

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): May 4, 2026

ALLISON TRANSMISSION HOLDINGS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35456
(Commission
File Number)

26-0414014
(IRS Employer
Identification No.)

One Allison Way, Indianapolis, Indiana
(Address of principal executive offices)

46222
(Zip Code)

Registrant's telephone number, including area code: (317) 242-5000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	ALSN	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On May 4, 2026, Allison Transmission Holdings, Inc. (“Allison”) published an earnings release reporting its financial results for the three months ended March 31, 2026. A copy of the earnings release is attached as Exhibit 99.1 hereto. Following the publication of the earnings release, Allison will host an earnings call on May 4, 2026 at 5:00 p.m. ET on which its financial results for the three months ended March 31, 2026 will be discussed. The investor presentation materials that will be used for the call are attached as Exhibit 99.2 hereto.

On May 4, 2026, Allison posted the materials attached as Exhibits 99.1 and 99.2 on its website (www.allisontransmission.com).

As discussed on page 2 of Exhibit 99.2, the investor presentation contains forward-looking statements within the meaning of the federal securities laws. These statements are present expectations and are subject to the limitations listed therein and in Allison’s other Securities and Exchange Commission filings, including that actual events or results may differ materially from those in the forward-looking statements.

The foregoing information (including the exhibits hereto) is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Earnings release dated May 4, 2026.
99.2	Investor presentation materials dated May 4, 2026.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Allison Transmission Holdings, Inc.

Date: May 4, 2026

By: /s/ Eric C. Scroggins

Name: Eric C. Scroggins

Title: Chief Legal Officer and Assistant Secretary



Allison Announces First Quarter 2026 Results

- * **Net Sales of \$1,406 million, up 84% year over year, including the addition of the Allison Off-Highway business unit acquired on January 1, 2026**
- * **Net Income of \$112 million, 8% of Net Sales**
- * **Diluted EPS of \$1.33, Adjusted Diluted EPS of \$2.57, up 6% year over year**
- * **Adjusted EBITDA of \$362 million, 26% of Net Sales, up 22% year over year**
- * **First quarter results include segment reporting for Allison Transmission and Allison Off-Highway business units**

INDIANAPOLIS, May 4, 2026 – Allison Transmission Holdings Inc. (NYSE: ALSN), today reported first quarter net sales of \$1,406 million with adjusted EBITDA margin of 26 percent and net cash provided by operating activities of \$156 million.

David S. Graziosi, Chair, President and Chief Executive Officer of Allison commented, “Encouraging momentum in key end markets supported solid demand for both Allison business units in the first quarter. Despite ongoing geopolitical uncertainty, we will look to capitalize on further improvement in end markets conditions throughout the year, while continuing to integrate the Allison Off-Highway business unit, maintaining focus and confidence in our synergy capture target in support of our long-term growth and value creation strategy. For the first quarter, adjusted diluted EPS was \$2.57, with expectation for the acquisition of the Allison Off-Highway business unit to be accretive to net income and diluted EPS in 2026.”

Graziosi continued, “During the first quarter, we announced the seventh consecutive annual increase to our quarterly dividend and repurchased more than \$20 million of our common stock, demonstrating Allison’s consistent commitment to returning cash to shareholders as part of our capital allocation priorities. Also during the quarter, as we progress toward our 2.0x net leverage target with prudent balance sheet management, our strong cash flow generation enabled us to repay \$150 million of amounts outstanding under our revolving credit facility.”

First quarter results include segment reporting for Allison Transmission, the Company’s legacy business, excluding certain costs now accounted for within the Allison Central Group, and Allison Off-Highway, the business acquired from Dana Incorporated on January 1, 2026. The Allison Central Group is a centralized cost center which includes certain functional costs that support the Company’s global operations.

Allison Consolidated First Quarter Financial Results

Net sales for the quarter were \$1,406 million, including the addition of \$673 million in net sales for the Allison Off-Highway business unit.

Gross profit for the quarter was \$406 million, an increase of \$28 million from \$378 million for the same period in 2025. The increase was principally driven by the addition of the Allison Off-Highway business unit, partially offset by decreased gross profit in the Allison Transmission business unit. Gross profit for the quarter was negatively impacted by approximately \$76 million of expenses related to the acquisition of the Allison Off-Highway business unit, primarily inventory step-up costs and incremental depreciation expense related to the stepped-up basis in property, plant and equipment. Gross margin for the quarter was 29 percent.

Selling, general and administrative expenses for the quarter were \$157 million, an increase of \$70 million from \$87 million for the same period in 2025. The increase was principally driven by the addition of the Allison Off-Highway business unit, including \$21 million of amortization expense for intangible asset recognition and approximately \$17 million of one-time acquisition-related integration costs.

Engineering – research and development expenses for the quarter were \$54 million, an increase of \$12 million from \$42 million for the same period in 2025. The increase was principally driven by the addition of the Allison Off-Highway business unit, partially offset by reduced product initiatives spending in the Allison Transmission business unit.

Net income for the quarter was \$112 million, a decrease of \$80 million from \$192 million for the same period in 2025. The decrease was principally driven by costs related to the acquisition of the Allison Off-Highway business unit. The year over year decrease in net income was also driven by higher interest expense, net, partially offset by lower income tax expense. Diluted EPS for the first quarter was \$1.33.

Excluding the effect of certain non-cash, non-recurring, infrequent or unusual items, including the costs associated with the acquisition of the Allison Off-Highway business unit, adjusted net income, a non-GAAP financial measure, was \$216 million for the first quarter and adjusted diluted EPS was \$2.57.

Adjusted EBITDA, a non-GAAP financial measure, was \$362 million for the first quarter, an increase of \$66 million from \$296 million for the same period in 2025. Adjusted EBITDA margin for the quarter was 26 percent.

Net cash provided by operating activities for the quarter was \$156 million. Adjusted free cash flow, a non-GAAP financial measure, for the quarter was \$103 million.

Allison ended the first quarter with \$311 million of cash and cash equivalents and \$845 million of available borrowing capacity under its revolving credit facility. Allison ended the first quarter with total debt of \$4,292 million and net debt of \$3,981 million.

During the first quarter, Allison paid a quarterly dividend of \$0.29 per share and repurchased over \$20 million of its common stock, with \$1,171 million of authorization remaining under its stock repurchase program.

Allison Transmission First Quarter Financial Highlights

Net sales for the quarter were \$733 million, a 4 percent decrease from the same period in 2025.

