

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

**FORM 8-K/A
(Amendment No. 1)**

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

Date of Report (Date of earliest event reported): January 1, 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:

- 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.

Explanatory Note

On January 2, 2026, Allison Transmission Holdings, Inc. (the “Company”) filed a Current Report on Form 8-K (the “Original 8-K”) to report the January 1, 2026 acquisition (the “Dana Business Acquisition”) of the off-highway business (the “Dana Business”) of Dana Incorporated (“Dana”) pursuant to the Stock Purchase Agreement, dated June 11, 2025, between the Company and Dana, for a purchase price of \$2.732 billion, financed through a combination of cash on hand and debt financing, as described in the Original 8-K.

This amendment to the Original 8-K (this “Amendment No. 1”) is being filed to supplement the Original 8-K for the purpose of satisfying the Company’s obligation to file the financial statements and pro forma financial information relating to the Dana Business Acquisition pursuant to Item 9.01 of Form 8-K, and this amendment should be read in conjunction with the Original 8-K. Except as set forth herein, no modifications have been made to information contained in the Original 8-K, and the Company has not updated any information contained therein to reflect events that have occurred since the date of the Original 8-K.

The pro forma financial information included as Exhibit 99.3 to this Amendment No. 1 has been presented for illustrative purposes only, as required by Form 8-K, and is not intended to, and does not purport to, represent what the combined company’s actual results or financial condition would have been if the Dana Business Acquisition had occurred on the relevant date, and is not intended to project the future results or financial condition that the combined company may achieve following the Dana Business Acquisition.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses or Funds Acquired.

The audited combined financial statements of the Dana Business as of and for the years ended December 31, 2024 and December 31, 2023, are attached hereto as Exhibit 99.1 and are incorporated herein by reference.

The unaudited condensed combined financial statements of the Dana Business as of September 30, 2025 and for the nine months ended September 30, 2025 and September 30, 2024, are attached hereto as Exhibit 99.2 and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet of the Company as of September 30, 2025, and the unaudited pro forma condensed combined statements of operations of the Company for the nine months ended September 30, 2025 and the year ended December 31, 2024, giving pro forma effect to the Dana Business Acquisition, are attached hereto as Exhibit 99.3 and are incorporated herein by reference.

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u> |
|---------------------------|---|
| 23.1 | Consent of PricewaterhouseCoopers LLP, Independent Auditors for the Dana Business. |
| 99.1 | Audited combined financial statements of the Dana Business as of and for the years ended December 31, 2024 and December 31, 2023. |
| 99.2 | Unaudited condensed combined financial statements of the Dana Business as of September 30, 2025 and for the nine months ended September 30, 2025 and September 30, 2024. |
| 99.3 | Unaudited pro forma condensed combined balance sheet as of September 30, 2025 and statements of operations for the nine months ended September 30, 2025 and the year ended December 31, 2024. |
| 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: March 13, 2026

By: /s/ Eric C. Scroggins
Name: Eric C. Scroggins
Title: Vice President, General Counsel and Assistant Secretary

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-180285 and 333-204224) of Allison Transmission Holdings, Inc. of our report dated September 16, 2025, except for the effects of the restatement discussed in Note 1 to the combined financial statements, as to which the date is November 3, 2025, relating to the financial statements of the Off-Highway business of Dana Incorporated, which appears in this Current Report on Form 8-K/A.

/s/ PricewaterhouseCoopers LLP
Toledo, Ohio
March 13, 2026

**OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
COMBINED FINANCIAL STATEMENTS**

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Report of Independent Auditors

To the Board of Directors and Management of Dana Incorporated

Opinion

We have audited the accompanying combined financial statements of the Off-Highway business of Dana Incorporated (the “Company”), which comprise the combined balance sheet as of December 31, 2024 and 2023, and the related combined statements of operations, of comprehensive income, of changes in equity and of cash flows for the years then ended, including the related notes (collectively referred to as the “combined financial statements”).

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the combined financial statements, the Company has restated its 2024 and 2023 financial statements to correct an error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the combined financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ PricewaterhouseCoopers LLP

Toledo, Ohio

September 16, 2025, except for the effects of the restatement discussed in Note 1 to the combined financial statements, as to which the date is November 3, 2025

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Combined Statement of Operations

| | 2024 | 2023 |
|--|---------------|---------------|
| Net sales - External | \$2,635 | \$3,034 |
| Net sales - Related party | 61 | 51 |
| Net sales | 2,696 | 3,085 |
| Costs and expenses | | |
| Cost of sales - External | 2,194 | 2,550 |
| Cost of sales - Related party | 39 | 35 |
| Cost of sales | 2,233 | 2,585 |
| Selling, general and administrative expenses | 137 | 162 |
| Amortization of intangibles | 5 | 5 |
| Restructuring charges, net | 9 | 3 |
| Interest | | |
| Interest income - External | 4 | 4 |
| Interest income - Related party | 9 | 10 |
| Interest income | 13 | 14 |
| Interest expense - External | 4 | 2 |
| Interest expense - Related party | 25 | 27 |
| Interest expense | 29 | 29 |
| Other income, net | 16 | 17 |
| Income before income taxes | 312 | 332 |
| Income tax expense | 107 | 94 |
| Net income | \$ 205 | \$ 238 |

The accompanying notes are an integral part of the combined financial statements

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Combined Statement of Comprehensive Income

| | <u>2024</u> | <u>2023</u> |
|---|--------------|--------------|
| Net Income | \$205 | \$238 |
| Other comprehensive income (loss), net of tax | | |
| Currency translation adjustments | (23) | (16) |
| Hedging gains and losses | (1) | — |
| Defined benefit plans | (1) | (4) |
| Total comprehensive income | <u>\$180</u> | <u>\$218</u> |

The accompanying notes are an integral part of the combined financial statements.

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Combined Balance Sheet

| | 2024 | 2023 |
|---|----------------|----------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 128 | \$ 82 |
| Accounts receivable | | |
| Trade, less allowance for doubtful accounts of \$4 million in 2024 and \$ 5 million in 2023 | 305 | 395 |
| Related party receivables | 16 | 31 |
| Other | 39 | 86 |
| Inventories | 503 | 584 |
| Due from Parent, short term | 392 | 330 |
| Other current assets | 61 | 32 |
| Total current assets | <u>1,444</u> | <u>1,540</u> |
| Goodwill | 176 | 183 |
| Intangibles | 70 | 80 |
| Deferred tax assets | 50 | 46 |
| Other non current Assets | 71 | 39 |
| Due from Parent | 19 | 22 |
| Operating lease assets | 35 | 38 |
| Property, plant and equipment, net | 383 | 411 |
| Total assets | <u>\$2,248</u> | <u>\$2,359</u> |
| Liabilities and equity | | |
| Current liabilities | | |
| Current debt obligations | \$ 1 | \$ 26 |
| Accounts payable | 403 | 558 |
| Accounts payable – Related party | 52 | 79 |
| Accrued payroll and employee benefits | 63 | 79 |
| Income taxes payable | 82 | 104 |
| Non-income taxes payable | 32 | 36 |
| Due to Parent, short term | 79 | 70 |
| Customer advances | 19 | 16 |
| Warranties | 22 | 14 |
| Other accrued liabilities | 76 | 46 |
| Total current liabilities | <u>829</u> | <u>1,028</u> |
| Due to Parent | 581 | 655 |
| Noncurrent operating lease liabilities | 26 | 31 |
| Pension and postretirement obligations | 111 | 124 |
| Deferred income taxes | 31 | 9 |
| Other noncurrent liabilities | 139 | 105 |
| Total liabilities | <u>1,717</u> | <u>1,952</u> |
| Commitments and contingencies (Note 8) | | |
| Equity | | |
| Net parent investment | 749 | 600 |
| Accumulated Other Comprehensive Loss | (218) | (193) |
| Total equity | <u>531</u> | <u>407</u> |
| Total liabilities and equity | <u>\$2,248</u> | <u>\$2,359</u> |

The accompanying notes are an integral part of the combined financial statements

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Combined Statement of Cash Flows

| | 2024 <u>As Restated</u> | 2023 <u>As Restated</u> |
|--|----------------------------|----------------------------|
| Operating activities | | |
| Net income | \$ 205 | \$ 238 |
| Depreciation | 63 | 93 |
| Amortization | 8 | 9 |
| Stock compensation expense | (1) | — |
| Loss on disposal | 12 | — |
| Pension expense, net | (14) | (16) |
| Change in working capital | 15 | 139 |
| Change in other noncurrent assets and liabilities | (107) | 3 |
| Net cash provided by operating activities | <u>181</u> | <u>466</u> |
| Investing activities | | |
| Purchases of property, plant and equipment | (69) | (68) |
| Collection on notes receivable from parent | — | 1 |
| Proceeds from sale of property, plant and equipment | 4 | — |
| Other | 15 | (17) |
| Net cash used in investing activities | <u>(50)</u> | <u>(84)</u> |
| Financing activities | | |
| Repayments of notes payable to parent | — | (36) |
| Repayments of long-term debt | (26) | (2) |
| Net transfers to Parent | (55) | (363) |
| Net cash used in financing activities | <u>(81)</u> | <u>(401)</u> |
| Effect of exchange rate changes on cash balances | (4) | (1) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 46 | (20) |
| Cash, cash equivalents and restricted cash - beginning of period | 84 | 104 |
| Cash, cash equivalents and restricted cash - end of period | <u>\$ 130</u> | <u>\$ 84</u> |

The accompanying notes are an integral part of the combined financial statements.

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Combined Statement of Changes in Equity

| | Net Parent Investment | Accumulated Other Comprehensive Loss | Total Equity |
|--------------------------------------|-----------------------|---|---------------|
| Balance, January 1, 2023 | \$ 725 | \$ (173) | \$ 552 |
| Net income | 238 | — | 238 |
| Other comprehensive loss, net of tax | — | (20) | (20) |
| Net transfers to Parent | (363) | — | (363) |
| Balance, December 31, 2023 | <u>600</u> | <u>(193)</u> | <u>407</u> |
| Net income | 205 | — | 205 |
| Other comprehensive loss, net of tax | — | (25) | (25) |
| Net transfers to Parent | (56) | — | (56) |
| Balance, December 31, 2024 | <u>\$ 749</u> | <u>\$ (218)</u> | <u>\$ 531</u> |

The accompanying notes are an integral part of the combined financial statements.

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Note 1. Organization and Summary of Significant Accounting Policies

Description of Business

The accompanying combined financial statements and notes present the combined statement of operations, comprehensive income, balance sheet, cash flows, and changes in equity of the Off-Highway business (“Off-Highway”, “OH”, “the Company”, “we”, “us”, “our”) of Dana Incorporated (“Dana” or “Parent”).

The OH business offers a wide variety of drivetrain and motion system solutions in the construction, agriculture, material handling, mining, forestry, and industrial sectors. The terms “we,” “our” and “us,” when used in this report are references to the OH business.

In June 2025, Dana entered into a definitive agreement to sell Off-Highway. The transaction is currently expected to close during the fourth quarter of 2025, subject to satisfaction of regulatory approvals and other customary conditions. Until the sale occurs, Off-Highway continues to remain owned by Dana.

At closing of the transaction, Dana will enter into a transition services agreement, engineering services agreement, intellectual property and trademark license agreements, and certain supply agreements with Allison Transmission Holdings, Inc. (“Allison” or “Buyer”). Services to be provided by Dana under the transition services agreement include finance, information technology, human resources and certain other administrative services for periods up to 24 months.

