Registered Number: 121385

Adient Global Holdings Ltd
Annual report and financial statements for the year ended 30 September 2020

Adient Global Holdings Ltd

Annual report and financial statements for the year ended 30 September 2020

Contents **Page(s)**

Adient Global Holdings Ltd

Directors' report for the year ended 30 September 2020

The directors present their report and financial statements for the year ended 30 September 2020.

Principal activities
The Statement of comprehensive income for the year is set out on page 10. The principal activity of the Company is that of a holding and financing Company for the Adient Plc group and its subsidiaries ("Adient").

Adient is a global leader in the automotive seating supply industry with leading market positions in the Americas, Europe and China and maintains longstanding relationships with the largest global automotive original equipment manufacturers (OEMs). Adient's proprietary technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests and trim covers. Adient is a global seat supplier with the capability to design, develop, engineer, manufacture, and deliver complete seat systems and components in every major automotive producing region in the world.

Adient designs, manufactures and markets a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient operates in 202 wholly- and majority-owned manufacturing or assembly facilities, with operations in 32 countries. Additionally, Adient has partially-owned affiliates in China, Asia, Europe and North America.

Adient's business model is focused on developing and maintaining long-term customer relationships, which allows Adient to successfully grow with leading global OEMs. Adient and its engineers work closely with customers as vehicle platforms are developed, which results in close ties with key decision makers at OEM customers.

Directors' responsibilities statement

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable Jersey law and United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law, 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report for the year ended 30 September 2020 (cont'd)

Directors
The directors during the year and to the date of this report, unless otherwise stated, were as follows:

C Ebacher	(resigned 18 November 2019)
M Flanagan	
M Skonieczny	(resigned 4 October 2019)
S Mielke	(resigned 18 November 2019)
M Hicks	
G Smith	(appointed 5 October 2019)
P Rotman II	(appointed 18 November 2019)
C Schmidt	(appointed 18 November 2019)

None of the directors hold any interest in the shares of the Company.

Results for the year
During the year the Company made a loss after tax of $1,955,919,000 (2019: profit after tax of $664,844,000). This loss has been debited to reserves. The loss after tax is primarily driven by the impairment to the carrying value of the Investments held by the Company.

The Company has net assets of $3,576,644,000 (2019: $4,347,739,000).

In September 2020, as a result of an internal restructuring of the Adient plc group, the company received a capital contribution of $1,184,824,000 (2019: $5,270,000) in the form of the entire share capital of Adient Automotive Hong Kong Limited from Adient Global Holdings Luxembourg S.a.r.l.

The directors have assessed the carrying value of the investments held by the Company. They believe it appropriate to impair the investments by $3,297,165,000 (2019: $747,092,000) to reflect a change in market conditions (see note 12).

Going concern
These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet all its obligations as and when they fall due for the foreseeable future.

The Company meets its day to day working capital requirements through intercompany funding from the Adient plc group of companies. Whilst recent economic conditions have continued to create uncertainty over the level of demand for the Adient group's products, including those of the Company's Investments, as a holding company the potential impact of the COVID-19 outbreak on the Company's operations is minimal (see note 18 for further information).

The Group has confirmed that it will support the Company if necessary.
With this support in place, covering the period at least until 1 September 2022, and after assessing and gaining comfort of the Group's ability to provide the support if required, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Risks and uncertainties relating to COVID-19
The impact of the novel strain of the coronavirus identified in late 2019 ("COVID-19") has grown throughout the world, including in all global and regional markets served by Adient. A detailed description of this, including the implications on the Adient group, to which this Company is a holding and financing company, can be found in note 18.

Adient Global Holdings Ltd

Directors' report for the year ended 30 September 2020 (cont'd)

Events after the Balance sheet date

On 8 September 2020, the Company received a dividend of $72,028,000 from Adient UK Financing International Ltd. However, due to an administrative error, the required documentation necessary to make this a lawful distribution was not filed with Companies House prior to making the distribution. The directors of Adient UK Financing International Ltd have taken external legal advice that the position can be rectified. A resolution was executed on 10 March 2021 to rectify the error. As a result of this being unlawful, the dividend income received has been restricted for the amount of $72,028,000 which has been reflected in the current year financial statements (see note 5).

As a result of this being unlawful, the Company has an obligation to repay these amounts to Adient UK Financing International Ltd for the value of the distributed assets. Please refer to Note 19 for further details.

Receipt of unlawful dividend
In the current year the Company received cash dividends of $1,095,800,000 from Adient Automotive Ireland Ltd and €367,587,000 from Adient International Ireland Ltd.

However, it was subsequently noted that Adient Automotive Ireland Ltd and Adient International Ireland Ltd. had insufficient distributable reserves, as required, to make these distributions which were therefore unlawful.

As a result of external legal advice taken the cash dividends of $1,095,800,000 and €367,587,000 were restricted for the amount of $7,000 and €294,000 ($345,000) respectively by which the distribution exceeded the distributable reserves available to make the distribution. The Company has an obligation to repay these amounts and the effects of the correction of the unlawful dividend have been reflected in the current year financial statements. This is recorded by way of an amount owed to group undertakings, for the value of the restricted distributions (see note 5).

Dividends
In the current year no dividends were declared or paid (2019: nil).

