHINIA International Services LLC	United States - Delaware
PHINIA Jersey Holdings LLC	United States - Delaware
PHINIA Services USA LLC	United States - Delaware
PHINIA Technologies Inc.	United States - Delaware
PHINIA USA LLC	United States - Delaware
PHINIA Holdings USA LLC	United States - Delaware
<i>Delphi TVS - Technologies Ltd.*</i>	<i>India</i>

* Unconsolidated joint venture in which the registrant exercises significant influence but has a less than a 100% ownership interest.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-273094) of PHINIA Inc. of our report dated February 12, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan
February 12, 2026

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that each of the undersigned officers and directors of PHINIA Inc., a Delaware corporation (the “**Company**”), hereby constitutes and appoints each of Brady D. Ericson, Chris P. Gropp, Robert Boyle, and Samantha M. Pombier, and each of them, as the true and lawful attorney-in-fact or attorneys-in-fact, with full power of substitution and resubstitution, for each of the undersigned and in the name, place, and stead of each of the undersigned, to execute and file with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025, with any and all amendments, supplements, and exhibits thereto, and any and all other documents in connection therewith, with full power and authority to do and perform any and all acts and things whatsoever required, necessary, appropriate, or desirable to be done in the premises, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and approving all that said attorneys-in-fact or any of them or their substitute or substitutes therefor may lawfully do or cause to be done by virtue thereof.

This Power of Attorney may be executed in multiple counterparts, each of which shall be deemed an original with respect to the person executing it.

Executed this 12th day of February, 2026.

Signature

Title

/s/ Brady D. Ericson

Brady D. Ericson

President and Chief Executive Officer, Director (Principal Executive Officer)

/s/ Chris P. Gropp

Chris P. Gropp

Senior Vice President and Chief Financial Officer (Principal Financial Officer)

/s/ Samantha M. Pombier

Samantha M. Pombier

Vice President and Controller
(Principal Accounting Officer)

/s/ Rohan S. Weerasinghe

Rohan S. Weerasinghe

Non-Executive Chair and Director

/s/ Samuel R. Chapin

Samuel R. Chapin

Director

/s/ Robin Kendrick

Robin Kendrick

Director

/s/ Latondra Newton

Latondra Newton

Director

/s/ D'aun Norman

D'aun Norman

Director

/s/ Meggan M. Walsh

Meggan M. Walsh

Director

/s/ Roger J. Wood

Roger J. Wood

Director

Certification

I, Brady D. Ericson, certify that:

1. I have reviewed this Annual Report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2026

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

Certification

I, Chris P. Groppe, certify that:

1. I have reviewed this Annual Report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2026

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

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

In connection with the Annual Report of PHINIA Inc. (the "Company") on Form 10-K for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of such officer's knowledge:

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

Date: February 12, 2026

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

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

This certification accompanies the Report and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of such section.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to, and will be retained by, the Company and furnished to the Securities and Exchange Commission or its staff upon request.