Summary of Significant Accounting Policies

Basis of Presentation — These combined financial statements have been derived from the Consolidated Financial Statements and accounting records of Dana Incorporated. These combined financial statements reflect the combined historical results of operations, financial position and cash flows of the Company for the periods presented as historically managed within Dana. The Company’s combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The combined statement of operations includes all revenues and costs directly attributable to the Company’s business. The combined statement of operations also include costs for certain centralized functions and programs provided and administered by Dana that are allocated to the Company. These centralized functions and programs include, but are not limited to, executive management, research and development, sales and marketing, information technology, human resources, finance, accounting, legal, supply chain and insurance.

These expenses were allocated to the Company based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional net revenues or headcount or other reasonable driver, as applicable. The Company considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to, or the benefit received by, the Company during the periods presented. However, the allocations may not reflect the expenses the Company would have incurred as an independent company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure.

Dana utilizes a centralized approach to cash management and financing of its operations. The cash held by Dana, in a centralized cash pool, at the corporate level is not specifically identifiable to the Company and therefore has not been reflected in the Company’s combined balance sheet. Payables or receivables due from or to Dana reflecting the Company’s position in the cash pool have been reflected in the combined balance sheets. Cash pooling is available in most countries where the Company does business. Interest rates for the cash pooling arrangement are based upon base currencies rates risk adjusted as appropriate for lending or deposits; with interest accruing on a daily basis. Cash in the combined balance sheet represents cash directly identifiable to the Company and its operations.

The combined financial statements include certain assets and liabilities that have historically been held at the Dana corporate level but are specifically identifiable or otherwise attributable to the Company. There is a portion of Dana’s third-party debt associated with an acquisition that has been attributed to the Company for the periods included in these financial statements. As the Company is the legal obligor, these debts and related interest expense are reflected in the combined financial statements. The interest expense related to finance leases is recognized in the combined statement of operations.

Net parent investment reflected in the combined balance sheets represents Dana’s historical investment in the Company, the accumulated net earnings after taxes and the net effect of the allocations to/from and transactions with Dana.

All intracompany transactions have been eliminated. All transactions between the Company and Dana have been included in these combined financial statements. For those transactions between the Company and Dana that generated balances, which are supported by written agreement, are expected to be settled in cash prior to a transaction with the Buyer, or are historically cash settled, the Company has reflected such balances in the combined balance sheet as due from related parties or due to related parties. The aggregate net effect of all other transactions between the Company and Dana has been reflected in the combined balance sheet as net parent investment and in the combined statement of cash flows as net transfers to Parent. Refer to Note 10, “Related Party Transactions”, for further information.

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Estimates — Our combined financial statements are prepared in accordance with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the amounts reported in our combined financial statements and accompanying disclosures. We believe our assumptions and estimates are reasonable and appropriate. However, due to the inherent uncertainties in making estimates, actual results could differ from those estimates.

Fair value measurements — A three-tier fair value hierarchy is used to prioritize the inputs to valuation techniques used to measure fair value. The three levels of inputs are as follows: Level 1 inputs (highest priority) include unadjusted quoted prices in active markets for identical instruments. Level 2 inputs include quoted prices for similar instruments that are observable either directly or indirectly. Level 3 inputs (lowest priority) include unobservable inputs in which there is little or no market data, which require management to develop its own assumptions. Classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The inputs we use in our valuation techniques include market data or assumptions that we believe market participants would use in pricing an asset or liability, including assumptions about risk when appropriate. Our valuation techniques include a combination of observable and unobservable inputs. When available, we use quoted market prices to determine the fair value (market approach). In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, we consider the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of credit risk that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date (income approach). Fair values may not represent actual values of the financial instruments that could be realized as of the balance sheet date or that will be realized in the future.

Cash and cash equivalents — Cash and cash equivalents includes cash on hand, demand deposits and short-term cash investments that are highly liquid in nature and have maturities of three months or less when purchased.

Factoring — The Company has entered into factoring arrangements with various financial institutions to manage its accounts receivable and improve cash flow. Under these arrangements, the Company sells a portion of its accounts receivable to the factor at a discount, receiving immediate cash in exchange. The terms of these factoring agreements vary, but typically include a discount rate ranging from 0% to 5% of the receivables sold, depending on the creditworthiness of the customers and the volume of receivables factored. During the years ended December 31, 2024 and 2023, the Company sold \$16 and \$17 of receivables, respectively, under these arrangements.

Inventories — Inventories are valued at the lower of cost or net realizable value. Cost is determined using the average or first-in, first-out (FIFO) cost method.

Property, plant and equipment — Property, plant and equipment are recorded at cost. Depreciation is recognized over the estimated useful lives using primarily the straight-line method for financial reporting purposes and accelerated depreciation methods for federal income tax purposes. Useful lives of newly acquired assets are generally twenty to thirty years for buildings and building improvements, five to ten years for machinery and equipment, three to five years for tooling and office equipment and three to ten years for furniture and fixtures. If assets are impaired, their value is reduced via an increase in accumulated depreciation.

Leases — Our global lease portfolio represents leases of real estate, including manufacturing, assembly and office facilities, while the remainder represents leases of personal property, including manufacturing, material handling and IT equipment. We have lease agreements that include both lease and non-lease components, which are accounted for separately. Leases with an initial term of twelve months or less are not recorded on the balance sheet, and we recognize lease expense for these leases on a straight-line basis over the lease term. Generally, we use the Parent's incremental borrowing rate in determining the present value of lease payments, unless there is a rate stated in the lease agreement.

Goodwill — We test goodwill for impairment annually as of October 31 and more frequently if events occur or circumstances change that would warrant an interim review. Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in the acquisition of a business. Goodwill is not amortized, but rather is tested for impairment annually and when events or changes in circumstances indicate that the fair value of a reporting unit with goodwill has been reduced below carrying value. The Company has a single reporting unit for purposes of goodwill impairment testing. A multi-step impairment test is performed on goodwill. In Step 0, we have the option to evaluate various qualitative factors to determine the likelihood of impairment. This qualitative assessment may include, but is not limited to, reviewing factors such as macroeconomic conditions, industry and market considerations, cost factors, entity-specific financial performance and other events, such as changes in the Company's management, strategy and primary customer base. If we determine that the fair value is more likely than not less than the carrying value, then we are required to perform Step 1. If we do not elect to perform Step 0, we can voluntarily proceed directly to Step 1. In Step 1, we estimate the fair value of the reporting units using a model that incorporates various valuation methodologies, including discounted cash flow projections and multiples of current earnings. In determining fair value using discounted cash flow projections, we make significant assumptions and estimates about the extent and timing of future cash flows, including revenue growth rates, projected segment EBITDA, discount rates, and terminal growth rates. If the estimated fair value of the reporting unit exceeds its carrying value, the goodwill is considered not impaired. If the carrying value of the reporting unit exceeds its estimated fair value, a goodwill impairment charge is recorded for the difference. See Note 2, "Goodwill and Other Intangible Assets", for more information about goodwill.

Intangible assets — Intangible assets include the value of core technology, trademarks and trade names and customer relationships. Core technology and customer relationships have definite lives while the majority of our trademarks and trade names have indefinite lives. Definite-lived intangible assets are amortized over their useful life using the straight-line method of amortization and are periodically reviewed for impairment indicators. Amortization of core technology is charged to cost of sales. Amortization of trademarks and trade names and customer relationships is charged to amortization of intangibles.

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Indefinite-lived intangible assets are tested for impairment annually and more frequently if impairment indicators exist. See Note 2, “Goodwill and Other Intangible Assets”, for more information about intangible assets.

Tangible asset impairments — We review the carrying value of depreciable long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the undiscounted future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value. Assets to be disposed of are reported at the lower of their carrying amount or fair value less costs to sell and are no longer depreciated.

Financial instruments — The carrying values of cash and cash equivalents, trade receivables, notes receivable and short-term borrowings approximate fair value.

Derivatives — Foreign currency forward contracts are carried at fair value. We enter into these contracts to manage our exposure to the impact of currency fluctuations on certain foreign currency-denominated assets and liabilities, as well as on a portion of our forecasted purchase and sale transactions. We do not use derivatives for trading or speculative purposes and we do not hedge all of our exposures.

For derivative instruments designated as cash flow hedges, at the cash flow hedge’s inception and on an ongoing basis, the Company formally assesses whether the cash flow hedging instruments have been highly effective in offsetting changes in the cash flows of the hedged transactions and whether those cash flow hedging instruments may be expected to remain highly effective in future periods. Changes in the fair value of currency-related contracts treated as cash flow hedges are deferred and included as a component of other comprehensive loss (“OCL”). Deferred gains and losses are reclassified to earnings in the same periods in which the underlying transactions affect earnings.

Changes in the fair value of contracts treated as net investment hedges are recorded in the cumulative translation adjustment (“CTA”) component of OCL. Amounts recorded in CTA are deferred until such time as the investment in the associated subsidiary is substantially liquidated. Changes in the fair value of contracts not treated as cash flow hedges or as net investment hedges are recognized in other income, net in the period in which those changes occur.

Cash flows associated with designated derivatives are classified within the same category as the item being hedged on the combined statement of cash flows. Cash flows associated with undesignated derivatives are included in the investing category on the combined statement of cash flows.

Warranty — Costs related to product warranty obligations are estimated and accrued at the time of sale with a charge against cost of sales. Warranty accruals are evaluated and adjusted as appropriate based on occurrences giving rise to potential warranty exposure and associated experience. Warranty accruals and adjustments require significant judgment, including a determination of our involvement in the matter giving rise to the potential warranty issue or claim, our contractual requirements, estimates of units requiring repair and estimates of repair costs.

Pension and other postretirement defined benefits — Certain employees of the Company participate in defined benefit plans sponsored by Dana (“Shared Plans”), which include participants from other Dana businesses. We account for our participation in the Shared Plans as multiemployer plans in these combined financial statements. Therefore, no plan assets or liabilities related to the Shared Plans have been included in the combined balance sheet. Off-Highway’s portion of pension and other post-retirement expenses related to the Shared Plans is included in cost of sales, selling, general and administrative expenses, and other income, net in the combined statement of operations. For plans in which the Company is the sponsor, we account for such plans using the single employer approach. Therefore, all plan assets or liabilities related to plans in which the Company is the sponsor have been included in the combined balance sheet.

We recognize the funded status of Off-Highway-sponsored defined benefit plans on the combined balance sheet. Actuarial gains or losses and prior service costs or credits that have not yet been recognized as part of net periodic benefit cost are recorded as a component of accumulated other comprehensive loss (“AOCL”).

The calculation of the obligation and expense for pension plans and other post-retirement benefits sponsored by the Company is dependent on assumptions selected by the Company in consultation with our outside actuarial advisor. Those assumptions are described in Note 6, “Pension and Postretirement Benefit Plans”, and include, among others, the discount rate, the expected long-term rate of return on plan assets, mortality and the rates of increase in compensation and health care costs. Actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect the recognized expense and recorded obligation in future periods. While the Company believes that the assumptions are appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the pension and other postretirement obligations and future expense.

Employees of the Company participate in various qualified and unqualified defined contribution pension and other post-retirement benefit plans. Our required contributions to such plans are expensed when contributed for funded plans, or over the service period for unfunded plans. Our contributions due but not yet paid for unfunded plans are recorded as a liability in the combined balance sheet. Refer to Note 6, “Pension and Postretirement Benefit Plans”, for additional information regarding the Company’s pension and other post-retirement benefit plans.

