

J.P. Morgan Auto Group Investor Meeting Adient China Business Update

June 1, 2023



Important Information



Adjent has made statements in this document that are forward-looking and, therefore, are subject to risks and uncertainties. All statements in this document other than statements of historical fact are statements that are, or could be, deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In this document, statements regarding Adient's expectations for its deleveraging activities, the timing, benefits and outcomes of those activities, as well as its future financial position, sales, costs, earnings, cash flows, other measures of results of operations, capital expenditures or debt levels and plans, objectives, market position, outlook, targets, guidance or goals are forward-looking statements. Words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "should," "forecast," "project" or "plan" or terms of similar meaning are also generally intended to identify forward-looking statements. Adient cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Adient's control, that could cause Adient's actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: the Ukraine conflict and its impact on the regional and global economies and additional pressure on supply chains and vehicle production, the effects of local and national economic, credit and capital market conditions on the economy in general, and other risks and uncertainties, the continued financial and operational impacts of and uncertainties relating to the COVID-19 pandemic on Adient and its customers, suppliers, joint venture partners and other parties, work stoppages, including due to supply chain disruptions and similar events, energy and commodity availability and prices, the company's ability and timing of customer recoveries for increased input costs, the availability of raw materials and component products (including components required by our customers for the manufacture of vehicles (i.e., semiconductors)), whether deleveraging activities may yield additional value for shareholders at all or on the same or different terms as those described herein, the ability of Adient to execute its turnaround plan, automotive vehicle production levels, mix and schedules, as well as our concentration of exposure to certain automotive manufacturers, the ability of Adient to effectively launch new business at forecast and profitable levels, the ability of Adient to meet debt service requirements, the terms of future financing, the impact of tax reform legislation, uncertainties in U.S. administrative policy regarding trade agreements, tariffs and other international trade relations, general economic and business conditions, the strength of the U.S. or other economies, shifts in market shares among vehicles, vehicle segments or away from vehicles on which Adient has significant content, changes in consumer demand, global climate change and related emphasis on ESG matters by various stakeholders, the ability of Adient to achieve its ESG-related goals, currency exchange rates and cancellation of or changes to commercial arrangements, and the ability of Adient to identify, recruit and retain key leadership. A detailed discussion of risks related to Adient's business is included in the section entitled "Risk Factors" in Adient's Annual Report on Form 10-K for the fiscal year ended September 30, 2022 filed with the U.S. Securities and Exchange Commission (the "SEC") on November 22, 2022, and in subsequent reports filed with or furnished to the SEC, available at www.sec.gov. Potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. The forward-looking statements included in this document are made only as of the date of this document, unless otherwise specified, and, except as required by law, Adient assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this document.

In addition, this document includes certain projections provided by Adient with respect to the anticipated future performance of Adient's businesses. Such projections reflect various assumptions of Adient's management concerning the future performance of Adient's businesses, which may or may not prove to be correct. The actual results may vary from the anticipated results and such variations may be material. Adient does not undertake any obligation to update the projections to reflect events or circumstances or changes in expectations after the date of this document or to reflect the occurrence of subsequent events. No representations or warranties are made as to the accuracy or reasonableness of such assumptions, or the projections based thereon.

This document also contains non-GAAP financial information because Adient's management believes it may assist investors in evaluating Adient's on-going operations. Adient believes these non-GAAP disclosures provide important supplemental information to management and investors regarding financial and business trends relating to Adient's financial condition and results of operations. Investors should not consider these non-GAAP measures as alternatives to the related GAAP measures. Non-GAAP measures include Adjusted EBITDA, Adjusted net income, Adjusted effective tax rate, Adjusted earnings per share, Adjusted equity income, Adjusted interest expense, Free cash flow and Net debt. For further detail and reconciliations to their closest GAAP equivalents, please see the appendix. Reconciliations of non-GAAP measures related to FY2023 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

Agenda

- > Introduction
- > Adient Business Overview
 Jerome Dorlack
 Executive VP and CFO
- > Adient Transformation in China James Huang Executive VP APAC

> Q&A





Jerome Dorlack



James Huang



Adient Business Overview

Executive summary



1. Driving forward with focus

- Successfully executing Adient's "back-to-basics" strategy
- Strengthening our leading position with new business wins, including significant EV platform wins
- Adient recognized as supplier of choice by our customers
- Increasing the company's commitment to ESG efforts

2. Adient entered FY23 from a position of strength

- Adient operations are performing well outside of temporary operating inefficiencies
- The company is focused and executing its strategy which is expected to position Adient for sustained, long-term success
- The team has a proven track record of successfully navigating through various external obstacles