Secretary
The secretary of the Company during the year ended 30 September 2020 and subsequently was IQ EQ Secretaries (Jersey) Ltd.

Independent auditors
The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

Registered office
2nd Floor, Gaspe House, 66-72 Esplanade, St Helier, Jersey, JE1 1GH.

On behalf of the board

Gregory S Smith

G Smith
Director

2 September 2021

Adient Global Holdings Ltd

Independent auditors' report to the members of Adient Global Holdings Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Adient Global Holdings Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 30 September 2020; the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Overall materiality: $70,675,000 (2019: $84,849,000), based on 1% of Total Assets.

A full scope audit of the Company was performed.

Impairment of Investments
Impact of Covid-19
Receipt of unlawful dividends from group undertakings

Independent auditors' report to the members of Adient Global Holdings Ltd (cont'd)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Impairment of Investments Refer to page 20 (Note 12, Investments) The Company owns Investments with a carrying value of \$5.8bn (FY19: \$7.9bn) in the Adient plc group. Under FRS 102, an impairment review is required when there is an indication of potential impairment. A value-in-use assessment of relevant groups of income generating units for impairment testing purposes is determined at the group level using calculations of cash flow projections from the financial plans approved by the Board. These calculations involve the use of estimates including projected future cashflows and other future events. During the current year, this indicated no impairment at the Adient group level. In order, to perform the impairment assessment at the statutory entity level, for trading and non-trading subsidiaries the recoverable net assets form the relevant fair value basis of management's valuation. In conclusion an impairment of \$3.3bn (FY19: \$0.7bn) has been posted in the year ended 30 September 2020 to reduce the carrying value of Investments to their estimated recoverable amounts.	We have obtained management's impairment assessment for Investments at 30 September 2020 and have assessed the reasonableness of the methodology applied. We have performed an assessment of key assumptions including future cash flows, discount rates, growth rates (where applicable) and the underlying Investment net assets. We have obtained Group management's impairment assessment for Adient plc for the year ended 30 September 2020. We have checked that the impairment approach is consistent and reviewed the latest group forecasts used in the model. We tested the integrity and mathematical accuracy of supporting calculations and have agreed key inputs to supporting evidence. Where applicable we performed sensitivity analysis over key assumptions included within the model to assess the impact of a deterioration in any of the key assumptions. Based on our audit procedures performed, we found the methodology and assumptions used in the 30 September 2020 impairment assessment to be reasonable and concur with the impairment recorded. We have read the disclosures included in the financial statements, Critical accounting judgements and estimation uncertainty in Note 4 and Investments in Note 12 and found these to be reasonable.
Impact of Covid-19 Refer to page 2 (Directors' report) and page 24 (Note 18, Risks and uncertainties relating to Covid-19) The Adient group have experienced the shutdown of facilities in the American, European and Asian regions coinciding with the shutdown of customer facilities in those regions from March 2020.	We have reviewed the disclosures made in respect of COVID-19 and are satisfied that they are sufficient and consistent with procedures performed.

Key audit matter	*How our audit addressed the key audit matter*
Management have taken precautionary action throughout the Adient group to respond to the short-term impact of the pandemic including implementing strict travel restrictions, enforcing rigorous hygiene protocols and implementing remote working arrangements for the vast majority of employees who work outside the plants. Management have disclosed the risks and uncertainties as a result of COVID-19 for the year ended 30 September 2020. They have discussed the impact on the financial performance of the group and considered areas of specific implication such as Investment impairments, as disclosed in Note 18. In regard to Going Concern, the Company has received, and the Directors have relied upon a Letter of Support from the ultimate parent company, Adient plc, in concluding it is appropriate to prepare the financial statements on a going concern basis.	We have considered the risk of potential future impairment to the underlying Investment value within the Company if the carrying values of the Investments are no longer supported by the Investments recoverable amount. Please refer to the Key Audit Matter, regarding “Impairment of Investments” for further details. We have considered the impact on the business’, financial condition and longer-term financial or operational results being uncertain, specifically including Going Concern. We have assessed the basis for management to rely on the Letter of Support from Adient plc. In auditing this position we have obtained managements Going Concern paper from a group perspective which assessed the ability of the Adient group to continue as a Going Concern. In reviewing this we have understood the Groups current financial condition, conditional and unconditional obligations, funds necessary to maintain operations and other adverse conditions. In this, we have enquired of the potential impact of COVID-19 on the wider group and challenged key assumptions regarding forecast cashflows and liquidity within the group. We have assessed the reasonableness of sensitivities to downside performance scenarios modelled by group management and considered the ability of the group to distribute cash to the Company to meet its liabilities as they fall due. As part of this work we have noted that the Q3 consolidated financials for Adient plc published on 5 August 2021 have been presented on a Going Concern basis. We have gained an update on the performance and position of the group since this date to the date of signing the Company financial statements and any significant changes or events to the group since 5 August 2021 that could change the conclusion to that reached on the Q3 financials. We are comfortable that the facilities available at the group level are sufficient to support that there is not a material uncertainty for the group to continue as a going concern for the foreseeable future and therefore we have concluded it is reasonable for the directors of Adient Global Holdings Ltd to rely on the Letter of Support from Adient plc. Our conclusions are detailed in the 'conclusions relating to going concern' section below.
Receipt of unlawful dividends from group undertakings Refer to pages 16 and 17 (Note 5, Income from Investments) and page 26 (Note 19, Events after the Balance sheet date) During the current year, the Company received a dividend from a subsidiary undertaking. However, due to an administrative error, the required documentation necessary to make this a lawful distribution was not filed with Companies House prior to making the distribution.	We have obtained and read the external legal advice obtained by management to rectify the position and assessed the appropriateness of the advice received. We found the advice and rectification of the position to be appropriate.