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Postemployment benefits — Costs to provide postemployment benefits to employees are accounted for on an accrual basis. Obligations that do not accumulate or vest are recorded when payment is probable and the amount can be reasonably estimated. For those obligations that accumulate or vest and the amount can be reasonably estimated, expense and the related liability are recorded as service is rendered. Refer to Note 6, “Pension and Postretirement Benefit Plans”, for further information.

Government assistance — We account for separate legally enforceable agreements with governments and government agencies where the agreement provides for the government to determine whether the Company will receive assistance and the amount of assistance by applying a contribution accounting model by analogy. The primary forms of government assistance received includes cash grants based on making qualifying capital investments over a specified period of time; cash grants based on creating new jobs, increasing and maintaining qualifying employee headcount over a specified period of time; and cash grants based on investing in specified research and development activities. The agreements include imposed conditions that must be satisfied for us to retain grant proceeds received. Imposed conditions include providing documentation supporting qualified expenditures have been made and may include providing documentation that specified employment levels have been achieved. Imposed conditions related to employment levels typically range from one to five years. Amounts received or receivable from these cash grants are deferred as a liability until such time as we have satisfied all imposed conditions documented in the agreement with the government. Deferred amounts are recorded in other accrued liabilities and other noncurrent liabilities as appropriate. Government assistance received for making qualifying capital investments is realized by reducing the associated fixed assets so long as we have satisfied all imposed conditions by the time the associated fixed assets are placed into service. All other government assistance is realized in other income, net once all imposed conditions have been satisfied.

Revenue recognition — Sales are recognized when products are shipped and risk of loss has transferred to the customer. We accrue for warranty costs, sales returns and other allowances based on experience and other relevant factors when sales are recognized. Adjustments are made as new information becomes available. Shipping and handling fees billed to customers are included in sales, while costs of shipping and handling are included in cost of sales. Taxes collected from customers are excluded from revenues and credited directly to obligations to the appropriate governmental agencies. See Note 14, “Revenue from Contracts with Customers”, for additional information.

Stock -Based Compensation — The Company currently does not have any stock or stock-based compensation plan. Instead, the Company’s eligible employees participate in Dana’s stock-based compensation plan. Stock-based compensation expense recognized by the Company are based on the awards and terms previously granted to the Company’s employees under Dana’s stock-based compensation plan, as well as an allocation of Parent’s corporate and shared functional employee expenses. Accordingly, the amounts presented are not necessarily indicative of future awards and do not necessarily reflect the results that the Company would have experienced as an independent company for the periods presented. Dana accounts for stock-based compensation in accordance with ASC 718, “Compensation—Stock Compensation” (ASC 718), which requires a fair-value based method for measuring the value of stock-based compensation. Fair value is measured once at the date of grant for equity awards and is not adjusted for subsequent changes. Dana’s stock-based compensation plan includes awards of stock options, restricted stock, restricted stock units (RSUs) and performance units (which are settled partially in cash and partially in shares of Dana common stock). As of December 31, 2024 and 2023, there were no outstanding stock options, as all previously granted options had either been exercised or expired. During the years ended December 31, 2024 and 2023, the Company had \$9 and \$8 of stock-based compensation expense. Of which, \$1 and \$1 was direct to the Company, \$8 and \$7 was allocated to the Company during the years ended December 31, 2024 and 2023.

Interest income and Interest expense — Interest income and expense arises from related party notes receivable or payable with Dana. Refer to Note 10. “Related Party Transactions”, for a listing of related party notes with Parent, and their associated interest rates. Additionally, income and expense arises from interest accruing on net cash pool balances with lending institutions that support Dana’s cash pooling function.

Foreign currency translation — When translating into U.S. dollars, income and expense items are translated at average monthly rates of exchange, while assets and liabilities are translated at the rates of exchange at the balance sheet date. Translation adjustments resulting from translating the functional currency into U.S. dollars are deferred and included as a component of AOCL in the combined balance sheet.

Income taxes — The Company has historically been included in certain of Dana’s international and U.S. federal, state, and local income tax returns, and as part of unitary group/combined returns in relevant states. For purposes of these combined financial statements, income taxes related to the Company have been presented as if it were a separate stand-alone taxpayer. Under this approach, the Company determines its tax expense as if it were filing separate tax returns in each tax jurisdiction as a stand-alone entity. Tax attributes such as net operating loss carryovers have been allocated to the Company based on specific identification for the opening period adjusted for current year activity computed using the separate return approach. These attributes, although disclosed herein, may not be the same as those transferred in the transaction.

Since the Company’s results are included in the Parent’s consolidated tax returns, payments to certain tax authorities are made by the Parent and not by the Company. For tax jurisdictions where the Company is included with Parent in a consolidated tax filing, the Company does not maintain taxes payable to or from the Parent and the payments are deemed to be settled immediately with the legal entities paying the tax in the respective tax jurisdictions through changes in net parent investment.

In the ordinary course of business there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax assets or liabilities for all years subject to examination based upon management’s evaluation of the facts and circumstances and information available at the reporting dates. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. Where applicable, the related interest cost has also been recognized as a component of the income tax provision.

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A valuation allowance is provided when, in our judgment based upon available information, it is more likely than not that a portion of such deferred tax assets will not be realized. To make this assessment, we consider the historical and projected future taxable income or loss by tax jurisdiction. We consider all components of comprehensive income and weigh the positive and negative evidence, putting greater reliance on objectively verifiable historical evidence than on projections of future profitability that are dependent on actions that have not taken place as of the assessment date. We also consider changes to historical profitability of actions that occurred through the date of assessment and objectively verifiable effects of material forecasted events that would have a sustained effect on future profitability, as well as the effect on historical profits of nonrecurring events. We also incorporate the changes to historical and prospective income from tax planning strategies that are prudent and feasible.

Recently adopted accounting pronouncements

We did not adopt any new accounting pronouncements during the years ended December 31, 2024 and 2023.

Recently issued accounting pronouncements

In November 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40), which requires public entities to disclose detailed components of income statement expenses, such as inventory purchases, employee compensation, depreciation and amortization within relevant expense captions. Companies are also required to explain amounts not disaggregated and define and disclose total selling expenses. The guidance is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. We are currently evaluating the impact of the guidance on our financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures. This guidance requires disaggregated income tax disclosures on the rate reconciliation and income taxes paid. The guidance becomes effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of the guidance on our financial statement disclosures.

Restatement of Previously Issued Combined Financial Statements

The Company identified an error related to the effect of foreign currency translation which primarily resulted in an overstatement and understatement of Net cash provided by operating activities for the years ended December 31, 2024 and 2023, respectively, with offsetting impacts to the Effect of exchange rate changes on cash balances in each respective year in the Combined Statement of Cash Flows. In addition, this error impacted Net cash used in investing activities and Net cash used in financing activities for the years ended December 31, 2024 and 2023 in the Combined Statement of Cash Flows, as detailed in the tables below.

The Company is correcting such error by restating previously issued financial statements and relevant footnotes. The error had no impact on the Combined Statement of Operations, Combined Statement of Comprehensive Income, Combined Balance Sheet and Combined Statement of Changes in Equity.

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The following tables summarize the impact of these corrections for the periods presented (in millions):

| <u>Combined Statement of Cash Flow</u> | December 31, 2024 | | |
|---|-------------------------------|-------------------|--------------------|
| | <u>As Originally Reported</u> | <u>Adjustment</u> | <u>As Restated</u> |
| Cash flows from operating activities | | | |
| Change in working capital | \$ 1 | \$ 14 | \$ 15 |
| Change in other noncurrent assets and liabilities | (60) | (47) | (107) |
| Net cash provided by operating activities | \$ 214 | \$ (33) | \$ 181 |
| Cash flows from investing activities | | | |
| Change in other | \$ 16 | \$ (1) | \$ 15 |
| Net cash used in investing activities | \$ (49) | \$ (1) | \$ (50) |
| Cash flows from financing activities | | | |
| Net transfers to Parent | \$ (66) | \$ 11 | \$ (55) |
| Net cash used in financing activities | \$ (92) | \$ 11 | \$ (81) |
| Effect of exchange rate changes on cash balances | \$ (27) | \$ 23 | \$ (4) |

| <u>Combined Statement of Cash Flow</u> | December 31, 2023 | | |
|---|-------------------------------|-------------------|--------------------|
| | <u>As Originally Reported</u> | <u>Adjustment</u> | <u>As Restated</u> |
| Cash flows from operating activities | | | |
| Change in working capital | \$ 145 | \$ (6) | \$ 139 |
| Change in other noncurrent assets and liabilities | (8) | 11 | 3 |
| Net cash provided by operating activities | \$ 461 | \$ 5 | \$ 466 |
| Cash flows from investing activities | | | |
| Change in other | \$ (18) | \$ 1 | \$ (17) |
| Net cash used in investing activities | \$ (85) | \$ 1 | \$ (84) |
| Cash flows from financing activities | | | |
| Repayments of long-term debt | \$ (4) | \$ 2 | \$ (2) |
| Net transfers to parent | (360) | (3) | (363) |
| Net cash used in financing activities | \$ (400) | \$ (1) | \$ (401) |
| Effect of exchange rate changes on cash balances | \$ 4 | \$ (5) | \$ (1) |

Note 2. Goodwill and Other Intangible Assets

Goodwill — Our goodwill is tested for impairment annually as of October 31 for the Off-Highway reporting unit, and more frequently if events or circumstances warrant such a review. For our 2024 and 2023 annual impairment tests, we performed a Step 0 qualitative approach. Based on the results of the qualitative assessment, we determined that it is more likely than not that the fair value of the Off-Highway reporting unit exceeded its carrying value and as such, our goodwill was not considered impaired as of October 31, 2024 and as of October 31, 2023.

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Change in the carrying amount of goodwill -

| | <u>Total</u> |
|----------------------------|--------------|
| Balance, January 1, 2023 | \$182 |
| Currency impact | 1 |
| Balance, December 31, 2023 | 183 |
| Currency impact | (7) |
| Balance, December 31, 2024 | <u>\$176</u> |

Non-amortizable intangible assets — Our non-amortizable intangible assets include a portion of our trademarks and trade names. Non-amortizable trademark and trade name consist of the Spicer® trademark and trade name. We value trademarks and trade names using a relief from royalty method which is based on revenue streams. No impairment was recorded during the years ended December 31, 2024 and December 31, 2023 in connection with the required annual assessment for trademarks and trade names.

Amortizable intangible assets — Our amortizable intangible assets include core technology, customer relationships and a portion of our trademarks and trade names. Core technology includes the proprietary know-how and expertise that is inherent in our products and manufacturing processes. Customer relationships include the established relationships with our customers and the related ability of these customers to continue to generate future recurring revenue and income. Amortizable trademarks and trade names includes the Graziano™, Fairfield® and Brevini® trademarks and trade names.

These assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. We group the assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the undiscounted future cash flows. We use our internal forecasts, which we update quarterly, to develop our cash flow projections. These forecasts are based on our knowledge of our customers' production forecasts, our assessment of market growth rates, net new business, material and labor cost estimates, cost recovery agreements with customers and our estimate of savings expected from our restructuring activities. The most likely factors that would significantly impact our forecasts are changes in customer production levels and loss of significant portions of our business. Our valuation is applied over the life of the primary assets within the asset groups. If the undiscounted cash flows do not indicate that the carrying amount of the asset group is recoverable, an impairment charge is recorded if the carrying amount of the asset group exceeds its fair value based on discounted cash flow analyses or appraisals. There were no impairments recorded during the two years ended December 31, 2024 and 2023.