3. Adient is well positioned for future success

- Core operations running extremely well (i.e., launch execution, lower ops waste, etc.)
- Customer profitability processes deeply rooted (i.e., ES3 initiatives)
- Balance sheet transformation solidly on track
- Significant balance sheet and operational progress enabled the company to announce an enhanced capital allocation plan in Q4FY22; began share repurchases in Q2FY23

4. Strong foundation expected to deliver improved earnings and cash flow in a flat to rising production environment



Focused strategy driving forward progress





Leading supplier focused on automotive seating

- > Global reach and scale
- Vertically integrated to supply complete seating systems as well as foam, trim and metal components
- Integrated, in-house capabilities allow Adient to take products from research and design to engineering and manufacturing



Driving operational and financial improvements

- Intense focus on launch management, execution, quality, further solidifying "supplier of choice" status
- Significant progress on balance sheet transformation (~\$1.9B debt repayments since Q4FY20)
- > Executed actions to reduce Adient's FCF breakeven to ~80M units globally



Strengthening our leading position

- > Significant EV wins across the globe (new entrants and legacy)
- Strategic transformation in China now enables Adient to grow independently
- Partnering with customers to develop seats for the future (ES3 initiatives, sustainable solutions, green steel, venture capital alliances)



Creating a sustainable future together

- Committed to positive environmental, social and governance-related business practices
- Increased commitments to ESG initiatives throughout 2022 -- including publication of our Deforestation Policy, Human Rights Policy Statement and DE&I Commitment Statement

Driving value to all of Adient's stakeholders – investors, customers, employees and the communities in which we operate

FY2023 operating environment



- > As expected entering 2023, the overall operating environment to date in FY23 has modestly improved vs. FY22
- > The modest improvement in the operating environment is expected to continue in H2FY23; however, soft vehicle demand in China and increased steel prices in North America temper our second half expectations

Expected Influences H2 vs. H1

Positive

- > Stability of customer production schedules (gradual, sequential improvement)
- > Self-help; increased efficiencies

Neutral

- > Vehicle production (improved in N. America, largely offset by modestly lower production in ROW)
- > Energy, freight, labor availability and cost
- > Commercial settlements / recoveries
- > Balance in / balance out

Cautionary

- > Steel costs (potential risk in Q4)
- > Consumer demand (potential softening)

Regional Environments

Americas

- "Run rates" at customers trending in a positive direction
- Inventory rebuild combined with a likely increase in sales incentives should support vehicle build assumptions for FY23
- Monitoring potential softening of consumer demand

China

- Auto demand in China remains "soft" despite unprecedented price cuts
- Softer than expected demand and rising inventories heighten concerns for downward revisions to production schedules in the coming quarters

Europe

- Long-term vehicle production forecast not expected to return to pre-COVID levels
- Adient continues to identify actions to be implemented to improve financial performance (reducing SG&A, footprint, lower capital spending, etc.).

Executing Adient's FY23 plan



Remaining focused on delivering the company's commitments

- > Strong operational execution, positive commercial momentum and an extreme focus on containing costs continue to drive the business forward
- > Adient delivered solid Q2FY23 financial results, building on the momentum established earlier in the year
 - > The momentum is expected to continue in H2FY23; however, expectations are tempered due to soft vehicle demand in China and elevated steel prices in North America
 - > FY23 plan on track
- > In addition to Q2FY23's financial results, several other initiatives continue to be executed to ensure long-term sustained success for the company
 - > Opportunistically issued \$1B of new USD senior notes proceeds from the issuance plus cash on hand used to paydown ~\$750M of EUR notes due 2024 and pre-pay \$350M of Adient's TLB
 - > The company began to execute its previously announced enhanced capital allocation plan by repurchasing ~759,600 shares of its common stock using ~\$30M of cash on hand (includes ~48,000 shares and ~\$1.9M that settled subsequent to quarter end)
 - > Awarded business with new entrants and legacy OEMs, solidifying our market-leading position
 - > Selected "supplier of the year" by several customers -- further underscoring the company's unrelenting focus on delivering quality solutions. Recognition in the quarter included: GM Supplier of the Year, Renault Korea Motors Supplier of the Year, FAW-Toyota Excellent Quality Award, Volvo Car APAC Excellent Supplier Award, GAC-Trumpchi Excellent Supplier Award and seven J.D. Power awards for seat satisfaction for Adient's APAC region team

Key Q2FY23
Financial Metrics

Consolidated ~\$3.9B

Revenue (up 12% y-o-y)

Adj. EBITDA **\$215M** (up \$56m y-o-y)

Cash Balance \$826M (at March 31, 2023)