Gross profit for the quarter was \$356 million, a decrease of \$22 million from \$378 million for the same period in 2025. The decrease was principally driven by lower volumes and unfavorable direct material costs, partially offset by price increases on certain products. Gross margin for the first quarter was nearly 49 percent.

Selling, general and administrative expenses for the quarter were \$65 million, flat from the same period in 2025 when reflecting allocations of certain selling, general and administrative expenses in the Allison Central Group.

Engineering – research and development expenses for the quarter were \$39 million, a decrease of \$3 million from \$42 million for the same period in 2025. The decrease was principally driven by reduced product initiatives spending.

Segment operating profit was \$252 million, or 34 percent of net sales, for the first quarter. Adjusted EBITDA, a non-GAAP financial measure, was \$276 million for the first quarter. Adjusted EBITDA margin for the quarter was 38 percent.

Allison Off-Highway First Quarter Financial Highlights

Net sales for the quarter were \$673 million.

Gross profit for the quarter was \$50 million, including approximately \$76 million of expense related to the stepped-up basis in inventory and incremental depreciation expense related to the stepped-up basis in property, plant and equipment.

Selling, general and administrative expenses for the quarter were \$56 million, including \$21 million of amortization expense for intangible asset recognition. Engineering – research and development expenses for the quarter were \$15 million.

Segment operating loss was \$(21) million, or (3) percent of net sales, for the first quarter. Adjusted EBITDA, a non-GAAP financial measure, was \$98 million for the first quarter. Adjusted EBITDA margin for the quarter was 15 percent.

Full Year 2026 Guidance Update

Given first quarter results, while taking into consideration current macroeconomic and geopolitical uncertainty, we are reaffirming our full year 2026 guidance provided to the market on February 23, 2026. Allison expects:

- Consolidated net sales in the range of \$5,575 to \$5,925 million
 - Net sales for the Allison Transmission business unit in the range of \$3,025 to \$3,175 million
 - Net sales for the Allison Off-Highway business unit in the range of \$2,550 to \$2,750 million
- Consolidated net income in the range of \$600 to \$750 million, subject to the completion of purchase price accounting associated with the acquisition of the Allison Off-Highway business unit
 - Net income guidance includes more than \$100 million of one-time, pre-tax expenses associated with the separation, integration and restructuring of the Allison Off-Highway business unit. Including one-time costs, the Allison Off-Highway acquisition is expected to be accretive to net income and diluted EPS in 2026
- Consolidated adjusted EBITDA in the range of \$1,365 to \$1,515 million
- Consolidated net cash provided by operating activities in the range of \$970 to \$1,100 million, including approximately \$55 million of one-time cash outlays associated with the acquisition of the Allison Off-Highway business unit
- Consolidated capital expenditures in the range of \$295 to \$315 million, including one-time separation and integration capital expenditures of approximately \$45 million
- Consolidated adjusted free cash flow in the range of \$655 to \$805 million

Conference Call and Webcast

The Company will host a conference call at 5:00 p.m. EDT on Monday, May 4, 2026 to discuss its first quarter 2026 results. The dial-in phone number for the conference call is +1-877-425-9470 and the international dial-in number is +1-201-389-0878. A live webcast of the conference call will also be available online at <https://ir.allisontransmission.com>.

For those unable to participate in the conference call, a replay will be available from 9:00 p.m. EDT on May 4 until 11:59 p.m. EDT on May 18. The replay dial-in phone number is +1-844-512-2921 and the international replay dial-in number is +1-412-317-6671. The replay passcode is 13760157.

About Allison

Allison (NYSE: ALSN) is a global leader in high-performance mobility and work solutions built for the needs of the modern industrial world. Allison operates through two business units: Allison Transmission and Allison Off-Highway Drive & Motion Systems. Headquartered in Indianapolis, Indiana, USA, the Company manufactures solutions which offer industry-leading value propositions across vital sectors such as infrastructure, mining, energy, agriculture, construction, transportation and national security. For over 110 years, Allison has been recognized as a reliable partner of choice, keeping essential industries moving anytime, in over 150 countries around the world. For more information, visit <https://allisontransmission.com>.

Forward-Looking Statements

This press release contains forward-looking statements. The words “believe,” “expect,” “anticipate,” “intend,” “estimate” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Although forward-looking statements reflect management’s good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements speak only as of the date the statements are made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to: the significant costs we are expected to incur in connection with the integration of the Off-Highway Drive & Motion Systems business of Dana Incorporated (now referred to as the “Allison Off-Highway Business”); our ability to successfully integrate the Allison Off-Highway Business and its operations in the expected time frame; our ability to realize all of the anticipated benefits from the integration of the Allison Off-Highway Business and its operations and to effectively manage our expanded operations; our participation in markets that are competitive; our ability to prepare for, respond to and successfully achieve our objectives relating to technological and market developments, competitive threats and changing customer needs, including with respect to electric hybrid and fully electric commercial vehicles; increases in cost, disruption of supply or shortage of labor, freight, raw materials, energy or components used to manufacture or transport our products or those of our customers or suppliers, including as a result of geopolitical risks, natural disasters, extreme weather events, wars and public health crises such as pandemics; global economic volatility; general economic and industry conditions, including the risk of prolonged inflation and recession; labor strikes, work stoppages or similar labor disputes, which could significantly disrupt our operations or those of our principal customers or suppliers; the highly cyclical industries in which certain of our end users operate; uncertainty in the global regulatory and business environments in which we operate; the concentration of our net sales in our top five customers and the loss of any one of these customers; cybersecurity risks to our operational systems, security systems or infrastructure owned by us or our third-party vendors and suppliers; the failure of markets outside North America to increase adoption of fully automatic transmissions; the success of our research and development efforts, the outcome of which is uncertain; U.S. and foreign defense spending; risks associated with our international operations, including acts of war and increased trade protectionism and tariffs; the discovery of defects in our products, resulting in delays in new model launches, recall campaigns and/or increased warranty costs and reduction in future sales or damage to our brand and reputation; our ability to identify, consummate and effectively integrate acquisitions and collaborations; and risks related to our indebtedness.

Use of Non-GAAP Financial Measures

This press release contains information about Allison's financial results and forward-looking estimates of financial results that are not presented in accordance with accounting principles generally accepted in the United States ("GAAP"). Such non-GAAP financial measures are reconciled to their most directly comparable GAAP financial measures at the end of this press release. Non-GAAP financial measures should not be considered in isolation or as a substitute for our reported results prepared in accordance with GAAP and, as calculated, may not be comparable to other similarly titled measures of other companies.