Components of other intangible assets -

| | Weighted Average Useful Life (years) | December 31, 2024 | | | December 31, 2023 | | |
|--|--|-----------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|
| | | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Amortizable intangible assets | | | | | | | |
| Core technology | 7 | \$ 12 | \$ (9) | \$ 3 | \$ 12 | \$ (7) | \$ 5 |
| Trademarks and trade names | 13 | 20 | (11) | 9 | 21 | (10) | 11 |
| Customer relationships | 14 | 50 | (24) | 26 | 51 | (21) | 30 |
| Non-amortizable intangible assets | | | | | | | |
| Trademarks and trade names | | 32 | — | 32 | 34 | — | 34 |
| | | <u>\$ 114</u> | <u>\$ (44)</u> | <u>\$ 70</u> | <u>\$ 118</u> | <u>\$ (38)</u> | <u>\$ 80</u> |

During 2024, fully amortized intangible assets were written off and have been excluded from the table above.

Amortization expense related to amortizable intangible assets -

| | 2024 | 2023 |
|--|-------------|-------------|
| Charged to cost of sales | \$ 2 | \$ 2 |
| Charged to amortization of intangibles | 5 | 5 |
| Total amortization | <u>\$ 7</u> | <u>\$ 7</u> |

The following table provides the estimated aggregate pre-tax amortization expense related to intangible assets for each of the next five years based on December 31, 2024 exchange rates. Actual amounts may differ from these estimates due to such factors as currency translation, customer turnover, impairments, additional intangible asset acquisitions and other events.

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|----------------------|------|------|------|------|------|
| Amortization expense | \$ 7 | \$ 6 | \$ 5 | \$ 5 | \$ 4 |

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Note 3. Inventories

Inventory components at December 31 -

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|---------------------|---------------------|
| Raw materials | \$173 | \$199 |
| Work in process and finished goods | 330 | 385 |
| Total | <u>\$503</u> | <u>\$584</u> |

Note 4. Supplemental Balance Sheet and Cash Flow Information

Supplemental balance sheet information at December 31 -

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------|----------------------|----------------------|
| Property, plant and equipment, net: | | |
| Land and improvements to land | \$ 49 | \$ 52 |
| Buildings and building fixtures | 176 | 184 |
| Machinery and equipment | 674 | 673 |
| Software and hardware | 44 | 46 |
| Construction in progress | 59 | 51 |
| Finance lease right -of-use assets | 13 | 17 |
| Total cost | 1,015 | 1,023 |
| Less: accumulated depreciation | 632 | 612 |
| Net | <u>\$ 383</u> | <u>\$ 411</u> |

Cash, cash equivalents and restricted cash at December 31 -

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|---------------------|
| Cash and cash equivalents | \$128 | \$ 82 | \$103 |
| Restricted cash included in other current assets | 2 | 2 | 1 |
| Total cash, cash equivalents and restricted cash | <u>\$130</u> | <u>\$ 84</u> | <u>\$104</u> |

Supplemental cash flow information -

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|----------------------|
| | As Restated | As Restated |
| Change in working capital: | | |
| Change in accounts receivable | \$ 110 | \$ 76 |
| Change in receivables, related party | 15 | 2 |
| Change in inventories | 66 | (7) |
| Change in accounts payable | (147) | (13) |
| Change in accounts payable, related party | (23) | 5 |
| Change in accrued payroll and employee benefits | (13) | 16 |
| Change in accrued income taxes | (2) | 1 |
| Change in other current assets and liabilities | 9 | 59 |
| Net | <u>\$ 15</u> | <u>\$ 139</u> |
| Cash paid during the period for: | | |
| Interest | \$ 29 | \$ 29 |
| Stock compensation plans | \$ 2 | \$ 1 |
| Noncash investing and financing activities: | | |
| Purchases of property, plant and equipment held in accounts payable | \$ 5 | \$ 3 |

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Note 5. Leases

Our leases generally have remaining lease terms of one year to ten years. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table provides a summary of the location and amounts related to finance leases recognized in the combined balance sheet. Short-term lease costs were insignificant as of December 31, 2024 and 2023.

| | Classification | 2024 | 2023 |
|-----------------------------------|------------------------------------|-------|-------|
| Finance lease right-of-use assets | Property, plant and equipment, net | \$ 12 | \$ 11 |
| Finance lease liabilities | Current debt obligations | — | 1 |
| Finance lease liabilities | Other noncurrent liabilities | 1 | — |

Components of lease expense -

| | 2024 | 2023 |
|-------------------------------------|-------|-------|
| Operating lease cost | \$ 11 | \$ 10 |
| Finance lease cost: | | |
| Amortization of right-of-use assets | 1 | 2 |
| Total finance lease cost | \$ 1 | \$ 2 |

Supplemental cash flow information related to leases -

| | 2024 | 2023 |
|---|-------|-------|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | \$ 11 | \$ 10 |
| Financing cash flows from finance leases | 1 | 2 |
| Right-of-use assets obtained in exchange for lease obligations: | | |
| Operating leases | \$ 3 | \$ 14 |
| Finance leases | 2 | — |

Supplemental balance sheet information related to leases -

| | 2024 | 2023 |
|--|------|------|
| Weighted-average remaining lease term (years): | | |
| Operating leases | 5 | 5 |
| Finance leases | 4 | 1 |
| Weighted-average discount rate: | | |
| Operating leases | 5.2% | 4.9% |
| Finance leases | 4.3% | 2.1% |

Maturities -

| | <u>Operating Leases</u> | <u>Finance Leases</u> |
|------------------------------------|-------------------------|-----------------------|
| 2025 | \$ 10 | \$ 1 |
| 2026 | 8 | 1 |
| 2027 | 7 | 1 |
| 2028 | 4 | 1 |
| 2029 | 3 | — |
| Thereafter | 5 | — |
| Total lease payments | 37 | 4 |
| Less: interest | 5 | — |
| Present value of lease liabilities | \$ 32 | \$ 4 |

Finance lease payments presented in the table above exclude approximately \$8 of undiscounted minimum lease payments for non-cancellable equipment leases with various banks signed in 2024 but commencing in 2025. These leases generally have lease terms of five years.

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Note 6. Pension and Postretirement Benefit Plans

Shared plans whose participants include both Company employees and other employees of Parent are accounted for as multiemployer benefit plans and the related net benefit plan obligations are not included in the Company's Combined Balance Sheet. The Company recorded expense of \$7 and \$7 through the periods ended December 31, 2024 and December 31, 2023, respectively, relating to the Company's participation in Dana sponsored plans.

The Company sponsors various defined benefit, qualified and non-qualified pension plans covering eligible employees. Other post-retirement benefits (OPEB), including medical and life insurance, are provided for certain employees upon retirement. All tables noted below specifically relate to Off-Highway sponsored plans.

Components of net periodic benefit cost (credit) and other amounts recognized in OCL —

| | Pension Benefits | | | |
|---|------------------|-------------|-------------|--------------|
| | 2024 | | 2023 | |
| | U.S. | Non-U.S. | U.S. | Non-U.S. |
| Interest cost | \$ 7 | \$ 5 | \$ 7 | \$ 5 |
| Expected return on plan assets | (6) | (1) | (6) | (1) |
| Service cost | — | 3 | — | 3 |
| Curtailment | — | — | — | (1) |
| Net periodic benefit cost (credit) | <u>1</u> | <u>7</u> | <u>1</u> | <u>6</u> |
| Recognized in OCL: | | | | |
| Amount due to net actuarial (gains) losses | 3 | (3) | 3 | 6 |
| Total recognized in OCL | <u>3</u> | <u>(3)</u> | <u>3</u> | <u>6</u> |
| Net recognized in benefit cost (credit) and OCL | <u>\$ 4</u> | <u>\$ 4</u> | <u>\$ 4</u> | <u>\$ 12</u> |

Our U.S. defined benefit pension plans are frozen, and no additional service cost is being accrued. The service cost component for international plans is included in cost of sales and selling, general and administrative expenses. Other components of net periodic benefit cost (credit) are included in other income, net in our consolidated income statement. Actuarial gains and losses resulting from plan remeasurement are recognized in AOCL in the period of remeasurement. We use the corridor approach for purposes of systematically amortizing deferred gains or losses as a component of net periodic benefit cost into the income statement in future reporting periods. The amortization period used is generally the average remaining service period of active participants in the plan unless almost all of the plan's participants are inactive, in which case we use the average remaining life expectancy of the inactive participants.

Funded status — The following tables provide reconciliations of the changes in benefit obligations, plan assets and funded status.

| | Pension Benefits | | | | OPEB | | | |
|---------------------------------------|------------------|---------------|--------------|---------------|-------------|-------------|-------------|-------------|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| | U.S. | Non-U.S. | U.S. | Non-U.S. | U.S. | Non-U.S. | U.S. | Non-U.S. |
| Reconciliation of benefit obligation: | | | | | | | | |
| Obligation at beginning of period | \$133 | \$ 136 | \$132 | \$ 124 | \$ 3 | \$ — | \$ 3 | \$ — |
| Interest cost | 7 | 5 | 7 | 5 | — | — | — | — |
| Service cost | — | 3 | — | 3 | — | — | — | — |
| Actuarial (gain) loss | (5) | (4) | 4 | 7 | — | — | — | — |
| Benefit payments | (9) | (5) | (10) | (4) | — | — | — | — |
| Settlements | — | (2) | — | (3) | — | — | — | — |
| Translation adjustments | — | (8) | — | 4 | — | — | — | — |
| Obligation at end of period | <u>\$126</u> | <u>\$ 125</u> | <u>\$133</u> | <u>\$ 136</u> | <u>\$ 3</u> | <u>\$ —</u> | <u>\$ 3</u> | <u>\$ —</u> |

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| | Pension Benefits | | | | OPEB | | | |
|---|------------------|----------------|----------------|----------------|---------------|-------------|---------------|-------------|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| | U.S. | Non-U.S. | U.S. | Non-U.S. | U.S. | Non-U.S. | U.S. | Non-U.S. |
| Reconciliation of fair value of plan assets: | | | | | | | | |
| Fair value at beginning of period | \$103 | \$ 40 | \$106 | \$ 35 | \$— | \$ — | \$— | \$ — |
| Actual return on plan assets | (2) | — | 7 | 2 | — | — | — | — |
| Employer contributions | 8 | 6 | — | 8 | — | — | — | — |
| Benefit payments | (9) | (5) | (10) | (4) | — | — | — | — |
| Settlements | — | (2) | — | (2) | — | — | — | — |
| Translation adjustments | — | (2) | — | 1 | — | — | — | — |
| Fair value at end of period | <u>\$100</u> | <u>\$ 37</u> | <u>\$103</u> | <u>\$ 40</u> | <u>\$—</u> | <u>\$ —</u> | <u>\$—</u> | <u>\$ —</u> |
| Funded status end of period | <u>\$ (26)</u> | <u>\$ (88)</u> | <u>\$ (30)</u> | <u>\$ (96)</u> | <u>\$ (3)</u> | <u>\$ —</u> | <u>\$ (3)</u> | <u>\$ —</u> |