Gross Debt ~\$2.5B and ~\$1.7B, and Net Debt respectively

Cash flow generation continues to improve



Adient expects to generate significant cash flow in the coming years, underpinned by:

- > Solid operational execution
- > A strengthening earnings profile driven by:
 - > Intense focus on customer profitability
 - > Balance in / balance out of new platforms
 - > Growth in highly profitable markets (China & Asia outside of China)
- > Successful execution of actions to reduce Adient's "calls" for cash
 - > Favorable cash taxes (supported by strategic tax initiatives, NOLs)
 - > Reduced level of capital spending (enabled by capital reuse, disciplined capital allocation)
 - > Targeted restructuring (heavy lifting executed in prior years)

Supported by earnings and margin growth, Adient is successfully transitioning to a cash generating company -
Adient expects to generate positive FCF in FY23

Solid progress at moving the company forward supports enhanced capital allocation plan



- > The ability to drive the business forward despite the challenging operating environment has enabled the company to enhance its capital allocation plan
- > Adient's capital allocation plan has prioritized deleveraging; on track and progressing towards the company's target leverage threshold (~1.5x 2.0x net debt / adj.-EBITDA)
 - FY23 Plan suggests net leverage will settle within the target threshold due to:
 - > Significant progress made on voluntary debt repayments over the past 2-years
 - > Adient's outlook for the business in FY23 and beyond
- > Given the significant progress made on transforming the balance sheet and management's confidence in its near and long-term outlook, Adient's Board of Directors has approved a \$600M share repurchase program
 - Adient expects to take a "measured" approach to the timing and amount of buybacks to be executed (underpinned by cash needs and market conditions)
 - Through May 3, 2023, the company repurchased ~760,000 shares (\$30M)

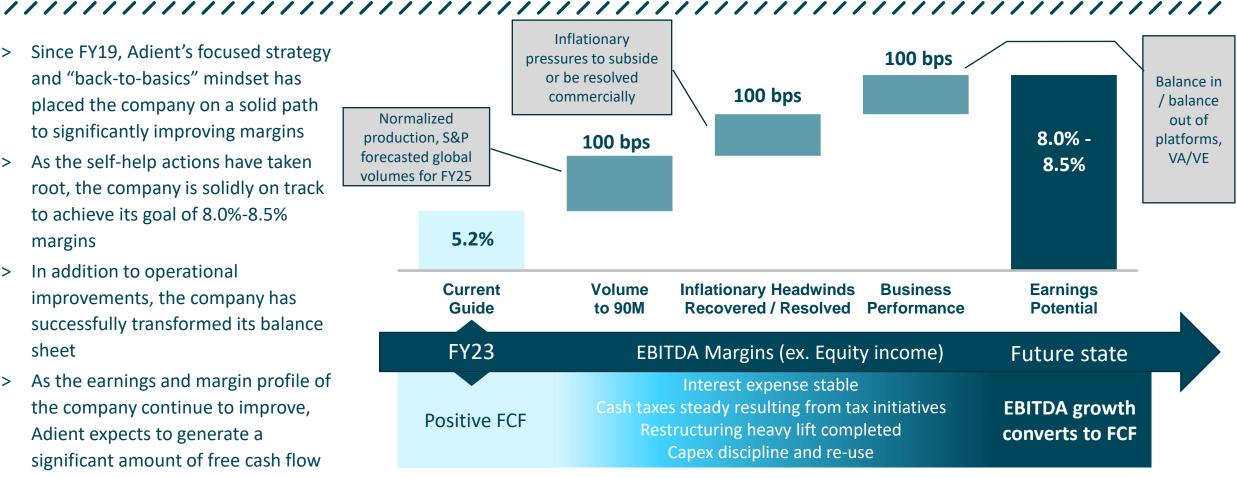


Adient's capital allocation plan is expected to balance future FCF between internal growth projects, share repurchases and potential / opportunistic inorganic growth opportunities

A bright future lies ahead



- Since FY19, Adient's focused strategy and "back-to-basics" mindset has placed the company on a solid path to significantly improving margins
- As the self-help actions have taken root, the company is solidly on track to achieve its goal of 8.0%-8.5% margins
- In addition to operational improvements, the company has successfully transformed its balance sheet
- As the earnings and margin profile of the company continue to improve, Adient expects to generate a significant amount of free cash flow



Supported by earnings and margin growth, Adient is successfully transitioning to a cash generating company



Adjent Transformation in China

Adient China





Click play video in browser

Adient in China – Staying abreast of the market



- Adient began to develop and manufacture automotive seats in China starting in 1996 and we have continuously invested in the world's largest auto market in the past three decades
 - > In the early days of entry into China, Adient grew rapidly **through joint ventures** with local partners (leverage our technology in exchange for market) and established **a leading position** in terms of market share and reputation