We use adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA") and adjusted EBITDA as a percent of net sales ("adjusted EBITDA margin") to measure our operating profitability. We believe that adjusted EBITDA and adjusted EBITDA margin provide management, investors and creditors with useful measures of the operational results of our business and increase the period-to-period comparability of our operating profitability. Adjusted EBITDA margin is also used in the calculation of management's incentive compensation program. The most directly comparable GAAP measure to adjusted EBITDA and adjusted EBITDA margin is net income or segment operating profit (loss) in the case of our segments and net income as a percent of net sales ("net income margin") or segment operating profit (loss) as a percent of net sales in the case of our segments, respectively. Adjusted EBITDA is calculated as earnings before interest expense, net, income tax expense, amortization of intangible assets, depreciation of property, plant and equipment and other adjustments as defined by the Second Amended and Restated Credit Agreement dated as of March 29, 2019, as amended, governing Allison Transmission, Inc.'s term loans and revolving credit facility. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by net sales.

In addition, we believe adjusted net income, adjusted basic earnings per share attributable to common stockholders ("adjusted basic EPS") and adjusted diluted earnings per share attributable to common stockholders ("adjusted diluted EPS") provide management, investors and creditors with useful measures of our core business performance and trends and increase the period-to-period comparability of our results of operations. The most directly comparable GAAP measure to adjusted net income, adjusted basic EPS and adjusted diluted EPS is net income, basic earnings per share attributable to common stockholders ("basic EPS") and diluted earnings per share attributable to common stockholders ("diluted EPS"), respectively. Adjusted net income is calculated as net income excluding the effect of certain non-cash, non-recurring, infrequent or unusual items such as: amortization related to acquired intangible assets, depreciation of property, plant and equipment related to the stepped-up basis of acquired assets, step-up in basis of acquired inventory, stock-based compensation expense, acquisition-related expenses, impairment charges, other one-off adjustments and the tax effect of the adjustments. Adjusted basic EPS is calculated by dividing adjusted net income by the weighted average shares of common stock outstanding and adjusted diluted EPS is calculated by dividing adjusted net income by the diluted weighted average shares of common stock outstanding.

We use adjusted free cash flow to evaluate the amount of cash generated by our business that, after the capital investment needed to maintain and grow our business and certain mandatory debt service requirements, can be used for repayment of debt, stockholder distributions and strategic opportunities, including investing in our business. We believe that adjusted free cash flow enhances the understanding of the cash flows of our business for management, investors and creditors. Adjusted free cash flow is also used in the calculation of management's incentive compensation program. The most directly comparable GAAP measure to adjusted free cash flow is net cash provided by operating activities. Adjusted free cash flow is calculated as net cash provided by operating activities after cash used for additions of long-lived assets.

Attachments

- Condensed Consolidated Statements of Operations
- Condensed Consolidated Balance Sheets
- Condensed Consolidated Statements of Cash Flows
- Reconciliations of GAAP to Non-GAAP Financial Measures
- Reconciliation of GAAP to Non-GAAP Financial Measures for Full Year Guidance

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Allison Transmission Holdings, Inc.
Condensed Consolidated Statements of Operations
(Unaudited, dollars in millions, except per share data)

	Allison Transmission		Allison Off-Highway		Central Group Finance		Consolidated	
	Three months ended		Three months ended		Three months ended		Three months ended	
	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,
	2026	2025	2026	2025	2026	2025	2026	2025
Net sales	\$ 733	\$ 766	\$ 673	\$ —	\$ —	\$ —	\$ 1,406	\$ 766
Cost of sales	377	388	623	—	—	—	1,000	388
Gross profit	356	378	50	—	—	—	406	378
Selling, general and administrative	65	65	56	—	36	22	157	87
Engineering - research and development	39	42	15	—	—	—	54	42
Operating income (loss)	<u>\$ 252</u>	<u>\$ 271</u>	<u>\$ (21)</u>	<u>\$ —</u>	<u>\$ (36)</u>	<u>\$ (22)</u>	195	249
Interest expense, net							(61)	(21)
Other (expense) income, net							(2)	5
Income before income taxes							132	233
Income tax expense							(20)	(41)
Net income							<u>\$ 112</u>	<u>\$ 192</u>
Basic earnings per share attributable to common stockholders							<u>\$ 1.35</u>	<u>\$ 2.26</u>
Diluted earnings per share attributable to common stockholders							<u>\$ 1.33</u>	<u>\$ 2.23</u>

Allison Transmission Holdings, Inc.
Condensed Consolidated Balance Sheets
(Unaudited, dollars in millions)

	March 31, 2026	December 31, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 311	\$ 1,495
Accounts receivable, net	892	333
Inventories	835	316
Other current assets	264	89
Total Current Assets	2,302	2,233
Property, plant and equipment, net	1,667	862
Intangible assets, net	1,685	794
Goodwill	2,827	2,075
Other non-current assets	268	118
TOTAL ASSETS	\$ 8,749	\$ 6,082
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 728	\$ 190
Product warranty liability	61	34
Current portion of long-term debt	20	5
Deferred revenue	76	34
Other current liabilities	362	197
Total Current Liabilities	1,247	460
Product warranty liability	60	50
Deferred revenue	103	103
Long-term debt	4,247	2,885
Deferred income taxes	890	557
Other non-current liabilities	299	160
TOTAL LIABILITIES	6,846	4,215
TOTAL STOCKHOLDERS' EQUITY	1,903	1,867
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 8,749	\$ 6,082

Allison Transmission Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited, dollars in millions)

	Three months ended March 31,	
	2026	2025
Net cash provided by operating activities	\$ 156	\$ 181
Net cash used for investing activities (a) (b)	(2,616)	(26)
Net cash provided by (used for) financing activities	1,280	(184)
Effect of exchange rate changes on cash	(4)	1
Net decrease in cash and cash equivalents	(1,184)	(28)
Cash and cash equivalents at beginning of period	1,495	781
Cash and cash equivalents at end of period	<u>\$ 311</u>	<u>\$ 753</u>
Supplemental disclosures:		
Interest paid	\$ (41)	\$ (27)
Income taxes paid	\$ (11)	\$ (2)
Interest received from interest rate swaps	\$ —	\$ 2
(a) Business acquisition, net of cash acquired	\$ (2,563)	\$ —
(b) Additions of long-lived assets	\$ (53)	\$ (26)

Allison Transmission Holdings, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures
(Unaudited, dollars in millions)