Amounts recognized in the balance sheet —

| | Pension Benefits | | | | OPEB | | | |
|--|------------------|----------------|----------------|----------------|---------------|-------------|---------------|-------------|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| | U.S. | Non-U.S. | U.S. | Non-U.S. | U.S. | Non-U.S. | U.S. | Non-U.S. |
| Amounts recognized in the combined balance sheet: | | | | | | | | |
| Noncurrent assets | \$— | \$ — | \$— | \$ — | \$— | \$ — | \$— | \$ — |
| Current liabilities | — | (4) | — | (4) | — | — | — | — |
| Noncurrent liabilities | (26) | (84) | (30) | (92) | (3) | — | (3) | — |
| Net amount recognized | <u>\$ (26)</u> | <u>\$ (88)</u> | <u>\$ (30)</u> | <u>\$ (96)</u> | <u>\$ (3)</u> | <u>\$ —</u> | <u>\$ (3)</u> | <u>\$ —</u> |

Amounts recognized in AOCL —

| | Pension Benefits | | | | OPEB | | | |
|------------------------------------|------------------|---------------|-------------|---------------|------------|-------------|------------|-------------|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| | U.S. | Non-U.S. | U.S. | Non-U.S. | U.S. | Non-U.S. | U.S. | Non-U.S. |
| Amounts recognized in AOCL: | | | | | | | | |
| Net actuarial loss (gain) | \$15 | \$ (5) | \$12 | \$ (3) | \$— | \$ — | \$— | \$ — |
| AOCL before tax | 15 | (5) | 12 | (3) | — | — | — | — |
| Deferred taxes | (3) | 1 | (3) | 1 | — | — | — | — |
| Net | <u>\$12</u> | <u>\$ (4)</u> | <u>\$ 9</u> | <u>\$ (2)</u> | <u>\$—</u> | <u>\$ —</u> | <u>\$—</u> | <u>\$ —</u> |

The net actuarial loss for U.S. pension plans for 2024 was primarily due to a decrease in discount rates, partially offset by the actual return on assets exceeding the expected asset return.

The net actuarial loss for U.S. pension plans for 2023 was primarily due to the actual return on assets underperforming the expected asset return, partially offset by an increase in discount rates. The actuarial gain for non-U.S. plans was due to an increase in discount rates.

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Aggregate funding levels — The following table presents information regarding the aggregate funding levels of our defined benefit pension plans at December 31:

| | 2024 | | 2023 | |
|--|-------|----------|-------|----------|
| | U.S. | Non-U.S. | U.S. | Non-U.S. |
| Plans with fair value of plan assets in excess of obligations: | | | | |
| Accumulated benefit obligation | \$— | \$ 13 | \$— | \$ 14 |
| Projected benefit obligation | — | 13 | — | 14 |
| Fair value of plan assets | — | 13 | — | 14 |
| Plans with obligations in excess of fair value of plan assets: | | | | |
| Accumulated benefit obligation | \$126 | \$ 100 | \$133 | \$ 109 |
| Projected benefit obligation | 126 | 112 | 133 | 122 |
| Fair value of plan assets | 100 | 24 | 103 | 26 |

Fair value of pension plan assets —

| Asset Category | Fair Value Measurements at December 31, 2024 | | | | | | | |
|-------------------------------------|--|--------------|--------------|-------------|--------------|------------|------------|--------------|
| | Total | U.S. | | | | Non-U.S. | | |
| | | Level 1 | Level 2 | Level 3 | NAV (a) | Level 1 | Level 2 | Level 3 |
| Equity securities: | | | | | | | | |
| U.S. all cap (b) | \$ 11 | \$ 11 | \$— | \$— | \$— | \$— | \$— | \$— |
| U.S. large cap | 11 | — | — | — | 11 | — | — | — |
| EAFE composite | 5 | — | — | — | 5 | — | — | — |
| Emerging markets | 4 | — | — | — | 4 | — | — | — |
| Fixed income securities: | | | | | | | | |
| Corporate bonds | 38 | — | — | — | 38 | — | — | — |
| U.S. Treasury strips | 6 | — | 6 | — | — | — | — | — |
| Non-U.S. government securities | — | — | — | — | — | — | — | — |
| Emerging market debt | 3 | — | — | — | 3 | — | — | — |
| Collateralized Mortgage Obligations | — | — | — | — | — | — | — | — |
| Alternative investments: | | | | | | | | |
| Insurance contracts (c) | 42 | — | — | 5 | — | — | — | 37 |
| Real estate | 5 | — | — | — | 5 | — | — | — |
| Other | — | — | — | — | — | — | — | — |
| Cash and cash equivalents | 12 | — | 12 | — | — | — | — | — |
| Total | \$137 | \$ 11 | \$ 18 | \$ 5 | \$ 66 | \$— | \$— | \$ 37 |

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| Asset Category | Total | Fair Value Measurements at December 31, 2023 | | | | | | |
|-------------------------------------|--------------|--|--------------|-------------|--------------|------------|------------|--------------|
| | | U.S. | | | | Non-U.S. | | |
| | | Level 1 | Level 2 | Level 3 | NAV (a) | Level 1 | Level 2 | Level 3 |
| Equity securities: | | | | | | | | |
| U.S. all cap (b) | \$ 10 | \$ 10 | \$— | \$— | \$— | \$— | \$— | \$— |
| U.S. large cap | 10 | — | — | — | 10 | — | — | — |
| EAFE composite | 6 | — | — | — | 6 | — | — | — |
| Emerging markets | 4 | — | — | — | 4 | — | — | — |
| Fixed income securities: | | | | | | | | |
| Corporate bonds | 39 | — | — | — | 39 | — | — | — |
| U.S. Treasury strips | 3 | — | 3 | — | — | — | — | — |
| Non-U.S. government securities | — | — | — | — | — | — | — | — |
| Emerging market debt | 3 | — | — | — | 3 | — | — | — |
| Collateralized Mortgage Obligations | — | — | — | — | — | — | — | — |
| Alternative investments: | | | | | | | | |
| Insurance contracts (c) | 46 | — | — | 6 | — | — | — | 40 |
| Real estate | 5 | — | — | — | 5 | — | — | — |
| Other | — | — | — | — | — | — | — | — |
| Cash and cash equivalents | 17 | — | 17 | — | — | — | — | — |
| Total | \$143 | \$ 10 | \$ 20 | \$ 6 | \$ 67 | \$— | \$— | \$ 40 |

Notes:

- (a) Certain assets are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy.
- (b) This category comprises a combination of small-, mid- and large-cap equity stocks that are allocated at the investment manager's discretion. Investments include common and preferred securities as well as equity funds that invest in these instruments.
- (c) This category comprises contracts placed with insurance companies where the underlying assets are invested in fixed-interest securities.

| Reconciliation of Level 3 Assets | 2024 | | 2023 | |
|---|--------------------------|------------------------------|--------------------------|------------------------------|
| | U.S. Insurance Contracts | Non-U.S. Insurance Contracts | U.S. Insurance Contracts | Non-U.S. Insurance Contracts |
| Fair value at beginning of period | \$ 6 | \$ 40 | \$ 6 | \$ 35 |
| Actual gains (losses) relating to assets still held at the reporting date | (1) | 1 | — | 5 |
| Purchases, sales and settlements | — | (2) | — | (1) |
| Currency impact | — | (2) | — | 1 |
| Fair value at end of period | <u>\$ 5</u> | <u>\$ 37</u> | <u>\$ 6</u> | <u>\$ 40</u> |

Valuation Methods

Equity securities — The fair value of equity securities held directly by the trust is based on quoted market prices. When the equity securities are held in commingled funds that are not publicly traded, the fair value of our interest in the fund is its NAV as determined by quoted market prices for the underlying holdings.

Fixed income securities — The fair value of fixed income securities held directly by the trust is based on a bid evaluation process with input from independent pricing sources. When the fixed income securities are held in commingled funds that are not publicly traded, the fair value of our interest in the fund is its NAV as determined by a similar valuation of the underlying holdings.

Insurance contracts — The values shown for insurance contracts are the amounts reported by the insurance company and approximate the fair values of the underlying investments.

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Real estate — The investments in real estate represent ownership interests in commingled funds and partnerships that invest in real estate. The investment managers determine the NAV of these ownership interests using the fair value of the underlying real estate which is obtained via independent third-party appraisals prepared on a periodic basis. Assumptions used to value the properties are updated quarterly. For the component of the real estate portfolio under development, the investments are carried at cost until they are completed and valued by a third-party appraiser.

Cash and cash equivalents — The fair value of cash and cash equivalents is set equal to its amortized cost.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we believe the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment policy — Target asset allocations of U.S. pension plans are established through an investment policy, which is updated periodically and reviewed by an Investment Committee, comprised of certain Parent officers. The investment policy allows for a flexible asset allocation mix which is intended to provide appropriate diversification to lessen market volatility while assuming a reasonable level of economic risk.

Our policy recognizes that properly managing the relationship between pension assets and pension liabilities serves to mitigate the impact of market volatility on our funding levels. The investment policy permits plan assets to be invested in a number of diverse categories, including a Growth Portfolio, an Immunizing Portfolio and a Liquidity Portfolio. These sub-portfolios are intended to balance the generation of incremental returns with the management of overall risk.

The Growth Portfolio is invested in a diversified pool of assets in order to generate an incremental return with an acceptable level of risk. The Immunizing Portfolio is a hedging portfolio that may be comprised of fixed income securities and overlay positions. This portfolio is designed to offset changes in the value of the pension liability due to changes in interest rates. The Liquidity Portfolio is a cash portfolio designed to meet short-term liquidity needs and reduce the plans' overall risk. As a result of our diversification strategies, there are no significant concentrations of risk within the portfolio of investments.

The allocations among portfolios are adjusted as needed to meet changing objectives and constraints and to manage the risk of adverse changes in the unfunded positions of our plans. At December 31, 2024, the U.S. plans followed Dana's targets of 21% for the Growth Portfolio (U.S. and non-U.S. equities, high-yield fixed income, real estate, emerging market debt and cash), 77% for the Immunizing Portfolio (long duration U.S. Treasury strips, corporate bonds and cash) and 2% for the Liquidity Portfolio (cash and short-term securities). The assets held at December 31, 2024 by the U.S. plans were invested 37% in the Growth Portfolio, 50% in the Immunizing Portfolio and 13% in the Liquidity Portfolio; as a historical sub-set of Dana's overall plan assets.

Significant assumptions — The significant weighted-average assumptions used in the measurement of pension benefit obligations at December 31 of each year and the net periodic benefit cost for each year are as follows:

| | 2024 | | 2023 | |
|-------------------------------------|-------|----------|-------|----------|
| | U.S. | Non-U.S. | U.S. | Non-U.S. |
| Pension benefit obligations: | | | | |
| Discount rate | 5.62% | 3.44% | 5.14% | 3.18% |
| Net periodic benefit cost: | | | | |
| Discount rate | 5.08% | 3.78% | 5.38% | 2.96% |
| Rate of compensation increase | N/A | 4.07% | N/A | 2.89% |
| Expected return on plan assets | 5.75% | 1.70% | 6.00% | 1.08% |

The pension plan discount rate assumptions are evaluated annually in consultation with our outside actuarial advisers. Long-term interest rates on high quality corporate debt instruments are used to determine the discount rate. For our largest plans, discount rates are developed using a discounted bond portfolio analysis, with appropriate consideration given to defined benefit payment terms and duration of the liabilities.