- > As we observed the market starting to transition and become **more mature and independent**, Adient also **transformed to align** with this trend
- Adient has acquired 100% equity interest in 3 entities and grew our consolidated revenue, which enables us to serve our customers better by bring capabilities to a wholly-owned environment, and improves operating efficiency through optimized purchasing power and operational synergy



Adient has executed a recipe for success in China across different customers



Adient's recipe for success in China



- Optimal nationwide footprint located wherever customers need us
- **Strong in-house** engineering capabilities for today and tomorrow



- In-depth understanding of China and what is required for seating
- Ability to provide the right products in response to market trends



 Trust demonstrated by continuous business awards from customers, underpinned by executing well in every program



- A highly **regionalized** organization
- A capable and experienced management team
- Diverse and inclusive culture



- Adaptive to operate at the same speed that Chinese customers work
- Highly agile in product development and launch process



- Global presence and synergy
- Unified customer interface globally
- One Adient operational excellence system



Adient in China – Business overview



We generated

\$4.5B sales revenue in FY2022 1

We employ

~15,000



highly engaged employees including ~900 engineers

We have

3 wholly-owned entities



6 joint ventures

with

~18%



combined share² of the passenger vehicle market

We have



~35 manufacturing locations



global tech centers (Adient Chongqing, CFAA & Keiper)



in **22** cities

Note:

- 1 Includes consolidated and unconsolidated sales
- 2 Market share is based on FY22 mgmt. estimates



Adient in China – Building the optimal footprint



China Footprint - 35 Plants

- O Chongqing O Langfang O Nantong
- O BJA O GAAS O CFAA O FAA O CAA O Keipe
- Tech Center 🖊 China Office



- """"
- Chongqing
- Wuhan
 Changsha
- Nantong
 Changshu
 Hefei
 O
 Shanghai

 Taizhou

 Nanchang
- Nanchang

 Hangzhou

 Taizho

 Nanchang

 GEEL

 COLN

 TAIZHO
- Foshan Suangzhou

- Far-reaching geographic coverage to serve OEMs through both WOFE and JV footprint
- Building a new manufacturing hub in Wuhan to serve new customers
- Upgraded and expanded
 Hefei footprint to support
 EV businesses
- Further optimizing capacity utilization within our footprint

- Wholly-owned Entities
- JV Entities



Adient in China – World-class, fully capable Technical Centers



- Full development capabilities with local innovation, design, prototype/testing, launch support, VAVE, etc.
- World-class team and facilities
- Strong synergy with Adient global TC network
- Global standard and linked engineering systems/process



7Engineering Sites



In **5** Cities



~900Engineers



Technical Center Capability				
Category	Key Capabilities			
Innovation	Innovation			
Industrial Design	Surface design			
Industrial Design	Craftsmanship			
Benchmarking	Benchmarking			
	CS parts design			
	CS integration design			
Dosign	Frame application design			
Design	Frame platform design			
	Headrest / Armrest			
	Core Products			
FEA	FEA			
Dratativas	Metal prototype			
Prototype	CS Prototype			
Tastina	CS Testing			
Testing	Component Testing			
VAVE	VAVE			





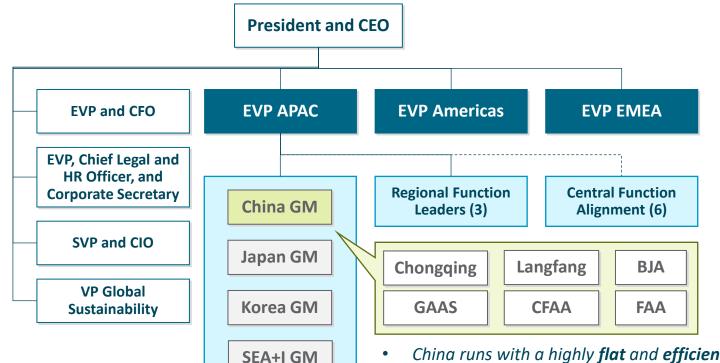


Adient is a global player with regionalized org structure and proven management team in China



- Adient shifted to a more regionalized org structure since 2018 to drive agility and keep pace with local market changes
- Regional leaders hold **full P&L responsibilities**, with **strong autonomy** in customer strategy, innovation, operations and supply chain mgmt. based on global collaboration and alignment
- Adient China has a capable and experienced management team with proven records, which allows us to execute a plan and winning strategy
- Also actively recruit and hire external talent to keep a strong pipeline
 - **7 GMs**, on average with >10 years P&L experience, and >12 years Adient/JCI experience
 - 2 out of 7 GMs are females

Adient champions an inclusive, diverse equitable work culture that celebrates our differences and empowers our people!