	Three months ended March 31,	
	2026	2025
Net income (GAAP)	\$ 112	\$ 192
plus:		
Interest expense, net	61	21
Depreciation of property, plant and equipment	44	28
Amortization expense	23	2
Income tax expense	20	41
Recognition of the stepped-up basis in inventory (a)	63	—
Acquisition-related expenses (b)	17	9
Depreciation of the stepped up basis in property, plant and equipment (c)	13	—
Stock-based compensation expense (d)	7	6
Unrealized gain on marketable securities (e)	(3)	(3)
Other (f)	5	—
Adjusted EBITDA (Non-GAAP)	<u>\$ 362</u>	<u>\$ 296</u>
Net sales (GAAP)	\$1,406	\$ 766
Net income as a percent of Net sales (GAAP)	8.0%	25.1%
Adjusted EBITDA as a percent of Net sales (Non-GAAP)	25.7%	38.6%
Net cash provided by operating activities (GAAP)	\$ 156	\$ 181
Deductions to reconcile to Adjusted free cash flow:		
Additions of long-lived assets	(53)	(26)
Adjusted free cash flow (Non-GAAP)	<u>\$ 103</u>	<u>\$ 155</u>

- (a) Represents the recognition of the stepped-up basis in inventory related to our acquisition of the Dana Off-Highway business (the “Acquisition”) (recorded in Cost of sales).
- (b) Represents acquisition-related expenses (recorded in Selling, general and administrative), primarily consulting and legal fees, related to the Acquisition.
- (c) Represents depreciation of the stepped-up basis in property, plant and equipment related to the Acquisition (recorded in Cost of sales).
- (d) Represents stock-based compensation expense (recorded in Selling, general and administrative).
- (e) Represents gains (recorded in Other (expense) income, net) related to an investment in the common stock of Jing-Jin Electric Technologies Co. Ltd.
- (f) Represents other adjustments as defined by the Second Amended and Restated Credit Agreement dated as of March 29, 2019 as amended.

Allison Transmission Holdings, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures
(Unaudited, dollars in millions)

	<u>Allison Transmission</u>		<u>Allison Off-Highway</u>		<u>Central Group Function</u>		<u>Consolidated</u>	
	Three months ended		Three months ended		Three months ended		Three months ended	
	March 31, 2026	2025	March 31, 2026	2025	March 31, 2026	2025	March 31, 2026	2025
Segment Operating Profit/(Loss) (GAAP)	\$ 252	\$ 271	\$ (21)	\$ —	\$ (36)	\$ (22)	\$ 195	\$ 249
plus:								
Depreciation of property, plant and equipment	30	28	14	—	—	—	44	28
Amortization expense	1	2	22	—	—	—	23	2
Recognition of the stepped-up basis in inventory (a)	—	—	63	—	—	—	63	—
Acquisition-related expenses (b)	—	—	—	—	17	9	17	9
Depreciation of the stepped up basis in property, plant and equipment (c)	—	—	13	—	—	—	13	—
Stock-based compensation expense (d)	—	—	—	—	7	6	7	6
Other (e)	(7)	2	7	—	—	—	—	2
Adjusted EBITDA (Non-GAAP)	<u>\$ 276</u>	<u>\$ 303</u>	<u>\$ 98</u>	<u>\$ —</u>	<u>\$ (12)</u>	<u>\$ (7)</u>	<u>\$ 362</u>	<u>\$ 296</u>
Net sales (GAAP)	<u>\$ 733</u>	<u>\$ 766</u>	<u>\$ 673</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$1,406</u>	<u>\$ 766</u>
Segment Operating Profit/(Loss) as a percent of Net sales (GAAP)	34.4%	35.4%	-3.1%	—	—	—	13.9%	32.5%
Adjusted EBITDA as a percent of Net sales (Non-GAAP)	37.7%	39.6%	14.6%	—	—	—	25.7%	38.6%

- (a) Represents the recognition of the stepped-up basis in inventory related to the Acquisition (recorded in Cost of sales).
(b) Represents acquisition-related expenses (recorded in Selling, general and administrative), primarily consulting and legal fees, related to the Acquisition.
(c) Represents depreciation of the stepped-up basis in property, plant and equipment related to the Acquisition (recorded in Cost of sales).
(d) Represents stock-based compensation expense (recorded in Selling, general and administrative).
(e) Represents gains and losses (recorded in Other (expense) income, net) to reconcile to Adjusted EBITDA.

Allison Transmission Holdings, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures
(Unaudited, dollars in millions)

	Three months ended	
	March 31,	
	2026	2025
Net income (GAAP)	\$ 112	\$ 192
plus:		
Recognition of the stepped-up basis in inventory (a)	63	—
Amortization expense	23	2
Acquisition-related expenses (b)	17	9
Depreciation of the stepped up basis in property, plant and equipment (c)	13	—
Stock-based compensation expense (d)	7	6
Income tax effect on adjustments (e)	(19)	(3)
Adjusted net income (Non-GAAP)	<u>\$ 216</u>	<u>\$ 206</u>
Basic EPS (GAAP)	<u>\$ 1.35</u>	<u>\$ 2.26</u>
Diluted EPS (GAAP)	<u>\$ 1.33</u>	<u>\$ 2.23</u>
Adjusted basic EPS (Non-GAAP) (f)	<u>\$ 2.60</u>	<u>\$ 2.46</u>
Adjusted diluted EPS (Non-GAAP) (f)	<u>\$ 2.57</u>	<u>\$ 2.43</u>

- (a) Represents the recognition of the stepped-up basis in inventory related to the Acquisition (recorded in Cost of sales).
- (b) Represents acquisition-related expenses (recorded in Selling, general and administrative), primarily consulting and legal fees, related to the Acquisition.
- (c) Represents depreciation of the stepped-up basis in property, plant and equipment related to the Acquisition (recorded in Cost of sales).
- (d) Represents stock-based compensation expense (recorded in Selling, general and administrative).
- (e) Represents the income tax effect on the adjustments calculated by applying our effective tax rate.
- (f) Adjusted basic EPS and Adjusted diluted EPS are Non-GAAP financial measures are defined as Adjusted net income divided by the weighted average common shares outstanding and diluted weighted average shares outstanding, respectively, for the period. The weighted-average common shares outstanding and diluted weighted-average common shares outstanding are the same as those used in calculating the comparable GAAP measures.