For pension and other post-retirement benefit plans that utilize a full yield curve approach to estimate the interest and service components of net periodic benefit cost, we apply the specific spot rates along the yield curve used in the most recent remeasurement of the benefit obligation to the relevant projected cash flows. We believe this method improves the correlation between the projected cash flows and the corresponding interest rates and provides a more precise measurement of interest and service costs. Since the remeasurement of total benefit obligations is not affected, the resulting reduction in periodic benefit cost is offset by an increase in the actuarial loss.

The expected rate of return on plan assets was selected on the basis of our long-term view of return and risk assumptions for major asset classes. We define long-term as forecasts that span at least the next ten years. Our long-term outlook is influenced by a combination of return expectations by individual asset class, actual historical experience and our diversified investment strategy. We consult with and consider the opinions of financial professionals in developing appropriate capital market assumptions. Return projections are also validated using a simulation model that incorporates yield curves, credit spreads and risk premiums to project long-term prospective returns. The appropriateness of the expected rate of return is assessed on an annual basis and revised if necessary. We have a high percentage of total assets in fixed income securities since the benefit accruals are frozen for all of our U.S. pension plans. Based on this assessment, we have selected a 6% expected return on asset assumption for 2025 for our U.S. plans.

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The significant weighted-average assumptions used in the measurement of OPEB obligations at December 31 of each year and the net periodic benefit cost for each year are as follows:

| | 2024 | | 2023 | |
|--------------------------------------|-------|----------|-------|----------|
| | U.S. | Non-U.S. | U.S. | Non-U.S. |
| OPEB benefit obligations: | | | | |
| Discount rate | 5.62% | N/A | 5.19% | N/A |
| Net periodic benefit cost: | | | | |
| Discount rate | 5.19% | N/A | 5.54% | N/A |
| Initial health care cost trend rate | N/A | N/A | N/A | N/A |
| Ultimate health care cost trend rate | N/A | N/A | N/A | N/A |
| Year ultimate reached | N/A | N/A | N/A | N/A |

The discount rate selection process was similar to the process used for the pension plans. Assumed health care cost trend rates have a significant effect on the health care obligation. To determine the trend rates, consideration is given to the plan design, recent experience and health care economics.

Estimated future benefit payments and contributions — Expected benefit payments by our pension and OPEB plans for each of the next five years and for the following five-year period are as follows:

| Year | Pension Benefits | | OPEB | |
|--------------|------------------|--------------|-------------|-------------|
| | U.S. | Non-U.S. | U.S. | Non-U.S. |
| 2025 | \$10 | \$ 6 | \$— | \$ — |
| 2026 | 10 | 7 | — | — |
| 2027 | 10 | 6 | — | — |
| 2028 | 10 | 8 | — | — |
| 2029 | 10 | 8 | — | — |
| 2030 to 2034 | 49 | 41 | 1 | — |
| Total | \$99 | \$ 76 | \$ 1 | \$ — |

Pension benefits are funded through deposits with trustees that satisfy, at a minimum, the applicable funding regulations. OPEB benefits are funded as they become due. There are projected contributions of \$5 and \$11 to be made during 2025 for our U.S. plans and non-U.S. plans, respectively.

The Company also sponsors various defined contribution plans that cover the majority of our employees. Under the terms of the qualified defined contribution retirement plans, employee and employer contributions may be directed into a number of diverse investments. None of these qualified defined contribution plans allow direct investment in Dana's stock. Defined contribution expense was \$3 and \$4 during the years ended December 31, 2024 and December 31, 2023, respectively.

Note 7. Fair Value Measurements and Derivatives

In measuring the fair value of our assets and liabilities, we use market data or assumptions that we believe market participants would use in pricing an asset or liability including assumptions about risk when appropriate. Our valuation techniques include a combination of observable and unobservable inputs.

Fair value measurements on a recurring basis — *Assets and liabilities* that are carried in our combined balance sheet at fair value are as follows: cash flow hedges were \$2 and \$0 at December 31, 2024 and December 31, 2023, respectively. These cash flow hedges were Fair Value Level 2 assets and liabilities, and were included within accounts receivable – other and cash flow hedges in other accrued liabilities.

Fair value of financial instruments — There are no significant financial instruments that are not carried in our combined balance sheet at fair value at December 31, 2024 and December 31, 2023.

Foreign currency derivatives — Our foreign currency derivatives include forward contracts associated with forecasted transactions, primarily involving the purchases and sales of inventory through the next fifteen months, as well as currency swaps associated with certain recorded external notes payable and intercompany loans receivable and payable. Periodically, our foreign currency derivatives also include net investment hedges of certain of our investments in foreign operations.

The total notional amount of outstanding foreign currency forward contracts, involving the exchange of various currencies, was \$184 at December 31, 2024 and \$132 at December 31, 2023.

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The following currency derivatives were outstanding at December 31, 2024:

| Functional Currency | Traded Currency | Notional Amount (U.S. Dollar Equivalent) | | | Maturity |
|-------------------------|--|--|--------------|---------------|----------|
| | | Designated | Undesignated | Total | |
| U.S. dollar | Chinese renminbi | \$ 97 | \$ — | \$ 97 | Sep-2025 |
| Euro | U.S. dollar, Australian dollar, Chinese renminbi, British pound, Hungarian forint, Indian rupee, Japanese yen, New Zealand dollar | 38 | 18 | 56 | Dec-2025 |
| British pound | U.S. dollar, euro | — | 1 | 1 | Jan-2025 |
| Indian rupee | U.S. dollar, euro, British pound | — | 24 | 24 | Sep-2025 |
| Chinese renminbi | U.S. dollar, Canadian dollar, euro | — | 6 | 6 | Jan-2025 |
| Total forward contracts | | <u>\$ 135</u> | <u>\$ 49</u> | <u>\$ 184</u> | |

Designated cash flow hedges — With respect to contracts designated as cash flow hedges, changes in fair value during the period in which the contracts remain outstanding are reported in OCL to the extent such contracts remain effective. Effectiveness is measured by using regression analysis to determine the degree of correlation between the change in the fair value of the derivative instrument and the change in the associated foreign currency exchange rates. Changes in fair value of contracts not designated as cash flow hedges or as net investment hedges are recognized in other income, net in the period in which the changes occur. Realized gains and losses from currency-related forward contracts associated with forecasted transactions or from other derivative instruments, including those that have been designated as cash flow hedges and those that have not been designated, are recognized in the same line item in the combined statement of operations in which the underlying forecasted transaction or other hedged item is recorded. Accordingly, amounts are potentially recorded in sales, cost of sales or, in certain circumstances, other income, net.

The Company does not have any significant deferred gains (losses) reported in AOCL nor amounts expected to be reclassified to income in one year or less.

The following table provides a summary of the location and amount of gains or losses recognized in the combined statement of operations associated with cash flow hedging relationships:

| <u>Derivatives Designated as Cash Flow Hedges</u> | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------|
| Total amounts of income and expense line items presented in the combined statement of operations in which the effects of cash flow hedges are recorded | | |
| Net sales | \$2,696 | \$3,085 |
| Cost of sales | 2,233 | 2,585 |
| Other income (expense), net | 16 | 17 |
| (Gain) or loss on cash flow hedging relationships | | |
| Foreign currency forwards | | |
| Amount of (gain) loss reclassified from AOCL into income | | |
| Cost of sales | (0) | 3 |
| Other income (expense), net | (1) | — |

Certain of our hedges of forecasted transactions have not formally been designated as cash flow hedges. As undesignated forward contracts, the changes in the fair value of such contracts are included in earnings for the duration of the outstanding forward contract. Any realized gain or loss on the settlement of such contracts is recognized in the same period and in the same line item in the combined statement of operations as the underlying transaction. The Company did not have a significant amount of gains or losses recognized in the combined statement of operations associated with undesignated hedging relationships.

Net investment hedges — We periodically designate derivative contracts or underlying non-derivative financial instruments as net investment hedges. With respect to contracts designated as net investment hedges, we apply the forward method, but for non-derivative financial instruments designated as net investment hedges, we apply the spot method. Under both methods, we report changes in fair value in the CTA component of OCL during the period in which the contracts remain outstanding to the extent such contracts and non-derivative financial instruments remain effective. During the second quarter of 2024, we entered into foreign currency forwards with a notional value of \$100 that we designated as a net investment hedge of the foreign currency exposure related to a China renminbi denominated subsidiary. These forwards will mature in September 2025.

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Note 8. Commitments and Contingencies

Environmental liabilities — Accrued environmental liabilities were \$1 and \$1 at December 31, 2024 and 2023, respectively. We consider the most probable method of remediation, current laws and regulations and existing technology in estimating our environmental liabilities.

Other legal matters — We are subject to various pending or threatened legal proceedings arising out of the normal course of business or operations. In view of the inherent difficulty of predicting the outcome of such matters, we cannot state what the eventual outcome of these matters will be. However, based on current knowledge and after consultation with legal counsel, we believe that any liabilities that may result from these proceedings will not have a material adverse effect on our liquidity, financial condition or results of operations.

Note 9. Debt

Debt — In connection with the past acquisition of SME, SpA (Italy), the Company entered into a purchase and sale agreement, indicating a portion of the purchase price would be deferred and paid between SME Group S.R.L. and the Company. The debt bore an interest rate of 5.0% per annum, and matured January of 2024. Total debt had a carrying value as of December 31, 2024 and 2023 of the following \$1 and \$26 respectively. The carrying value of the total debt approximates its fair value as of December 31, 2024 and 2023.

Note 10. Related Party Transactions

The combined financial statements have been prepared on a standalone basis and are derived from the Consolidated Financial Statements and accounting records of Dana. The following discussion summarizes activity between the Company and Dana (and its affiliates that are not included within the combined financial statements).

Allocation of General Corporate and Other Expenses

The combined statement of operations include expenses for certain centralized functions and other programs provided and administered by Dana that are charged directly to the Company. In addition, for purposes of preparing these combined financial statements on a carve-out basis, a portion of Dana's total corporate expenses has been allocated to the Company. See Note 1, "Organization and Summary of Significant Accounting Policies", for a discussion of the methodology used to allocate corporate consolidated-related costs for purposes of preparing these financial statements on a carve-out basis.

For the years ended December 31, 2024 and 2023, the Company was allocated \$85 and \$85 of general corporate expenses, of which \$35 and \$29 resided within cost of sales; \$47 and \$55 resided in selling, general and administrative expenses; and \$3 and \$1 resided within restructuring charges, net.

Related Party Sales and Purchases

For the years ended December 31, 2024 and 2023, the Company sold products to other Dana businesses in the amount of \$61 and \$51, respectively, which is included in net sales in the combined statement of operations and purchased products from other Dana businesses in the amount of \$85 and \$90, respectively. In addition to the purchases of products from other Dana businesses, the Company is invoiced by Dana for certain centralized functions and programs including, but not limited to, engineering services including research and development, sales and marketing, information technology, human resources, finance, accounting, legal, supply chain, and insurance. The Company may also at times acquire machinery and equipment from other Dana businesses when that equipment is no longer needed at the Dana location and can be redeployed at a Company facility. Purchases of used machinery and equipment are invoiced to the Company based on the estimated fair value of the used equipment.

The Business engages with Parent in various selling, purchasing, and financing arrangements. This is inclusive of commercial receivables and payables that are trade in nature, intercompany notes, as well as cash pooling arrangements, which are a part of the centralized treasury strategy.