- China runs with a highly **flat** and **efficient** org structure
- China GM holds P&L responsibility
- **6 P&L leaders** report to China GM directly



A deep understanding of key China market trends and industry knowledge that are favorable to Adient seating content



20

Ongoing benchmarking activities









Comfort





Floating head rest



Advanced Driver Assistance Systems (ADAS) and safety will continue to add to seating content and opportunity for Adient







Speed, agility and execution are our differentiators to win



We drive forward with agility

Real examples of what we can do:

- Won an OEM full foam business as we were the only seating supplier that could set up a foam line in 3 months through efficient network capacity utilization, compressing tooling lead-time, and committing upfront to move
- Recently established a new footprint, which took us only 12 months from project kick-off to SOP, including program development, plant construction, installation of shipping management system – Execution at extraordinary speed
- Executing at industry leading speed and can develop and launch a new seating program within 15 months vs. 24-36 months

We execute and deliver what we commit

Key figures about our execution performance:

• # of program launches in FY23

62

YTD launch success rate in FY23

>90%

 # of quality related awards received in 2022 19

 Average lead time (months) of our EV programs

Case sharing: A successful growth path of Adient Chongqing



How Adient Chongqing executed our recipe for success

- The first seating supplier to enter NEV sector and started to work with local NEV startups since 2015
- Revenue with NEV startups grew 8 times within 3 years
- Won 15 JIT program awards in FY22 with 70%+ new business
- 63% of the programs that Chongqing Tech Center is working on in FY23 are for EV models
- Develop the right products for China through practical innovation on safety, reconfiguration, connectivity, sustainability and comfort
- Achieved flawless launches for 5 consecutive years ¹
- Received >10 customer and industry awards every year
- Maintained resilience amid supply chain disruptions and COVID-19 lockdowns

- The org behavior has adapted to the needs and mindset of Chinese customers
- Rich experience in co-creating with customers without functional boundaries
- Executed employee engagement and DE&I culture
- Deliver what we committed, even with shorter development time, frequent or late changes and process and product differences
- Provide rapid and prompt responses and service to customers
- Invest in engineering capabilities and capacity our largest Tech Center is in China and will double headcount in 5 years
- Enhanced manufacturing capability and optimized footprint to support business growth

^{1 -} Flawless launch metric as defined by management, including safety, quality, timeliness, and financial metrics

Our attractive and unique business propositions in China



How does our recipe for success and its advantages translate to Adient?

- Scalability
 - Scale our product and production according to market demand while leveraging off the shelf technology and footprint advantage

- Content Growth
 - Focus on increasing product content and vertical integration by leveraging the full value chain in China and local engineering expertise
- **3** Optimized capital allocation
 - Minimize capital investment through maximizing common product designs, leveraging existing footprint to expand into regions, and requesting upfront customer payment for ED&D
- **4** Sound Financial Returns
 - o **Profitable** with strong **cash generation** to self-fund the growth over the market

Adient continues to apply our recipe for success and is well-positioned to capture future growth in China





>\$4.6B new business bookings (program lifetime) in FY23



Forecast volume growth
CAGR in next 5 years beat
market by >2 times



Top 3 player with significant growth of market share



>8 new customers
since FY22

Awarded business from





Maintain industry
leading operating
margin in China



Annual investment in the next 5 years will be **2 times** of past 3 years

In the next phase, Adient also has advantages to serve Chinese OEMs in overseas expansion with our global presence and capability





Adient is well positioned to capture growing exports from China to overseas markets given our global presence, footprint, speed and agility, and product advantages, and our business in China is likely to benefit other regions



Q&A



Appendix

Adient today



Adient is a critical supplier in automotive seating, supplying innovative seat solutions to meet the needs of auto manufacturers today and tomorrow

NYSE: ADNT

FY22 Revenue

~\$14.1B

Consolidated revenue

~\$4.0B

Unconsolidated revenue

Strong and diversified revenue mix:

Passenger car ~25%
Truck ~23%
CUV / SUV ~52%

Adient Lear Toyota Boshoku Magna Other

Americas China Europe / Africa Asia / Pacific

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^{1 -} Inclusive of consolidated and unconsolidated revenues, based on management estimates