Key audit matter	How our audit addressed the key audit matter
As a result of this being unlawful, the Company is under an obligation to repay these amounts to the subsidiary undertaking for the value of the distributed assets. Subsequent to the period end the required capital reduction and distributable reserves of the subsidiary have been established. The directors of the subsidiary undertaking have taken external legal advice that the position can be rectified. A resolution was executed on 10 March 2021 to rectify the error. In addition, the Company received cash dividends in the year from two further subsidiary undertakings. However, it was subsequently noted that these subsidiary undertakings had insufficient distributable reserves to make theses distributions which were therefore unlawful. As a result of external legal advice taken the cash dividends recognised in the Company have been restricted for the amounts by which the distribution exceeded the distributable reserves available to make the distribution. The Company has an obligation to repay these amounts and the effects of the correction of the unlawful dividend have been reflected in the current year financial statements. This is recorded by way of an amount owed to group undertakings, for the value of the restricted distributions.	We have confirmed that as at the year end date, the Company has appropriately presented the restricted dividend as amounts owed to group undertakings within the notes to the financial statements. We have confirmed that the appropriate capital reduction documentation of the subsidiary has been filed with Companies House post year-end. We have read the disclosures included in the financial statements, in respect of the unlawful dividends received in Note 5 and found these to be reasonable.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	$70,675,000 (2019: $84,849,000).
How we determined it	1% of Total Assets.
Rationale for benchmark applied	The Company is a holding company and therefore does not trade. As such Total Assets are deemed to be the appropriate benchmark amount as the entity is not profit-driven nor is their performance measured against this.

We agreed with the directors that we would report to them misstatements identified during our audit above $3,533,000 (2019: $4,242,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Adient Global Holdings Ltd (cont'd)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Adient Global Holdings Ltd (cont'd)

Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Julian Gray

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
Southampton
2 September 2021

Adient Global Holdings Ltd

Statement of comprehensive income for the year ended 30 September 2020

	Note	2020 $'000	2019 $'000
Administrative expenses		**(556)**	(1,004)
Income from Investments	**5**	**2,215,583**	1,595,023
Loss on disposal of Investments	**6**	**(718,454)**	(20,007)
Impairment of Investments	**12**	**(3,297,165)**	(747,092)
Interest receivable and similar income	**7**	**39,932**	91,856
Interest payable and similar expenses	**8**	**(189,465)**	(216,507)
Other finance charges		**(669)**	(19,099)
(Loss)/profit before taxation	**10**	**(1,950,794)**	683,170
Tax on (loss)/profit	**11**	**(5,125)**	(18,326)
(Loss)/profit for the financial year and total comprehensive (expense)/income		**(1,955,919)**	664,844

All amounts relate to continuing operations.

Adient Global Holdings Ltd

Balance sheet as at 30 September 2020

	Note	2020 $'000	2019 $'000
Fixed assets			
Investments	**12**	**5,776,724**	7,869,072
		5,776,724	7,869,072
Current assets			
Debtors (including $985,268,000 (2019: $921,431,687 due after more than one year)	**13**	**1,003,950**	948,851
Cash at bank		**286,844**	-
		1,290,794	948,851
Creditors – amounts falling due within one year	**14**	**(485,149)**	(1,164,988)
Net current assets/(liabilities)		**805,645**	(216,137)
Total assets less current liabilities		**6,582,369**	7,652,935
Creditors – amounts falling due after more than one year	**15**	**(3,005,725)**	(3,305,196)
Net assets		**3,576,644**	4,347,739
Capital and reserves			
Called up share capital	**16**	**-**	-
Share premium account		**6,617,811**	6,617,811
Other reserves		**1,196,369**	11,545
Accumulated losses		**(4,237,536)**	(2,281,617)
Total equity		**3,576,644**	4,347,739

The notes on pages 13 to 26 form an integral part of these financial statements.

The financial statements on pages 10 to 26 were approved by the Board of Directors on 2 September 2021 and were signed on its behalf by:

G Smith
Director
Adient Global Holdings Ltd
Registered number: 121385

Adient Global Holdings Ltd

Statement of changes in equity for the year ended 30 September 2020

	Called up share capital $'000	Share premium account $'000	Other reserves $'000	Accumulated losses $'000	Total $'000
Balance at 1 October 2018	-	6,617,811	6,275	(2,946,461)	3,677,625
Additional paid in capital	-	-	5,270	-	**5,270**
Profit for the financial year and total comprehensive income	-	-	-	664,844	**664,844**
Balance at 30 September 2019 and 1 October 2019	**-**	**6,617,811**	**11,545**	**(2,281,617)**	**4,347,739**
Additional paid in capital	-	-	1,184,824	-	**1,184,824**
Loss for the financial year and total comprehensive expense	-	-	-	(1,955,919)	**(1,955,919)**
Balance at 30 September 2020	**-**	**6,617,811**	**1,196,369**	**(4,237,536)**	**3,576,644**

Accumulated losses represent accumulated comprehensive income and expense for the year.