Allison Transmission Holdings, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures for Full Year Guidance
(Unaudited, dollars in millions)

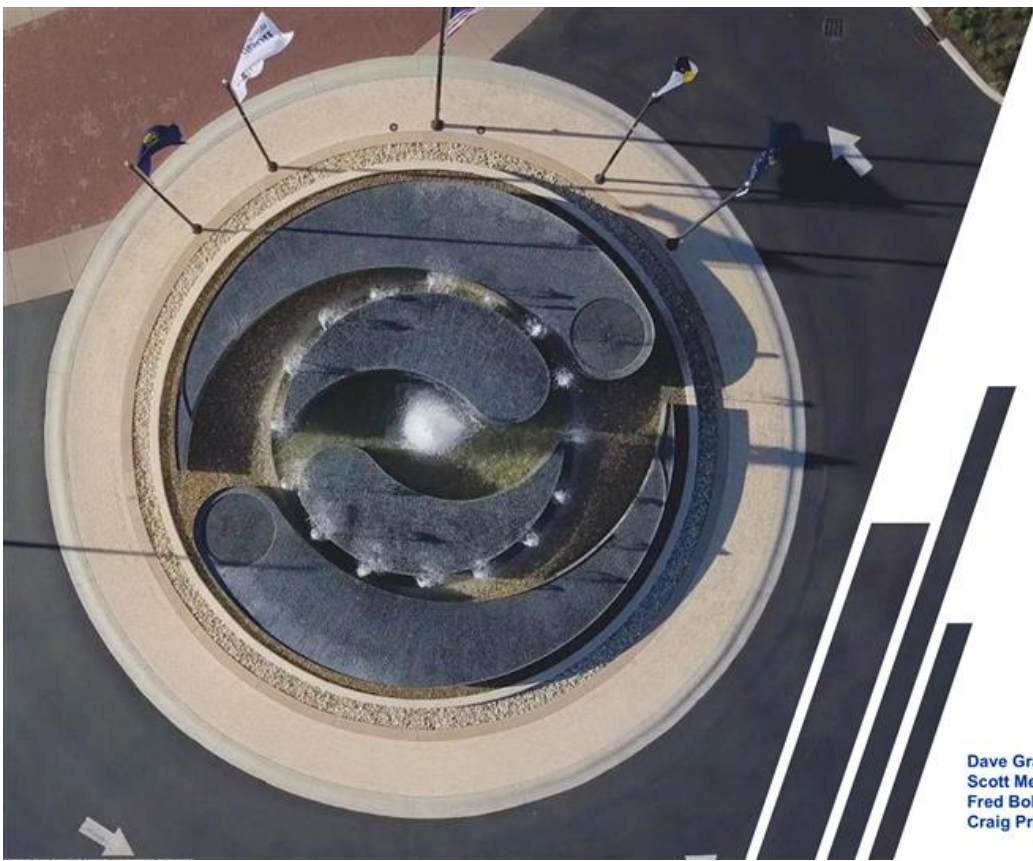
	Guidance	
	Year Ending December 31, 2026	Year Ending December 31, 2026
	Low	High
Net income (GAAP)	\$ 600	\$ 750
plus:		
Income tax expense	125	175
Depreciation of property, plant and equipment (a)	210	200
Interest expense, net	210	200
Amortization of intangible assets	85	75
Recognition of the stepped-up basis in inventory (b)	65	65
Acquisition-related expenses (c)	40	30
Stock-based compensation expense (d)	30	20
Unrealized gain on marketable securities (e)	(15)	(15)
Restructuring & One-Time expenses (f)	15	15
Adjusted EBITDA (Non-GAAP)	<u>\$ 1,365</u>	<u>\$ 1,515</u>
Net cash provided by Operating activities (GAAP)	\$ 970	\$ 1,100
Deductions to reconcile to Adjusted free cash flow:		
Additions of long-lived assets (g)	\$ (315)	\$ (295)
Adjusted free cash flow (Non-GAAP)	<u>\$ 655</u>	<u>\$ 805</u>

- (a) Includes depreciation of the stepped-up basis in property, plant and equipment related to the Acquisition (recorded in Cost of sales).
- (b) Represents the recognition of the stepped-up basis in inventory related to the Acquisition (recorded in Cost of sales).
- (c) Represents acquisition-related expenses (recorded in Selling, general and administrative), primarily consulting and legal fees, related to our acquisition of the Dana Off-Highway business (the "Acquisition").
- (d) Represents stock-based compensation expense (recorded in Cost of sales, Selling, general and administrative, and Engineering — research and development).
- (e) Represents gains (recorded in Other (expense) income, net) related to an investment in common stock of Jing-Jin Electric Technologies Co. Ltd.
- (f) Includes one-time restructuring costs, minority interest and one-time employee retention costs
- (g) Includes one-time acquisition-related investments

Q1 2026 Earnings Release

May 4, 2026

Dave Graziosi – Chair, President & CEO
Scott Mell – CFO & Treasurer
Fred Bohley – COO & Allison Transmission President
Craig Price – Allison Off-Highway President



Safe Harbor Statement

The following information contains forward-looking statements. The words "believe," "expect," "anticipate," "intend," "estimate" and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Although forward-looking statements reflect management's good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements speak only as of the date the statements are made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to: the significant costs we are expected to incur in connection with the integration of the Off-Highway Drive & Motion Systems business of Dana Incorporated (now referred to as the "Allison Off-Highway Business"); our ability to successfully integrate the Allison Off-Highway Business and its operations in the expected time frame; our ability to realize all of the anticipated benefits from the integration of the Allison Off-Highway Business and its operations and to effectively manage our expanded operations; our participation in markets that are competitive; our ability to prepare for, respond to and successfully achieve our objectives relating to technological and market developments, competitive threats and changing customer needs, including with respect to electric hybrid and fully electric commercial vehicles; increases in cost, disruption of supply or shortage of labor, freight, raw materials, energy or components used to manufacture or transport our products or those of our customers or suppliers, including as a result of geopolitical risks, natural disasters, extreme weather events, wars and public health crises such as pandemics; global economic volatility; general economic and industry conditions, including the risk of prolonged inflation and recession; labor strikes, work stoppages or similar labor disputes, which could significantly disrupt our operations or those of our principal customers or suppliers; the highly cyclical industries in which certain of our end users operate; uncertainty in the global regulatory and business environments in which we operate; the concentration of our net sales in our top five customers and the loss of any one of these customers; cybersecurity risks to our operational systems, security systems or infrastructure owned by us or our third-party vendors and suppliers; the failure of markets outside North America to increase adoption of fully automatic transmissions; the success of our research and development efforts, the outcome of which is uncertain; U.S. and foreign defense spending; risks associated with our international operations, including acts of war and increased trade protectionism and tariffs; the discovery of defects in our products, resulting in delays in new model launches, recall campaigns and/or increased warranty costs and reduction in future sales or damage to our brand and reputation; our ability to identify, consummate and effectively integrate acquisitions and collaborations; and risks related to our indebtedness.