We are located where our customers need us most



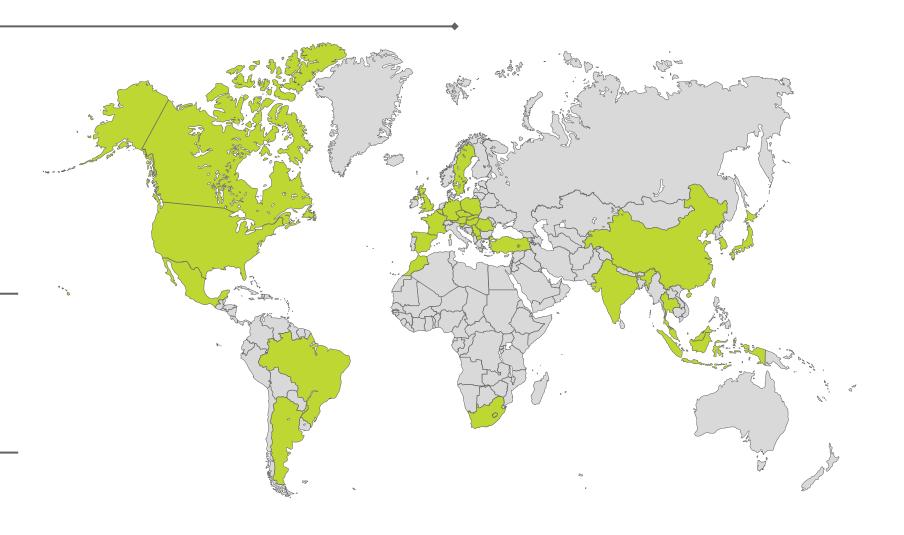
Global locations -

30 countries

200+ manufacturing facilities

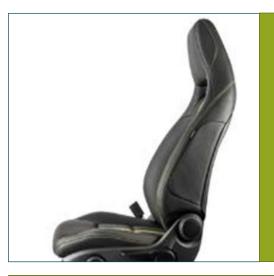
Global employees

70,000+



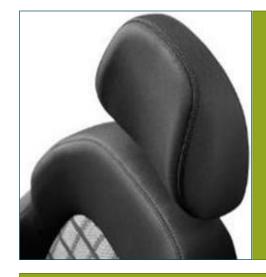
Adient delivers a diverse range of seating products and solutions





COMPLETE SEATS

We are one of the market leaders for complete seat systems, serving every major automaker around the globe, offering smart solutions that provide safety, sustainability, comfort and style. Since design, engineering, manufacturing and assembly all come from a single source, customers can be certain of maximum efficiency and consistently high quality



FOAM

We produce foam for automotive cushions, backrests, head restraints and more. Our expert teams deliver high-quality, high-performance foam formulations that provide passenger comfort and safety

SEAT STRUCTURES AND MECHANISMS

From front and rear seat structures to tracks, recliners, height adjusters, and locks, our products are based on standardized, modular designs, making them compatible with a majority of vehicle makes and models



TRIM

We deliver complete cut-and-sew solutions for seats, armrests and head restraint covers on a just-in-time basis. Our state-of-the-art trim technology and employees' craftsmanship deliver customized, perfectly shaped seat covers for automotive seating



Driving forward with focus on product solutions for today and tomorrow



UltraThin: A new,

Adient China product development capability is strong and in-house

- 3 Global TCs, 7
 engineering sites,
 ~900 engineers
- Full development capabilities from innovation, design, prototype/testing, launch support, VAVE, etc.
- World-class facilities and team
- Strong synergy with Adient global TC network

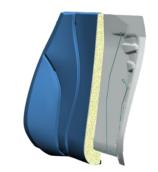


Leather Alternatives: Virtually all OEMs are working to reduce or eliminate leather content to improve sustainability, increase quality, and reduce cost. We are working with customers on plant-based and recycled alternatives, assessing their sustainability impact, cost and fit with customer requirements





Shell Foam™: Adient is ready to answer the call for slim and lightweight seating solutions used in micro cars and electric vehicles



unique seat
construction of
thermoplastic
elastomer (TPE)
panels that offers a
high level of comfort
and support, creating
significant space
savings, component
consolidation and
overall mass
reductions

H2 Green Steel: The steel company will supply fossil-free steel with a low carbon footprint from 2026 on for use Adient's metal products, driving emissions reduction in the material with the most significant CO₂e



Adient has extensive experience working with NEV startups in China



How Adient works with China NEV startups

Innovation and product development

- Focus on innovation for user experience differentiation
- Act as a trusted seating expert through providing leading technologies and creating value for customers
- Deliver with shorter development time, frequent/late changes and different resource investment pattern