In September 2020, as a result of an internal restructuring of the Adient plc group, the Company received a capital contribution of $1,184,824,000 (2019: $5,270,000) in the form of the entire share capital of Adient Automotive Hong Kong Limited from Adient Global Holdings Luxembourg S.a.r.l.

Notes to the financial statements for the year ended 30 September 2020

1 General information

Adient Global Holdings Ltd ("the Company") is a public Company limited by shares incorporated in Jersey and resident in the United Kingdom for tax purposes. The registered office is located at 2nd Floor, Gaspe House, 66-72 Esplanade, St Helier, Jersey, JE1 1GH.

2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and in accordance with the Companies (Jersey) Law 1991.

3 Summary of significant accounting policies

The principal accounting policies which have been applied consistently throughout the financial year and prior year are disclosed below.

Basis of preparation
These financial statements are prepared on a going concern basis under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant in these financial statements are disclosed in note 4.

Reduced disclosures
In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements on the basis that the information is provided in the consolidated financial statements of Adient Plc, which is registered in Ireland and which itself prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 17;

Section 7 'Statement of Cash Flows'
Presentation of a Statement of Cash Flow and related notes and disclosures as required by paragraph 3.17(d) of FRS 102;

Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues'
Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in the statement of comprehensive income as required by paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A of FRS 102; and

Section 33 'Related Party Disclosures'
Compensation for key management personnel as required by paragraph 33.7 of FRS 102.

Group financial statements
The Company is not required to deliver consolidated financial statements. The Company is a subsidiary undertaking of Adient Plc, which is registered in Ireland and which itself prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 17.

3 Summary of significant accounting policies (cont'd)

Group financial statements (cont'd) Accordingly, consolidated financial statements have not been prepared and the financial information presented for the current year is for the Company's separate financial statements.

Going concern
These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet all its obligations as and when they fall due for the foreseeable future.

The Company meets its day to day working capital requirements through intercompany funding from the Adient plc group of companies. Whilst recent economic conditions have continued to create uncertainty over the level of demand for the Adient group's products, including those of the Company's Investments, as a holding company the potential impact of the COVID-19 outbreak on the Company's operations is minimal (see note 18 for further information).

The Group has confirmed that it will support the Company if necessary.
With this support in place, covering the period at least until 1 September 2022, and after assessing and gaining comfort of the Group's ability to provide the support if required, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Functional and presentational currency
The currency of the primary economic environment in which the Company operates is the US dollar ($). These financial statements are also presented in US dollars.

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are expressed in US dollars at rates ruling at the balance sheet date. Income and expenditure denominated in foreign currencies has been translated into US dollar at the rates ruling at the time of the transaction. All differences on exchange are taken to the statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Taxation
Current tax is provided on taxable profits for the year and is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Tax deferred or accelerated as a result of timing differences between the treatment of certain items for taxation and for accounting purposes is provided in full. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred asset can be recovered in future periods.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Related party transactions
The Company discloses transactions with related parties which are not wholly owned within the same Group.

3 Summary of significant accounting policies (cont'd)

Investments
Investments are stated at cost plus incidental expenses less provisions for impairment in value. The Company reviews the carrying value of investments when there has been an indication of potential impairment. If it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the statement of comprehensive income. See note 4 for the details of current year estimates.

Cash and cash equivalents
Cash and cash equivalents includes cash at bank and in hand. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Financial instruments

Financial assets
Basic financial assets, including cash and cash equivalents and loans to fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest rate method and are assessed annually for evidence of impairment. Any impairment loss or reversal of an impairment loss is recognised in the statement of comprehensive income.

Financial liabilities
Basic financial liabilities, including bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Such debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle or to realise the asset and settle the liability simultaneously.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Capital contributions
Capital contributions received by the Company are treated as an increase in equity.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 Critical accounting judgements and estimation uncertainty (cont'd)

Impairment review of Investments
The Company makes judgements, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management consider whether any of its Investments are impaired.

As per the accounting policy, Investments are reviewed for indicators of impairment. A value-in-use assessment of relevant groups of income generating units for impairment testing purposes is determined at the group level using calculations of cash flow projections from the financial plans approved by the Board. These calculations involve the use of estimates including projected future cashflows and other future events. During the current year, this indicated no impairment at the Adient group level. In order, to perform the impairment assessment at the statutory entity level, for trading and non-trading subsidiaries the recoverable net assets form the relevant fair value basis of our valuation.

If an Investment is impaired, the value is written down to the recoverable amount and the impairment loss is recognised in the Statement of comprehensive income. The current year assessment has resulted in an impairment loss of $3,297,165,000 over a number of individual investments (2019: $747,092,000).