Allison cannot assure you that the assumptions made in preparing any of the forward-looking statements will prove accurate or that any long-term financial goals will be realized. All forward-looking statements included in this presentation speak only as of the date made, and Allison undertakes no obligation to update or revise publicly any such forward-looking statements, whether as a result of new information, future events, or otherwise. In particular, Allison cautions you not to place undue weight on certain forward-looking statements pertaining to potential growth opportunities or long-term financial goals set forth herein. Actual results may vary significantly from these statements.

Allison business is subject to numerous risks and uncertainties, which may cause future results of operations to vary significantly from those presented herein. Important factors that could cause actual results to differ materially are discussed in Allison Annual Report on Form 10-K for the year ended December 31, 2025.

Non-GAAP Financial Information

We use adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA") and adjusted EBITDA as a percent of net sales ("adjusted EBITDA margin") to measure our operating profitability. We believe that adjusted EBITDA and adjusted EBITDA margin provide management, investors and creditors with useful measures of the operational results of our business and increase the period-to-period comparability of our operating profitability. Adjusted EBITDA margin is also used in the calculation of management's incentive compensation program. The most directly comparable GAAP measure to adjusted EBITDA and adjusted EBITDA margin is net income or segment operating profit (loss) in the case of our segments and net income as a percent of net sales ("net income margin") or segment operating profit (loss) as a percent of net sales in the case of our segments, respectively. Adjusted EBITDA is calculated as earnings before interest expense, net, income tax expense, amortization of intangible assets, depreciation of property, plant and equipment and other adjustments as defined by the Second Amended and Restated Credit Agreement dated as of March 29, 2019, as amended, governing Allison Transmission, Inc.'s term loans and revolving credit facility. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by net sales.

In addition, we believe adjusted net income, adjusted basic earnings per share attributable to common stockholders ("adjusted basic EPS") and adjusted diluted earnings per share attributable to common stockholders ("adjusted diluted EPS") provide management, investors and creditors with useful measures of our core business performance and trends and increase the period-to-period comparability of our results of operations. The most directly comparable GAAP measure to adjusted net income, adjusted basic EPS and adjusted diluted EPS is net income, basic earnings per share attributable to common stockholders ("basic EPS") and diluted earnings per share attributable to common stockholders ("diluted EPS"), respectively. Adjusted net income is calculated as net income excluding the effect of certain non-cash, non-recurring, infrequent or unusual items such as: amortization related to acquired intangible assets, depreciation of property, plant and equipment related to the stepped-up basis of acquired assets, step-up in basis of acquired inventory, stock-based compensation expense, acquisition-related expenses, impairment charges, other one-off adjustments and the tax effect of the adjustments. Adjusted basic EPS is calculated by dividing adjusted net income by the weighted average shares of common stock outstanding and adjusted diluted EPS is calculated by dividing adjusted net income by the diluted weighted average shares of common stock outstanding.

We use adjusted free cash flow to evaluate the amount of cash generated by our business that, after the capital investment needed to maintain and grow our business and certain mandatory debt service requirements, can be used for repayment of debt, stockholder distributions and strategic opportunities, including investing in our business. We believe that adjusted free cash flow enhances the understanding of the cash flows of our business for management, investors and creditors. Adjusted free cash flow is also used in the calculation of management's incentive compensation program. The most directly comparable GAAP measure to adjusted free cash flow is net cash provided by operating activities. Adjusted free cash flow is calculated as net cash provided by operating activities after cash used for additions of long-lived assets.



Call Agenda

- Business Update
- Q1 Financial Performance
- 2026 Guidance Update

Q1 2026 Allison Business Update

(\$ in millions, variance % from Q1 2025)

Integration	Value Capture
<p><i>Execution is tracking with internal planning, proceeding in a disciplined and structured manner</i></p>	<p><i>Initial phases of synergy realization taking shape across several key areas, with value capture expected later in 2026</i></p> <p><i>Remain confident in achieving target of \$120 million of annual run-rate synergies</i></p>

Key Acquisition Rationale
<ul style="list-style-type: none"> Accelerating combined businesses' current growth objectives while multiplying future global growth opportunities Combined company has strong global reach and footprint, with more "Local for Local" production to meet commercial and government customers' requirements Opportunities for cost reductions across product portfolios through manufacturing in best-cost countries and leverage with increased purchasing scale



Net Sales

\$1,406
+84%

Year-over-year increase driven by addition of the Allison Off-Highway business unit, partially offset by 4 percent decrease in the Allison Transmission business unit

Allison Transmission






- North America On-Highway end market cautiously optimistic, balancing positive order trends with uncertainty surrounding geopolitical impacts, including tariffs, and emissions regulations
- Continued strength in Defense end market with global defense spending reaching highest level since 2009

Allison Off-Highway

- Mining end market strong, with mineral prices, including key commodities such as gold, copper and rare-earth minerals elevated globally, driving demand for equipment
- Construction end market improvement in Europe
- Agriculture end market showing green shoots in certain segments and regions, but overall muted environment driven by commodity prices and farmer profitability

Q1 2026 Net Sales Performance – Allison Transmission


(\$ in millions, variance % from Q1 2025)

End Markets	Q1 2026	Variance	Commentary
 North America On-Hwy	\$375	(14%)	Market showing signs of stabilization although uncertainty remains around geopolitical impacts, including tariffs, and emissions regulations. Class 8 vocational truck demand driven by infrastructure spending and megaprojects. Medium-duty truck demand impacted by consumer spending and overall macroeconomic health.
 Outside North America On-Hwy	\$110	(2%)	European Union economic stabilization to be determined due to conflict in Middle East. Penetration initiatives in Asia Pacific with near-term impacted by regional economic differences. Trend of increased automaticity drives long-term growth opportunities.
 Global Off-Hwy	\$8	(56%)	Implications for hydraulic frac due to conflict in Middle East uncertain. Mining strong due to elevated commodity prices and global growth initiatives.
 Defense	\$87	64%	Continued strength from International customers, primarily in tracked programs, with new and legacy products. Growth outlook bullish with global defense budgets increasing and national security more relevant to nations.
 Service Parts, Support Equipment & Other	\$153	3%	Global parts outlook impacted by increased fleet ages across multiple sectors and fielded population outside of warranty. Support equipment driven by transmission volume.
Total	\$733	(4%)	