> Organization and working process

- Prepare dedicated commercial touchpoint and sufficient engineering resources for in-depth engagement with customers
- Co-work and co-create with customers
- Adapt to 'internet company mindset and high-pressure working style', and provide rapid and timely response / service to customers

> Investment discipline

- Build an assessment framework and choose NEV startups systematically and mitigate potential risks
- Leverage existing footprint and facilities
- Maximize carryover to minimize engineering efforts
- Closely monitor market dynamics and customers' performance

Our collaboration with NIO



2016

 Adient became NIO's first seating supplier partner NIO's first model ES8 delivery

2018

2023

23

2022

• NIO awarded Adient with latest top hat ESI on 7 models

- NIO awarded in total 7 programs to Adient, including "866" and new "775"
- Adient set up 2nd plant in Hefei NIO Park with continuous investment
- Adient has been the preferred seating supplier for NIO since 2016
- Adient works with NIO to capture growing EV opportunity through fast-paced R&D and co-creation on innovation to improve end-user experience



Adient CEO Doug Del Grosso met with NIO mgmt. team at Auto Shanghai 2023



William Li and NIO leadership team attended Adient Tech Show at NIO

Adient is recognized by the industry and customers as the trusted seating expert through continuous business awards and recognition



Industry and customer recognitions

- Adient maintains high customer satisfaction rate in China and each WOFE/JV wins at least one key customer recognition every year
- Adient China won 23 customer awards in FY22 and 10+ awards YTD in FY23
- Adient China received 7 awards in the seating quality category of the J.D. Power China Initial Quality Study (IQS) in 2022

A few key awards received by Adient China YTD in FY23













Adient President and CEO Doug Del Grosso visited China and Shanghai Auto Show in April 2023











"It was great to be back in China to meet with customers, visit our operations and engage with the Adient team face to face.

Visiting the Shanghai auto show reinforced my belief in how important the China market is to Adient.

The product displayed at the show was quite impressive, particularly from the new EV OEMs, and I believe Adient can continue to add value to their seating systems now and into the future."

-- Doug Del Grosso
Adient President and CEO

Non-GAAP financial measurements and pro-forma reconciliations



Adjusted EBIT, Adjusted EBIT margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income attributable to Adient, Adjusted effective tax rate, Adjusted earnings per share, Adjusted equity income, Adjusted interest expense, Free cash flow and Net debt as well as other measures presented on an adjusted basis are not recognized terms under U.S. GAAP and do not purport to be alternatives to the most comparable U.S. GAAP amounts. Since all companies do not use identical calculations, our definition and presentation of these measures may not be comparable to similarly titled measures reported by other companies. Management uses the identified non-GAAP measures to evaluate the operating performance of the Company and its business segments and to forecast future periods. Management believes these non-GAAP measures assist investors and other interested parties in evaluating Adient's on-going operations and provide important supplemental information to management and investors regarding financial and business trends relating to Adient's financial condition and results of operations. Investors should not consider these non-GAAP measures as alternatives to the related GAAP measures. Reconciliations of non-GAAP measures to their closest U.S. GAAP equivalent are presented below. Reconciliations of non-GAAP measures related to guidance for any future period have not been provided due to the unreasonable efforts it would take to provide such reconciliations.

Adjusted EBIT is defined as income before income taxes and noncontrolling interests excluding net financing charges, restructuring, impairment and related costs, purchase accounting amortization, transaction gains/losses, other significant non-recurring items, and net mark-to-market adjustments on pension and postretirement plans. Adjusted EBIT margin is adjusted EBIT as a percentage of net sales.

Adjusted EBITDA is defined as adjusted EBIT excluding depreciation and stock based compensation. Certain corporate-related costs are not allocated to the business segments in determining Adjusted EBITDA. Adjusted EBITDA margin is adjusted EBITDA as a percentage of net sales. Adjusted EBITDA excluding adjusted equity income, each as defined herein, is also presented.

Adjusted net income attributable to Adient is defined as net income attributable to Adient excluding restructuring, impairment and related costs, purchase accounting amortization, transaction gains/losses, expenses associated with becoming an independent company, other significant non-recurring items, net mark-to-market adjustments on pension and postretirement plans, the tax impact of these items and other discrete tax charges/benefits.

Adjusted effective tax rate is defined as adjusted income tax provision as a percentage of adjusted income before income taxes.

Adjusted earnings per share is defined as Adjusted net income attributable to Adient divided by diluted weighted average shares.

Adjusted equity income is defined as equity income excluding amortization of Adient's intangible assets related to its non-consolidated joint ventures and other unusual or one-time items impacting equity income.

Adjusted interest expense is defined as net financing charges excluding unusual or one-time items impacting interest expense.