5 Income from Investments

	2020 $'000	2019 $'000
Cash dividends received from Investments	**2,287,963**	1,595,023
Restriction in dividend received – amount included within amounts owed to group undertakings	**(72,028)**	-
Partial restriction in dividend received – amount included within amounts owed to group undertakings	**(352)**	-
	2,215,583	1,595,023

In the current year, the Company received dividends of, $48,129,099 from Adient & Summit Corporation Ltd., RUB 53,170,500 ($829,578) from Adient Automotive d.o.o Loznica, EUR 16,000,000 ($17,633,574) from Adient Seating Slovakia s.r.o. MXN 8,899,665,000 ($473,608,125) and MXN 76,716,000 ($3,476,188) from Adient Financing Ltd, $25,602,831 from Adient US Enterprises LP, EUR 1,173,595 ($1,291,539) from Adient Innotec Metal Technologies s.r.o, JPY 3,188,607,000 ($30,470,706) from Adient Financing International Ltd, $1,095,800,000 from Adient Automotive Ireland Ltd, EUR 33,262,070 ($36,172,510) and CZK 643,149,728 ($25,775,275), $1,800,000 from Adient Luxembourg Corporate Finance S.a.r.l, $40,970,879 from Adient Engineering and IP GmbH, EUR 367,586,089 ($412,503,607) from Adient International Ireland Ltd and RUB 147,852,000 ($1,871,793) from Adient Seating Limited Liability Company.

On 8 September 2020, the Company received a dividend of $72,028,000 from Adient UK Financing International Ltd. However, due to an administrative error, the required documentation necessary to make this a lawful distribution was not filed with Companies House prior to making the distribution. As a result of this being unlawful, the Company is under an obligation to repay these amounts to Adient UK

5 Income from Investments (cont'd)

Financing International Ltd for the value of the distributed assets (see note 14). Subsequent to the period end the capital reduction and the required distributable reserves have been created. The directors of Adient UK Financing International Ltd have taken external legal advice that the position can be rectified. A resolution was executed on 10 March 2021 to rectify the error. As a result of the resolution, the restricted Dividend Income will be released to the Statement of comprehensive income in the next financial year.

In the current year the Company received cash dividends of $1,095,800,000 from Adient Automotive Ireland Ltd and €367,586,089 from Adient International Ireland Ltd. However, it was subsequently noted that Adient Automotive Ireland Ltd and Adient International Ireland Ltd had insufficient distributable reserves, as required, to make theses distributions which were therefore unlawful.

As a result of external legal advice taken the cash dividends of $1,095,800,000 and €367,587,000 were restricted for the amount of $7,000 and €294,000 ($345,000) respectively by which the distribution exceeded the distributable reserves available to make the distribution. The Company has an obligation to repay these amounts and the effects of the correction of the unlawful dividend have been reflected in the current year financial statements. This is recorded by way of an amount owed to group undertakings, for the value of the restricted distributions.

In the prior year, the Company received a dividend of MXN 8,387,654,074 ($416,914,569) from Adient Financing Ltd, $70,000,000 from Adient Financial Luxembourg S.à r.l, THB 720,598,032 ($21,912,000) from Adient & Summit Corporation Ltd., $600,000,000 from Adient Holding Ireland LLC, RSD 185,783,000 ($1,801,801) from Adient Seating d.o.o., $44,481,746 from Adient Holding International Ireland LLC, $3,601,931 from Adient Interiors Holding Luxembourg SCS, ZAR 58,000,000 ($4,340,375) from Adient Holding South Africa LLC, $159,860,000 from Adient Luxembourg Asia Holding S.a.r.l., $65,797,886 from Adient Ltd., $174,700,000 from Adient Luxembourg China Holding S.a.r.l., EUR 240,527 ($270,088) from Adient Innotec Metal Technologies s.r.o. and THB 1,038,622,380 ($31,342,338) from Adient (Thailand) Co., Ltd.

6 Loss on disposal of Investments

	2020 $'000	2019 $'000
Loss on disposal of Investments	**(718,454)**	(20,007)

During the year, the Company disposed of Adient Seating Slovakia s.r.o., for $15,215,000 resulting in a loss on disposal of $665,000. The Company disposed of Adient International Joint Stock Company resulting in a loss on disposal of $8,858,000. The Company disposed of Adient Holding Ireland LLC for $1,077,799,000 resulting in a loss on disposal of $632,323,000. The Company disposed of Adient Holding International Ireland for $408,279,000 resulting in a loss on disposal of $76,608,000.

In the prior year, the Company disposed of Adient Mexico Automotriz S. de R.L. de C.V. for $0.05 resulting in a loss on disposal of $10,635,000 and the Company disposed of Ensamble de Interiores Automotices Mexico S. de R.L. de C.V. for $86,636,000 resulting in a loss of $9,372,000

Notes to the financial statements for the year ended 30 September 2020 (cont'd)

7 Interest receivable and similar income

	2020 $'000	2019 $'000
Bank interest	**473**	59
Interest receivable from group undertakings	**36,624**	63,095
Total interest income on financial assets not measured at fair value through profit and loss	**37,097**	63,154
Gains on derivative financial instruments	**2,835**	5,754
Net foreign exchange gains on financing activity	**-**	22,948
Total interest receivable and similar income	**39,932**	91,856

8 Interest payable and similar expenses

	2020 $'000	2019 $'000
Bank interest	**18,898**	30,601
Interest payable to group undertakings	**69,072**	67,780
Interest on external debt (as disclosed in note 15)	**82,855**	118,126
Net foreign exchange losses on financing activity	**18,640**	-
Total interest payable and similar expenses	**189,465**	216,507

9 Directors and employees

The directors received no remuneration in respect of their services to the Company during the year (2019: nil) as their services as directors of the Company were incidental to their other services within the Adient Plc group of companies and a reasonable allocation of costs cannot be made. Directors' remuneration costs are borne by other members of the Adient Plc group of companies. The average monthly number of employees, excluding directors, is nil (2019: nil).