Q1 2026 Net Sales Performance – Allison Off-Highway



(\$ in millions)

End Markets	Q1 2026	Commentary
 Construction & Material Handling	\$227	Global construction markets seeing steadier investments, while rate-sensitive residential segments lag. European construction showing signs of strength but to be determined impacts from conflict in Middle East. Americas construction weak due to lower telehandler production. Warehousing and e-commerce activities driving demand for fork trucks
 Agriculture	\$154	Commodity prices remain low, although impacts from Middle East conflict to be seen. High-horsepower slower with margins at farms important for new equipment purchases. Growth in low-horsepower in India.
 Industrial	\$90	Large machine projects, industrial output and manufacturing health driven by interest rate environment.
 Mining	\$50	Mineral prices, including key commodities such as gold, copper and rare-earth minerals remain elevated globally, driving demand for equipment.
 Service Parts, Specialty & Other	\$152	Increased fleet ages across multiple sectors impacting global parts outlook.
Total	\$673	

Q1 2026 Allison Financial Performance



Segment Performance				Consolidated Performance			
\$ in millions	Allison Transmission	Allison Off-Highway	Allison Central Group	\$ in millions, except per share data	Q1 2026	Q1 2025	Variance
Net Sales	\$733	\$673	-	Net Sales	\$1,406	\$766	\$640
Cost of Sales	\$377	\$623	-	Cost of Sales	\$1,000	\$388	\$612
Gross Profit	\$356	\$50	-	Gross Profit	\$406	\$378	\$28
Selling, general and administrative	\$65	\$56	\$36	Selling, general and administrative	\$157	\$87	\$70
Engineering – research and development	\$39	\$15	-	Engineering – research and development	\$54	\$42	\$12
Operating Income / (Loss)	\$252	(\$21)	(\$36)	Operating Income	\$195	\$249	(\$54)
Operating Income / (Loss) as a % of Net Sales	34%	(3%)	-	Interest expense, net	(\$61)	(\$21)	(\$40)
Adjusted EBITDA***	\$276	\$98	(\$12)	Other income (expense), net	(\$2)	\$5	(\$7)
Adjusted EBITDA Margin***	38%	15%	-	Income before income taxes	\$132	\$233	(\$101)
				Income tax expense	(\$20)	(\$41)	\$21
				Net Income	\$112	\$192	(\$80)
				Diluted EPS	\$1.33	\$2.23	(\$0.90)
				Adjusted Diluted EPS*	\$2.57	\$2.43	\$0.14
				Adjusted EBITDA**	\$362	\$296	\$66
				Net Income as a % of Net Sales	8%	25%	(1700 bps)
				Adjusted EBITDA Margin**	26%	39%	(1300 bps)

- Allison Central Group is a centralized cost center which includes certain functional costs that support the company's global operations
- Allison Off-Highway cost of sales includes unfavorable one-time impacts from \$76 million of inventory and fixed asset stepped-up basis
- Adjusted Diluted EPS, a non-GAAP financial measure, excludes approximately \$100 million of acquisition-related expenses, including stepped-up basis impacts, as well as intangible amortization and stock-based compensation expense

*See Appendix for the reconciliation from Net Income to Adjusted Net Income, Basic EPS to Adjusted Basic EPS and Diluted EPS to Adjusted Diluted EPS
 **See Appendix for the reconciliation from Net Income and Net Income as a percentage of Net Sales
 ***See Appendix for the reconciliation from Segment Operating Income / (Loss) and Segment Operating Income / (Loss) as a percentage of Net Sales

Q1 2026 Allison Cash Flow, Liquidity & Leverage

(\$ in millions, except per share data)

Allison Consolidated Q1 2026

Adjusted Diluted EPS* **\$2.57** Increased 6% year-over-year with immediate accretion from Allison Off-Highway acquisition

Adjusted EBITDA** **\$362** Expected recoveries in key end markets, including NA On-Highway in the Allison Transmission business unit and Agriculture, as well as Mining, in the Allison Off-Highway business unit, along with synergy realization, will drive Adj. EBITDA margin higher

Adjusted EBITDA Margin** **26%**

Net Cash Provided by Operating Activities **\$156** Strong cash generation enables capital to be allocated opportunistically, with investments for growth, debt reduction to achieve near-term leverage targets and capital returned to shareholders through share repurchases and quarterly dividends

Adjusted Free Cash Flow*** **\$103**

Capital Allocation Q1 2026

Debt Repayment

\$150

Capital Expenditures

\$53

Dividend Payments

\$25

Share Repurchases

\$20

Liquidity & Leverage as of March 31, 2026

Cash and Available Borrowing Capacity

\$1,156

\$845 million of available revolving credit facility commitments and \$311 million of cash on hand

Net Debt

\$3,981

\$150 million payment towards revolving credit facility in the first quarter of 2026

Net Leverage Ratio

< 3.0x

*Based on pro-forma LTM Adjusted EBITDA** including addition of Allison Off-Highway business unit*

Net Leverage Target

2.0x

Reduction in near-term through increased earnings and debt repayments

*See Appendix for the reconciliation from Net Income to Adjusted Net Income, Basic EPS to Adjusted Basic EPS and Diluted EPS to Adjusted Diluted EPS

**See Appendix for the reconciliation from Net Income and Net Income as a percentage of Net Sales

***See Appendix for the reconciliation from Net Cash Provided by Operating Activities

Full Year 2026 Guidance Update



(\$ in millions)

Given first quarter results, while taking into consideration current macroeconomic and geopolitical uncertainty, we are reaffirming our full year 2026 guidance provided to the market on February 23rd

<i>Business Unit</i>		<i>Consolidated</i>					
Net Sales		Net Sales	Net Income*	Adjusted EBITDA**	Net Cash Provided by Operating Activities	Capital Expenditures	Adjusted Free Cash Flow**
\$3,025 to \$3,175	\$2,550 to \$2,750	\$5,575 to \$5,925	\$600 to \$750	\$1,365 to \$1,515	\$970 to \$1,100	\$295 to \$315	\$655 to \$805
Allison Transmission	Allison Off- Highway						

*Subject to the completion of purchase price accounting associated with the acquisition of the Allison Off-Highway business unit
 **See Appendix for the Guidance Reconciliation