Free cash flow is defined as cash provided by operating activities less capital expenditures.

Net debt is calculated as gross debt (short-term and long-term) less cash and cash equivalents.

Non-GAAP Reconciliations - EBIT, Adj.-EBIT, Adj.-EBITDA, Adj.-Equity Income, Net Debt

AD	IENT

	Three months ended March 31					
		2023			2022	
(in \$ millions)	GAAP	Adj.	Adjusted	GAAP	Adj.	Adjusted
Net sales	\$ 3,912	\$ -	\$ 3,912	\$ 3,506	\$ -	\$ 3,506
Cost of sales (1)	3,662	-	3,662	3,328	-	3,328
Gross profit	250	-	250	178	-	178
Selling, general and administrative expenses (2)	141	(13)	128	135	(19)	116
Restructuring and impairment costs ⁽³⁾	17	(17)	-	4	(4)	-
Equity income (loss) (4)	4	8	12	7	10	17
Earnings (loss) before interest and income taxes (EBIT)	\$ 96	38	\$ 134	\$ 46	33	\$ 79
Ebit margin:	2.5%		3.4%	1.3%		2.3%
Ebit margin excluding Equity Income:	2.4%		3.1%	1.1%		1.8%
NM = Not Meaningful						
Memo accounts:						
Depreciation			71			76
Stock based compensation costs			10			4
Adjusted EBITDA			\$ 215			\$ 159
Adjusted EBITDA margin:			5.5% 5.2%			4.5% 4.1%
Adjusted EBITDA margin excluding Equity Income:		Th	ree months	anded March	31	4.1%
		2023	Tee months o	enaea wiarei	2022	
Restructuring related charges		\$ (1)	_		\$ (2)	
Brazil indirect tax recoveries		1			1	
Insurance recoveries for Malaysia flooding		-			1	
¹ Cost of sales adjustment		\$ -			\$ -	
Purchase accounting amortization		\$ (13)	-		\$ (13)	
Transaction costs		(1)			(2)	
Restructuring related charges		1			-	
Write off of accounts receivable associated with Russia		-			(1)	
Loss on finalization of asset sale in Turkey		-			(2)	
² Selling, general and administrative adjustment		\$ (13)			\$ (19)	
Restructuring charges		\$ (17)			\$ (2)	
Impairment charge associated with Russian operations		-			(2)	
³ Restructuring and impairment costs		\$ (17)			\$ (4)	
Impairment of interests in nonconsolidated partially owned affiliates		\$ 7			\$ 9	
Restructuring related charges		-			1	
Purchase accounting amortization		1			-	
A			1			

Net Debt

(in \$ millions)	N	/larch 31 2023	Sep	tember 30 2022
Cash	\$	826	\$	947
Total Debt		2,533		2,578
Net Debt	\$	1,707	\$	1,631

⁴ Equity income adjustment

Segment Performance



Net Sales Adjusted EBITDA Adjusted Equity Income Depreciation Capex

Q1 2022					
Americas	EMEA	АР	Corporate/ Eliminations	Consolidated	
1,498	1,230	784	(32)	3,480	
9	43	114	(20)	146	
(1)	(1)	36	-	34	
31	31	13	-	75	
23	24	13	-	60	

Q1 2023				
Americas	EMEA	АР	Corporate/ Eliminations	Consolidated
1,724	1,182	821	(28)	3,699
69	28	138	(23)	212
1	3	23	-	27
34	25	10	-	69
37	14	10	-	61

Net Sales Adjusted EBITDA Adjusted Equity Income Depreciation Capex

Q2 2022						
Americas	EMEA	АР	Corporate/ Eliminations	Consolidated		
1,596	1,218	723	(31)	3,506		
46	30	105	(22)	159		
1	-	16	-	17		
32	31	13	-	76		
27	18	12	-	57		

		Q2 2023		
Americas	EMEA	АР	Corporate/ Eliminations	Consolidated
1,761	1,401	774	(24)	3,912
72	53	113	(23)	215
1	3	8	-	12
32	27	12	-	71
26	19	11	-	56

Net Sales
Adjusted EBITDA
Adjusted Equity Income
Depreciation
Capex

		YTD 2022		
Americas	EMEA	АР	Corporate/ Eliminations	Consolidated
3,094	2,448	1,507	(63)	6,986
55	73	219	(42)	305
-	(1)	52	-	51
63	62	26	-	151
50	42	25	-	117

YTD 2023				
Americas	EMEA	АР	Corporate/	Consolidated
3,485	2,583	1,595	Eliminations (52)	7,611
141	81	251	(46)	427
2	6	31	-	39
66	52	22	-	140
63	33	21	-	117