10 (Loss)/profit before taxation

	2020 $'000	2019 $'000
(Loss)/profit before taxation is stated after charging		
Auditors' remuneration		
- audit services for the Company	**45**	43

The amount paid to the Company's auditors for non-audit fees during the year was $nil (2019: $nil)

All material items in arriving to loss before taxation are disclosed in the Statement of comprehensive income.

Adient Global Holdings Ltd

Notes to the financial statements for the year ended 30 September 2020 (cont'd)

11 Tax on (loss)/profit

	2020 $'000	2019 $'000
Current tax		
Withholding tax	**5,125**	5,448
Total current tax	**5,125**	5,448
Deferred tax		
Adjustment to derecognise deferred tax asset	**-**	13,019
Prior year adjustment	**-**	(141)
Total deferred tax	**-**	12,878
Total tax on (loss)/profit	**5,125**	18,326

Factors affecting the tax charge/(credit) for the year
The Company is a resident in the UK for tax purposes. The tax assessed for the year is higher (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: standard rate of 19%) for the year ended 30 September 2020. The differences are explained below:

	2020 $'000	2019 $'000
(Loss)/profit before taxation	**(1,950,794)**	683,170
(Loss)/profit multiplied by standard rate of corporation tax of 19% (2019: standard rate of 19%)	**(370,651)**	129,802
Effects of:		
Expenses not deductible for tax purposes	**125,623**	3,862
Impairment of Investments	**624,198**	141,947
Income not subject to tax	**(420,605)**	(307,551)
Chargeable gains/(losses)	**15,885**	-
Group relief surrendered for nil consideration	**8,613**	18,298
Foreign branch income	**38**	31
Withholding tax	**5,125**	5,448
Adjustment to tax charge in respect of previous periods	**-**	(141)
Adjustment to tax charge in respect of previous periods – deferred tax not recognised	**-**	13,019
Deferred tax not recognised	**16,899**	12,179
Differences in tax rates between current tax and deferred tax on timing differences	**-**	1,432
Total tax charge	**5,125**	18,326

Notes to the financial statements for the year ended 30 September 2020 (cont'd)

11 Tax on (loss)/profit (cont'd)

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be immaterial to the financial statements.

12 Investments

	$'000
Cost	
At 1 October 2019	**8,980,362**
Additions	3,436,967
Disposals	(2,244,063)
As 30 September 2020	**10,173,266**
Provision for impairment	
At 1 October 2019	**(1,111,290)**
Impairment in year	**(3,297,165)**
Disposals	**11,913**
At 30 September 2020	**(4,396,542)**
Net book value	
At 30 September 2020	**5,776,724**
At 30 September 2019	7,869,072

During the current year, the Company underwent an internal restructuring ('the restructuring').

As part of the restructuring, two subsidiary undertakings of the Company, Adient Holding International Ireland LLC and Adient Holding Ireland LLC were liquidated with total carrying values of $496,800,000 and $1,710,121,000 respectively. This resulted in a loss on disposal of $88,521,000 and $632,323,000 respectively (see note 6).

The Company disposed of other subsidiary undertakings during the year with a combined carrying value of $37,142,000. This resulted in a loss on disposal of $9,523,000 (see note 6).

As part of the restructuring total Additions in the year comprise of the following:

As a result of the aforementioned liquidations, the Company has recorded an addition to Investments in respect of the Investments held in Adient Automotive Ireland Limited and Adient International Ireland Limited by the liquidated entities. The carrying value of the Investments has been recognised at a fair value of $1,077,799,000 and $408,279,000 respectively.

The Company borrowed €367,586,089 ($412,504,000) from the group cash pool and made a capital contribution to Adient UK Financing Ltd using the proceeds from the group cash pool. This has been recognised as an increase in the Investment value.

12 Investments (cont'd)

The Company received a capital contribution of $1,184,824,000 (2019: $5,270,000) in the form of the entire share capital of Adient Automotive Hong Kong Limited from Adient Global Holdings Luxembourg S.a.r.l. This has been recognised as an increase in the Investment value.

In February 2020, the Company increased its Investment in Adient Mexico Holding, S. de C.V. by MXN$6,277,861,000 ($334,085,000).

The Company made additions of other subsidiary undertakings during the year with a combined carrying value of $19,477,000.

The directors have assessed the carrying value of the investments held by the Company. They believe it appropriate to impair the investments by $3,297,165,000 (2019: $747,092,000) to reflect a change in market conditions.

13 Debtors

	2020	2019
	$'000	$'000
Amounts owed by group undertakings (including $985,268,000 (2019: $921,431,687) due after more than one year)	**1,003,490**	935,040
Other debtors	**460**	1,280
Derivative financial instrument	**-**	12,531
	1,003,950	948,851

Amounts owed by group undertakings include loans of $33,331,687, $10,300,000 and $3,000,000 (2019: $33,331,687, $10,300,000 and $3,000,000) which were due to mature on 1 October 2020 bearing an interest rate of 10.000%. All the aforementioned agreements were further extended during the year to mature on 1 October 2030, bearing an interest rate of 8.410%.