Appendix

Non-GAAP Financial Information

Adjusted EBITDA Reconciliation							
\$ in millions, Unaudited	For the year ended December 31,					Three months ended March 31,	
	2021	2022	2023	2024	2025	2025	2026
Net income (GAAP)	\$442	\$531	\$673	\$731	\$623	\$192	\$112
plus:							
Income tax expense	130	114	154	166	181	41	20
Depreciation of property, plant and equipment	104	109	109	111	117	28	44
Interest expense, net	116	118	107	89	92	21	61
Amortization of intangible assets	46	46	45	10	7	2	23
Acquisition-related expenses	—	—	—	—	64	9	17
Recognition of stepped-up basis in inventory	—	—	—	—	—	—	63
Depreciation related to stepped-up basis in assets	—	—	—	—	—	—	13
Loss associated with impairment of long-lived assets	—	—	—	1	29	—	—
Stock-based compensation expense	14	18	22	26	27	6	7
Unrealized (gain) loss on marketable securities	(4)	22	1	9	(12)	(3)	(3)
UAW Local 933 contract signing incentives	—	—	—	14	—	—	—
Pension plan settlement loss	—	—	—	4	—	—	—
Other	(4)	3	(3)	4	2	—	5
Adjusted EBITDA (Non-GAAP)	\$844	\$961	\$1,108	\$1,165	\$1,130	\$296	\$362
Net sales (GAAP)	\$2,402	\$2,769	\$3,035	\$3,225	\$3,010	\$766	\$1,406
Net income as a percent of Net sales (GAAP)	18.4%	19.2%	22.2%	22.7%	20.7%	25.1%	8.0%
Adjusted EBITDA as a percent of Net sales (Non-GAAP)	35.1%	34.7%	36.5%	36.1%	37.5%	38.6%	25.7%

Three months ended March 31, 2026 includes the addition of the Allison Off-Highway business unit. All other time periods shown reflect only the legacy Allison Transmission business unit.

Segment Adjusted EBITDA Reconciliation

(\$ in millions)

	Allison Transmission			Allison Off-Highway			Central Group Function			Consolidated		
	Three months ended			Three months ended			Three months ended			Three months ended		
	March 31,			March 31,			March 31,			March 31,		
	2026	2025		2026	2025		2026	2025		2026	2025	
Segment Operating Profit/(Loss) (GAAP)	\$ 252	\$ 271	\$ (21)	\$ -	\$ -	\$ (36)	\$ (22)	\$ -	\$ 195	\$ 249		
plus:												
Depreciation of property, plant and equipment	30	28	14	-	-	-	-	-	44	28		
Amortization expense	1	2	22	-	-	-	-	-	23	2		
Recognition of the stepped-up basis in inventory	-	-	63	-	-	-	-	-	63	-		
Acquisition-related expenses	-	-	-	-	-	17	9	-	17	9		
Depreciation of the stepped up basis in property, plant and equipment	-	-	13	-	-	-	-	-	13	-		
Stock-based compensation expense	-	-	-	-	-	7	6	-	7	6		
Other	(7)	2	7	-	-	-	-	-	-	2		
Adjusted EBITDA (Non-GAAP)	\$ 276	\$ 303	\$ 98	\$ -	\$ -	\$ (12)	\$ (7)	\$ -	\$ 362	\$ 296		
Net sales (GAAP)	\$ 733	\$ 766	\$ 673	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,406	\$ 766		
Segment Operating Profit/(Loss) as a percent of Net sales (GAAP)	34.4%	35.4%	-3.1%	-	-	-	-	-	13.9%	32.5%		
Adjusted EBITDA as a percent of Net sales (Non-GAAP)	37.7%	39.6%	14.6%	-	-	-	-	-	25.7%	38.6%		

Adjusted Net Income and Earnings Per Share Reconciliation

\$ in millions	Three months ended	
	March 31,	
	2026	2025
Net income (GAAP)	\$ 112	\$ 192
plus:		
Recognition of the stepped-up basis in inventory	63	-
Amortization expense	23	2
Acquisition-related expenses	17	9
Depreciation of the stepped up basis in property, plant and equipment	13	-
Stock-based compensation expense	7	6
Income tax effect on adjustments	(19)	(3)
Adjusted net income (Non-GAAP)	<u>\$ 216</u>	<u>\$ 206</u>
 Basic EPS (GAAP)	 <u>\$ 1.35</u>	 <u>\$ 2.26</u>
Diluted EPS (GAAP)	<u>\$ 1.33</u>	<u>\$ 2.23</u>
Adjusted basic EPS (Non-GAAP)	<u>\$ 2.60</u>	<u>\$ 2.46</u>
Adjusted diluted EPS (Non-GAAP)	<u>\$ 2.57</u>	<u>\$ 2.43</u>

Three months ended March 31, 2026 includes the addition of the Allison Off-Highway business unit.

Adjusted Free Cash Flow Reconciliation

\$ in millions, Unaudited	For the year ended December 31,					Three months ended March 31,	
	2021	2022	2023	2024	2025	2025	2026
Net cash provided by operating activities (GAAP)	\$635	\$657	\$784	\$801	\$836	\$181	\$156
(Deductions)							
Long-lived assets	(175)	(167)	(125)	(143)	(175)	(26)	(53)
Adjusted free cash flow (Non-GAAP)	\$460	\$490	\$659	\$658	\$661	\$155	\$103

Three months ended March 31, 2026 includes the addition of the Allison Off-Highway business unit. All other time periods shown reflect only the legacy Allison Transmission business unit.

Guidance Reconciliation

\$ in millions	Guidance	
	Year Ending December 31, 2026	
	Low	High
Net income (GAAP)	\$ 600	\$ 750
plus:		
Income tax expense	125	175
Depreciation of property, plant and equipment	210	200
Interest expense, net	210	200
Amortization of intangible assets	85	75
Recognition of the stepped-up basis in inventory	65	65
Acquisition-related expenses	40	30
Stock-based compensation expense	30	20
Unrealized gain on marketable securities	(15)	(15)
Restructuring & One-Time expenses	15	15
Adjusted EBITDA (Non-GAAP)	\$ 1,365	\$ 1,515
Net cash provided by Operating activities (GAAP)	\$ 970	\$ 1,100
Deductions to reconcile to Adjusted free cash flow:		
Additions of long-lived assets	\$ (315)	\$ (295)
Adjusted free cash flow (Non-GAAP)	\$ 655	\$ 805