Aggregated amounts from Parent as reflected in the combined balance sheet consists of the following:

| | <u>2024</u> | <u>2023</u> |
|--|--------------|--------------|
| Related party receivables | \$ 16 | \$ 31 |
| Due from Parent, short term | | |
| Cash pooling receivables from Parent | 387 | 323 |
| Interest on cash pooling receivables from Parent | 5 | 7 |
| Due from Parent | | |
| Notes receivable from Parent | 19 | 22 |
| Total | <u>\$427</u> | <u>\$383</u> |

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Aggregated amounts to Parent as reflected in the combined balance sheet consists of the following:

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Accounts payable – Related party | \$ 52 | \$ 79 |
| Due to Parent, short term | | |
| Cash pooling payables to Parent | 43 | 64 |
| Notes payable to Parent | 33 | — |
| Interest payable to Parent | 2 | 2 |
| Interest on cash pooling payables to Parent | 1 | 4 |
| Due to Parent | | |
| Notes payable to Parent | 581 | 655 |
| Total | <u>\$712</u> | <u>\$804</u> |

Net transfers to Parent are included within net parent investment on the combined statement of changes in equity. The components of the transfers to Parent are as follows:

Net transfers to Parent:

| | 2024 | 2023 |
|--------------------------------------|-----------------------|-----------------------|
| General financing activities | \$(142) | \$(449) |
| Corporate allocations | 85 | 85 |
| Stock-based compensation | 1 | 1 |
| Total Net transfers to Parent | <u>\$ (56)</u> | <u>\$(363)</u> |

The Company had outstanding related party notes receivable from Parent, due as follows:

Long-term Notes receivable:

| | Interest rate | December 31, 2024 | December 31, 2023 |
|--|---------------|---------------------|---------------------|
| Notes due from Parent, May 31, 2028 | 9.500% | \$ 10 | \$ 12 |
| Notes due from Parent, November 22, 2029 | 0.000% | 9 | 10 |
| Notes receivable from Parent | | <u>\$ 19</u> | <u>\$ 22</u> |

The Company had both related party short-term and long-term notes payable as of December 31, 2024 and 2023. The related party short-term note as of December 31, 2024 matures on October 31, 2025 and has a balance of \$33 and a weighted-average interest rate of 0.5%. There was no related party short-term note as of December 31, 2023.

The carrying value of the related party long-term notes payable consisted of the following:

Long-term debt at:

| | Interest rate | December 31, 2024 | December 31, 2023 |
|--|---------------|----------------------|----------------------|
| Notes due October 31, 2025 | 0.500% | \$ 33 | \$ 35 |
| Notes due June 29, 2027 | 3.350% | 434 | 463 |
| Notes due November 15, 2027 | 4.230% | 66 | 70 |
| Notes due September 10, 2028 | 4.250% | 21 | 22 |
| Notes due January 10, 2029 | 5.400% | 35 | 38 |
| Notes due May 30, 2029 | 4.900% | 25 | 27 |
| | | 614 | 655 |
| Less: Current portion of long-term debt | | 33 | — |
| Long-term due to parent, less current portion | | <u>\$ 581</u> | <u>\$ 655</u> |

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Note 11. Warranty Obligations

We record a liability for estimated warranty obligations at the dates our products are sold. We record the liability based on our estimate of costs to settle future claims. Adjustments to our estimated costs at the time of sale are made as claim experience and other new information becomes available. Obligations for service campaigns and other occurrences are recognized as adjustments to prior estimates when the obligation is probable and can be reasonably estimated.

Changes in warranty liabilities :

| | <u>2024</u> | <u>2023</u> |
|--|--------------|--------------|
| Balance, beginning of period | \$ 30 | \$ 21 |
| Amounts accrued for current period sales | 18 | 17 |
| Adjustments of prior estimates | — | 3 |
| Settlements of warranty claims | (12) | (10) |
| Currency impact | (2) | (1) |
| Balance, end of period | <u>\$ 34</u> | <u>\$ 30</u> |

The non-current portion of the warranty liability was \$12 and \$16, within other non-current liabilities, at December 31, 2024 and at December 31, 2023, respectively.

Note 12. Income Taxes

Income tax expense —

| | <u>2024</u> | <u>2023</u> |
|------------------------|--------------|--------------|
| Current | | |
| U.S. federal and state | \$ 13 | \$ 14 |
| Non- U.S. | 75 | 91 |
| Total current | <u>88</u> | <u>105</u> |
| Deferred | | |
| U.S. federal and state | 21 | (3) |
| Non-U.S. | (2) | (8) |
| Total deferred | <u>19</u> | <u>(11)</u> |
| Total expense | <u>\$107</u> | <u>\$ 94</u> |

Income before income taxes –

| | <u>2024</u> | <u>2023</u> |
|--|--------------|--------------|
| U.S. operations | \$ 16 | \$ 14 |
| Non-U.S. operations | 296 | 318 |
| Earnings (loss) before income taxes | <u>\$312</u> | <u>\$332</u> |

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A reconciliation of the statutory U.S. corporate federal income tax rate to the Company's effective tax rate follows:

| | 2024 | 2024 | 2023 | 2023 |
|---|------------|-----------|-----------|-----------|
| | \$ | % | \$ | % |
| U.S. federal income tax rate | 66 | 21 | 70 | 21 |
| Adjustments resulting from: | | | | |
| Non-U.S. income / expense | 14 | 4 | 15 | 5 |
| Credits and tax incentives | (4) | (1) | (1) | — |
| U.S. tax and withholding tax on non-US earnings | 25 | 8 | 4 | 1 |
| Settlement and return adjustments | 1 | — | 11 | 3 |
| Miscellaneous items | (1) | — | (8) | (2) |
| Valuation allowance adjustments | 6 | 2 | 3 | — |
| Effective income tax rate | <u>107</u> | <u>34</u> | <u>94</u> | <u>28</u> |

Foreign income repatriation — We continue to analyze and adjust the estimated impact of the non-U.S. income and withholding tax liabilities based on the amount and source of these earnings, as well as the expected means through which those earnings may be taxed. We recognized net expense of \$23 in 2024 and \$3 in 2023, related to future income taxes and non-U.S. withholding taxes on repatriations from operations that are not permanently reinvested.

During 2024, we recorded tax expense of \$11 due to revisions in our assertions on unremitted earnings in foreign jurisdictions. During 2023, we recorded tax expense of \$5 associated with income tax reserves for prior years in foreign jurisdictions.

Deferred tax assets and liabilities — Temporary differences and carryforwards give rise to the following deferred tax assets and liabilities

| | 2024 | 2023 |
|---|--------------|--------------|
| Net operating loss carryforwards | \$ 30 | \$ 27 |
| Postretirement benefits, including pensions | 19 | 22 |
| Research and development costs | 12 | 10 |
| Expense accruals | 16 | 12 |
| Other tax credits recoverable | 1 | 1 |
| Inventory reserves | 10 | 9 |
| Leasing activities | 9 | 11 |
| Other | 2 | 6 |
| Total | <u>99</u> | <u>98</u> |
| Valuation allowances | (29) | (26) |
| Deferred tax assets | <u>70</u> | <u>72</u> |
| Unremitted earnings | (29) | (6) |
| Intangibles | (16) | (19) |
| Depreciation | (6) | (10) |
| Deferred tax liabilities | <u>(51)</u> | <u>(35)</u> |
| Net deferred tax assets | <u>\$ 19</u> | <u>\$ 37</u> |

Carryforwards — Our deferred tax assets include benefits expected from the utilization of net operating loss (NOL) carryforwards in the future. The following table identifies the net operating loss deferred tax asset components and the related allowances that existed at December 31, 2024. Due to time limitations on the ability to realize the benefit of the carryforwards, additional portions of these deferred tax assets may become unrealizable in the future.

Net operating loss:

| | Deferred Tax Asset | Valuation Allowance | Carryforward Period | Earliest Year of Expiration |
|----------------------|--------------------|---------------------|---------------------|-----------------------------|
| Net operating losses | | | | |
| Italy | \$ 19 | \$ (19) | Unlimited | |
| Germany | 10 | (10) | Unlimited | |
| China | 1 | — | 5 | 2026 |
| Total | <u>\$ 30</u> | <u>\$ (29)</u> | | |

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Unrecognized tax benefits — Unrecognized tax benefits are the difference between a tax position taken, or expected to be taken, in a tax return and the benefit recognized for accounting purposes. Interest income or expense, as well as penalties relating to income tax audit adjustments and settlements, are recognized as components of income tax expense or benefit. Interest of \$6 and \$5 was accrued on the uncertain tax positions at December 31, 2024 and 2023.

Reconciliation of gross unrecognized tax benefits:

| | <u>2024</u> | <u>2023</u> |
|--|--------------|--------------|
| Balance, beginning of period | \$ 41 | \$ 34 |
| Decrease related to expiration of statute of limitations | (5) | (5) |
| Decrease related to prior years tax positions | (3) | — |
| Decrease related to settlements | (4) | — |
| Increase related to prior years tax positions | — | 2 |
| Increase related to current year tax positions | 9 | 10 |
| Balance, end of period | <u>\$ 38</u> | <u>\$ 41</u> |

We anticipate that the change in our gross unrecognized tax benefits will not be significant in the next twelve months as a result of the examinations in the various jurisdictions. Gross unrecognized tax benefits of \$38 would impact the effective tax rate if recognized. If other open matters are settled with the IRS or other taxing jurisdictions, the total amounts of unrecognized tax benefits for open tax years may be modified.

Note 13. Other Income, Net

Other income, net, for the years ended December 31, 2024 and December 31, 2023 was \$16 and \$17, respectively, which was predominantly comprised of income from foreign government grants and incentives and net foreign currency transaction gains and losses.

Note 14. Revenue from Contracts with Customers

We generate revenue from selling production parts to original equipment manufacturers (OEMs) and service parts to OEMs and aftermarket customers. While we provide production and service parts to certain OEMs under awarded multi-year programs, these multi-year programs do not contain any commitment with volume by the customer. As such, individual customer releases or purchase orders represent the contract with the customer. Our customer contracts do not provide us with an enforceable right to payment for performance completed to date throughout the contract term. As such, we recognize part sales revenue at the point in time when the parts are shipped, and risk of loss has transferred to the customer. We have elected to continue to include shipping and handling fees billed to customers in revenue, while including costs of shipping and handling in costs of sales. Taxes collected from customers are excluded from revenues and credited directly to obligations to the appropriate government agencies. Payment terms with our customers are established based on industry and regional practices and generally do not exceed 180 days.

We continually seek new business opportunities and at times provide incentives to our customers for new program awards. We evaluate the underlying economics of each payment made to our customers to determine the proper accounting by understanding the nature of the payment, the rights and obligations in the contract, and other relevant facts and circumstances. Upfront payments to our customers are capitalized if we determine that the payments are incremental and incurred only if the new business is obtained and we expect to recover these amounts from the customer over the term of the new business program. We recognize a reduction to revenue as products that the upfront payments are related to are transferred to the customer, based on the total amount of products expected to be sold over the term of the program. We evaluate the amounts capitalized each period for recoverability and expense any amounts that are no longer expected to be recovered.

Certain amount of our customer contracts include rebate incentives. We estimate expected rebates and accrue the corresponding refund liability, as a reduction of revenue, at the time covered product is sold to the customer based on anticipated customer purchases during the rebate period and contractual rebate percentages. Refund liabilities are included in other accrued liabilities on our combined balance sheet. We provide standard fitness for use warranties on the products we sell, accruing for estimated costs related to product warranty obligations at time of sale. See Note 11, “Warranty Obligations”, for additional information.