Amounts owed by group undertakings include a €800,000,000 loan translated to $938,637,000 (2019: $874,800,000) maturing on 8 December 2024 bearing an interest rate of 3.500%.

Interest on the loans is compounded and payable annually. As at 30 September 2020, $11,686,000 was outstanding (2019: $10,972,000). In addition to the aforementioned loans, amounts owed by group undertakings comprise a cash pool balance of $2,636,000 (2019: $2,636,000).

All amounts owed from group undertakings in the current year and prior year are unsecured.

The derivative financial instrument in the prior year represents the fair value gains on a cross-currency interest rate swap of $200,000,000 translated at an exchange rate of 1.2408 USD to Euro, and at a margin of 0.29775% entered into on 3 September 2018 and maturing on 3 September 2020.

As at 30 September 2020, the Company has total unrecognized deferred tax assets of $185,872,263 (2019: $25,198,000) due to the lack of future taxable income forecast.

14 Creditors – amounts falling due within one year

	2020	2019
	$'000	$'000
Amounts owed to group undertakings	**472,818**	120,183
Accrued interest payable	**9,991**	10,172
Derivative payable	**2,096**	-
Other creditors	**244**	28
Bank overdraft	**-**	1,034,605
	485,149	1,164,988

Amounts owed to group undertakings include a loan of $99,376,000 (2019: $99,376,000), which was repayable in June 2019, but has a facility to continue to roll over 6 monthly until the final maturity date of June 2023 bearing an interest rate of 2M Libor+1.75%. Interest on the loans is compounded and payable annually. Amounts owed to group undertakings also include the remaining balance of $280,124,000 on a loan of $340,125,000 which upon maturity in June 2019 was partially repaid and then extended to June 2021 bearing an interest rate of 4.92%.This was then further extended in June 2021 to June 2023 bearing an interest rate of 4.6%. Amounts owed to group undertakings includes $20,468,000 (2019: $20,807,000) payable on the aforementioned loans and the two intercompany loans disclosed in note 15.

Amounts owed to group undertakings include $72,028,000, which is owed to Adient UK Financing International Ltd in relation to an unlawful dividend which was paid to the Company (see note 5).

Amounts owed to group undertakings include $7,000 due to Adient Automotive Ireland Ltd and €294,000 ($345,000) due to Adient International Ireland Ltd in respect of unlawful distributions as disclosed in note 5.

15 Creditors – amounts falling due after more than one year

	2020 $'000	2019 $'000
4.875% Loan notes due in 2026	**796,500**	900,000
3.50% Loan notes due in 2024	**1,173,300**	1,093,500
Unamortised bond issuance costs	**(16,555)**	(20,909)
Amounts owed to group undertakings	**1,052,480**	1,332,605
	3,005,725	3,305,196

On 19 August, 2016 the Company issued $900,000,000 aggregate principal amount of 4.875% USD-denominated unsecured notes due 2026 and €1,000,000,000 aggregate principal amount of 3.50% unsecured notes due 2024.

During the fourth quarter of the current year, the Company redeemed $103,500,000 of face value of its USD-denominated unsecured notes, resulting in a remaining balance of $796,500,000 as at 30 September 2020.

Bond issuance costs are amortised over the term of the loans to which they relate, being periods of 5 to 10 years.

Amounts owed to group undertakings include the following unsecured loans: Loans of $200,000,000 (2019: $200,000,000) and $852,480,398 (2019: $852,480,398) both maturing in December 2026 and both bearing an interest rate of 4.875%.

16 Called up share capital and other reserves

Allotted and fully paid	**Number of shares**	**Total $'000**
Ordinary shares of £0.01 each at 1 October 2019 and 30 September 2020	**11,947**	**-**

In September 2020, a capital contribution of $1,184,824,000 (2019: $5,270,000) was received from Adient Global Holdings Luxembourg S.a.r.l. This is reflected in Other Reserves in the Statement of changes in equity.

17 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Adient Global Holdings Luxembourg S.a.r.l., a Company incorporated in Luxembourg.

As at 30 September 2020, the ultimate parent undertaking and controlling party was Adient Plc, a Company incorporated in Ireland. Adient Plc was the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 September 2020. The consolidated financial statements of Adient Plc are available from:

Adient Plc, 25-28 North Wall Quay, IFSC, Dublin 1, Ireland

18 Risks and uncertainties relating to COVID-19

The Adient group's financial condition and results of operations have been, and are expected to continue to be, adversely affected by COVID-19.

The global outbreak of COVID-19 has caused a material adverse effect on the level of economic activity around the world, including in all markets served by the Adient group. In response to this outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations. The Adient group has implemented numerous measures attempting to manage and mitigate the effects of the virus. While the Company has implemented measures to mitigate the impact of these measures on the results of operations, there can be no assurance that these measures will be successful now or in the event of future outbreaks. The Adient group cannot predict the degree to, or the time period over, which its sales and operations will be affected by this ongoing outbreak and related preventative measures, and the effects could continue to be material.

The COVID-19 pandemic poses the risk that the Adient group or its affiliates and joint ventures, employees, suppliers, customers and others may be restricted or prevented from conducting business activities for indefinite or intermittent periods of time, including as a result of employee health and safety concerns, shutdowns, shelter in place orders, travel restrictions and other actions and restrictions that may be requested or mandated by governmental authorities. For example, the Company experienced a temporary shutdown of its facilities in the second quarter of fiscal 2020 in China as a result of government-mandated actions to control the spread of COVID-19. Additionally, beginning in late March 2020, the Company experienced a temporary shutdown of effectively all of its facilities in the Americas and European regions coinciding with the shutdown of its customer facilities in these regions. Further, certain government orders related to COVID-19 mitigation efforts may restrict the Adient group's ability to operate its business and may impact the financial condition and results of operations. Finally, while other of its facilities have been designated by customers as an essential business to its customers' business in jurisdictions in which facility closures have been mandated, the Company can give no assurance that this will not change in the future or that businesses will continue to be classified as essential in each of the jurisdictions in which the Adient group operates.

18 Risks and uncertainties relating to COVID-19 (cont'd)

Additionally, restrictions on the Company's access to its manufacturing facilities or on support operations or workforce, or similar limitations for its distributors and suppliers, could continue to limit customer demand and/or the Company's capacity to meet customer demands and have a material adverse effect on the business, financial condition and results of operations. In addition, the Adient group has modified its business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and it may take further actions as may be required by government authorities, for the continued health and safety of the employees, or that the Company otherwise determines are in the best interests of the employees, customers, partners, and suppliers. Further, the Company has experienced, and may continue to experience, disruptions or delays in its supply chain as a result of such actions, which is likely to result in higher supply chain costs to the Adient group in order to maintain the supply of materials and components for the products.

The Company's management of the impact of COVID-19 has and will continue to require significant investment of time from its management and employees, as well as resources across the global enterprise. The focus on managing and mitigating the impacts of COVID-19 on the business may cause the Company to divert or delay the application of its resources toward other or new initiatives or investments, which may cause a material adverse impact on the results of operations.

The Adient group may also experience impacts from market downturns and changes in consumer behaviour related to pandemic fears and impacts on its workforce as a result of COVID-19. The Company experienced significant decline in demand from its customers over certain periods of fiscal 2020 as a result of the impact of efforts to contain the spread of COVID-19. In addition, customers may choose to delay or abandon projects on which the Company provides products and/or services in response to the adverse impact of COVID-19 and the measures to contain its spread have had on the global economy.

If the COVID-19 pandemic becomes more pronounced in the markets in which the Company or its automotive industry customers operate, or there is a resurgence in the virus in markets currently recovering from the spread of COVID-19, then the Company's operations in areas impacted by such events could experience further materially adverse financial impacts due to market changes and other resulting events and circumstances.

The extent to which the COVID-19 outbreak continues to impact the Company's financial condition will depend on future developments that are highly uncertain and cannot be predicted, including new government actions or restrictions, new information that may emerge concerning the severity of COVID-

18 Risks and uncertainties relating to COVID-19 (cont'd)

19, the longevity of COVID-19 and the impact of COVID-19 on economic activity. To the extent the COVID-19 pandemic materially adversely affects the Company's business and financial results, it may also have the effect of significantly heightening many of the other risks associated with the Company's business and indebtedness.

The COVID-19 pandemic could present significant challenges to the Adient group's liquidity.

The Adient group's continued access to sources of liquidity depends on multiple factors, including global economic conditions, the COVID-19 pandemic's effects on its customers and their production rates, the condition of global financial markets, the availability of sufficient amounts of financing, its operating performance and credit ratings. The Adient group's ability to borrow against the ABL Credit Facility is limited to its borrowing base, which consists primarily of accounts receivable, inventory and certain cash account balances. Such working capital account balances fluctuate significantly depending on production levels and operating activities.

The Adient group also issued $600 million of senior secured notes due 2025 on April 20, 2020 to provide additional liquidity during the current COVID-19 pandemic. These notes will bear interest at 9% per annum and will result in higher levels of net financing charges over the term of these notes.

As a result of the impacts of the COVID-19 pandemic, the Adient group may be required to raise additional capital and its access to and cost of financing will depend on, among other things, global economic conditions, conditions in the global financing markets, the availability of sufficient amounts of financing, its prospects and credit ratings.

19 Events after the Balance Sheet Date

The intention of the directors of Adient UK Financing International Ltd as of 8 September 2020 was to make a distribution comprising $72,028,000 to the Company. This distribution was declared on 8 September 2020. However, due to an administrative error, the required documentation necessary to implement the capital reduction and create the necessary distributable reserves was not filed with Companies House, as required, prior to making the distribution which were therefore unlawful. As a result, the distribution was not perfected by 30 September 2020.

The cash dividend of $72,028,000 declared on 8 September 2020 was paid but as a result of this being unlawful the Company is under an obligation to obligation to repay these amounts to Adient UK Financing International Ltd for the value of the distributed assets. Subsequent to 30 September 2020, the capital reduction has taken effect and the distributable reserves have been created. The directors of Adient UK Financing International Ltd have taken external legal advice that the position can be rectified. Hence a resolution has been passed on 10 March 2021 by the directors of Adient UK Financing International Ltd in order to create $150,000,000 of distributable reserves and enable a distribution of cash to be made to the Company.