Contract liabilities are primarily comprised of cash deposits made by customers with cash in advance payment terms. Generally, our contract liabilities turn over frequently given our relatively short production cycles. Contract liabilities were \$19 and \$17 at December 31, 2024 and December 31, 2023. Contract liabilities are included in other accrued liabilities on our combined balance sheet.

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Disaggregation of revenue —

The following table disaggregates revenue for our operating segment by geographical market:

| | 2024 | 2023 |
|---------------|----------------|----------------|
| North America | \$ 353 | \$ 368 |
| Europe | 1,737 | 2,073 |
| South America | 53 | 65 |
| Asia Pacific | 553 | 579 |
| Total | <u>\$2,696</u> | <u>\$3,085</u> |

Note 15. Subsequent Events

The One Big Beautiful Bill Act (OBBBA) was enacted in the U.S. on July 4, 2025. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the 2017 Tax Cuts and Jobs Act, modifications to the international tax framework, and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The Company is currently assessing its impact on the combined financial statements.

These combined financial statements were derived from the financial statements of Dana Incorporated, which issued its annual consolidated financial statements for the fiscal year ended December 31, 2024 on February 20, 2025. Accordingly, the Company has evaluated transactions for consideration as recognized subsequent events in these combined financial statements through the date of February 20, 2025. Additionally, the Company has evaluated transactions that occurred through September 16, 2025, the date these combined financial statements were available for issuance, for the purposes of unrecognized subsequent events.

Events Subsequent to Original Issuance of Combined Financial Statements (Unaudited)

In connection with the reissuance of the combined financial statements, the Company has evaluated subsequent events through November 3, 2025, the date the combined financial statements were available to be reissued.

**OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS**

September 30, 2025 and September 30, 2024

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS

| | |
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OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Condensed Combined Statement of Operations (Unaudited)

| | Nine Months Ended September 30, | |
|--|------------------------------------|---------------|
| | 2025 | 2024 |
| Net sales - External | \$1,854 | \$2,054 |
| Net sales - Related party | 35 | 49 |
| Net sales | 1,889 | 2,103 |
| Costs and expenses | | |
| Cost of sales - External | 1,558 | 1,700 |
| Cost of sales - Related party | 26 | 31 |
| Cost of sales | 1,584 | 1,731 |
| Selling, general and administrative expenses | 109 | 110 |
| Amortization of intangibles | 4 | 4 |
| Restructuring charges, net | 3 | 6 |
| Interest | | |
| Interest income - External | 4 | 3 |
| Interest income - Related party | 6 | 7 |
| Interest income | 10 | 10 |
| Interest expense - External | 1 | — |
| Interest expense - Related party | 19 | 19 |
| Interest expense | 20 | 19 |
| Other income, net | 21 | 12 |
| Income before income taxes | 200 | 255 |
| Income tax expense | 36 | 84 |
| Net income | \$ 164 | \$ 171 |

The accompanying notes are an integral part of the unaudited condensed combined financial statements.

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Condensed Combined Statement of Comprehensive Income (Unaudited)

| | Nine Months Ended | |
|---|-------------------|---------------|
| | September 30, | |
| | 2025 | 2024 |
| Net income | \$ 164 | \$ 171 |
| Other comprehensive income (loss), net of tax | | |
| Currency translation adjustments | — | (9) |
| Hedging losses | (1) | (1) |
| Defined benefit plans | 1 | 1 |
| Total comprehensive income | <u>\$ 164</u> | <u>\$ 162</u> |

The accompanying notes are an integral part of the unaudited condensed combined financial statements.

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Condensed Combined Balance Sheet (Unaudited)

| | September 30, 2025 | December 31, 2024 |
|---|-----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 60 | \$ 128 |
| Accounts receivable | | |
| Trade, less allowance for doubtful accounts of \$3 million in 2025 and \$ 4 million in 2024 | 385 | 305 |
| Related party receivables | 12 | 16 |
| Other | 36 | 39 |
| Inventories | 546 | 503 |
| Due from Parent, short term | 464 | 392 |
| Other current assets | 82 | 61 |
| Total current assets | <u>1,585</u> | <u>1,444</u> |
| Goodwill | 186 | 176 |
| Intangibles | 70 | 70 |
| Deferred tax assets | 85 | 50 |
| Other noncurrent assets | 46 | 71 |
| Due from Parent | — | 19 |
| Operating lease assets | 42 | 35 |
| Property, plant and equipment, net | 434 | 383 |
| Total assets | <u>\$ 2,448</u> | <u>\$ 2,248</u> |
| Liabilities and equity | | |
| Current liabilities | | |
| Current debt obligations | \$ 2 | \$ 1 |
| Accounts payable | 432 | 403 |
| Accounts payable – Related party | 50 | 52 |
| Accrued payroll and employee benefits | 84 | 63 |
| Income taxes payable | 83 | 82 |
| Non-income taxes payable | 28 | 32 |
| Due to Parent, short term | 51 | 79 |
| Customer advances | 34 | 19 |
| Warranties | 21 | 22 |
| Other accrued liabilities | 80 | 76 |
| Total current liabilities | <u>865</u> | <u>829</u> |
| Due to parent | 659 | 581 |
| Noncurrent operating lease liabilities | 33 | 26 |
| Pension and postretirement obligations | 119 | 111 |
| Deferred income taxes | 22 | 31 |
| Other noncurrent liabilities | 146 | 139 |
| Total liabilities | <u>1,844</u> | <u>1,717</u> |
| Commitments and contingencies (Note 6) | | |
| Equity | | |
| Net parent investment | 822 | 749 |
| Accumulated other comprehensive loss | (218) | (218) |
| Total equity | <u>604</u> | <u>531</u> |
| Total liabilities and equity | <u>\$ 2,448</u> | <u>\$ 2,248</u> |

The accompanying notes are an integral part of the unaudited condensed combined financial statements.

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Condensed Combined Statement of Cash Flow (Unaudited)

| | Nine Months Ended September 30, | |
|--|------------------------------------|---------------|
| | 2025 | 2024 |
| Operating activities | | |
| Net income | \$ 164 | \$ 171 |
| Depreciation | 47 | 50 |
| Amortization | 6 | 5 |
| Stock compensation expense | 1 | 1 |
| (Gain) Loss on disposal | (3) | 6 |
| Pension expense, net | (1) | (3) |
| Change in working capital | (146) | (33) |
| Change in other noncurrent assets and liabilities | (11) | (46) |
| Net cash provided by operating activities | <u>57</u> | <u>151</u> |
| Investing activities | | |
| Purchases of property, plant and equipment | (33) | (31) |
| Proceeds on settlement of undesignated hedging | 2 | — |
| Collection on notes receivable from parent | 10 | — |
| Proceeds from sale of property, plant and equipment | 3 | 4 |
| Issuance of notes receivable to parent | (10) | (6) |
| Net cash used in investing activities | <u>(28)</u> | <u>(33)</u> |
| Financing activities | | |
| Repayments of long-term debt | — | (25) |
| Net transfers to parent | (92) | (56) |
| Net cash used in financing activities | <u>(92)</u> | <u>(81)</u> |
| Effect of exchange rate changes on cash balances | (4) | (3) |
| Net (decrease) increase in cash, cash equivalents and restricted cash | <u>(67)</u> | <u>34</u> |
| Cash, cash equivalents and restricted cash - beginning of period | 130 | 84 |
| Cash, cash equivalents and restricted cash - end of period | <u>\$ 63</u> | <u>\$ 118</u> |

The accompanying notes are an integral part of the unaudited condensed combined financial statements.

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Condensed Combined Statement of Changes in Equity (Unaudited)

| <u>2025</u> | <u>Net Parent Investment</u> | <u>Accumulated Other Comprehensive Loss</u> | <u>Total Equity</u> |
|---|------------------------------|---|---------------------|
| Balance, December 31, 2024 | \$ 749 | \$ (218) | \$ 531 |
| Net income | 164 | — | 164 |
| Other comprehensive income (loss), net of tax | — | — | — |
| Net transfers to/from parent | (91) | — | (91) |
| Balance, September 30, 2025 | <u>\$ 822</u> | <u>\$ (218)</u> | <u>\$ 604</u> |
| | | | |
| <u>2024</u> | <u>Net Parent Investment</u> | <u>Accumulated Other Comprehensive Loss</u> | <u>Total Equity</u> |
| Balance, December 31, 2023 | \$ 600 | \$ (193) | \$ 407 |
| Net income | 171 | — | 171 |
| Other comprehensive income (loss), net of tax | — | (9) | (9) |
| Net transfers to/from parent | (55) | — | (55) |
| Balance, September 30, 2024 | <u>\$ 716</u> | <u>\$ (202)</u> | <u>\$ 514</u> |

The accompanying notes are an integral part of the unaudited condensed combined financial statements.

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Note 1. Organization and Summary of Significant Accounting Policies

Description of Business

The accompanying condensed combined financial statements and notes present the condensed combined statement of operations, comprehensive income, balance sheet, cash flows, and changes in equity of the Off-Highway business (“Off-Highway”, “the Company”, “we”, “us”, “our”) of Dana Incorporated (“Dana” or “Parent”).

The Off-Highway business offers a wide variety of drivetrain and motion system solutions in the construction, agriculture, material handling, mining, forestry, and industrial sectors. The terms “we,” “our” and “us,” when used in this report are references to the Off-Highway business.

In June 2025, Dana entered into a definitive agreement to sell Off-Highway. The transaction is currently expected to close during the fourth quarter of 2025, subject to satisfaction of regulatory approvals and other customary conditions. Until the sale occurs, Off-Highway continues to remain owned by Dana.

At closing of the transaction, Dana will enter into a transition services agreement, engineering services agreement, intellectual property and trademark license agreements, and certain supply agreements with Allison Transmission Holdings, Inc. (“Allison” or “Buyer”). Services to be provided by Dana under the transition services agreement include finance, information technology, human resources and certain other administrative services for periods up to 24 months.

Summary of Significant Accounting Policies

Basis of Presentation — These unaudited condensed combined financial statements have been derived from the consolidated financial statements and accounting records of Dana Incorporated. These condensed combined financial statements reflect the condensed combined historical results of operations, financial position and cash flows of the Company for the periods presented as historically managed within Dana. The Company’s condensed combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The financial information included herein should be read in conjunction with the combined financial statements for the year ended December 31, 2024. The condensed combined financial statements do not necessarily reflect what the financial position, results of operations, and cash flows would have been had it operated as a standalone company during the periods presented. In the opinion of the Company, the accompanying condensed combined financial statements contain all adjustments, consisting of normal, recurring adjustments, necessary for a fair statement of its condensed financial position as of September 30, 2025, and its results of operations and cash flows for the nine months ended September 30, 2025 and 2024. The condensed combined balance sheet as of December 31, 2024, was derived from audited annual financial statements but does not contain all of the footnote disclosures from the annual financial statements.

The condensed combined statement of operations includes all revenues and costs directly attributable to the Company’s business. The condensed combined statement of operations also include costs for certain centralized functions and programs provided and administered by Dana that are allocated to the Company. These centralized functions and programs include, but are not limited to, executive management, research and development, sales and marketing, information technology, human resources, finance, accounting, legal, supply chain and insurance.

These expenses were allocated to the Company based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional net revenues or headcount or other reasonable driver, as applicable. The Company considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to, or the benefit received by, the Company during the periods presented. However, the allocations may not reflect the expenses the Company would have incurred as an independent company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure.

Dana utilizes a centralized approach to cash management and financing of its operations. The cash held by Dana, in a centralized cash pool, at the corporate level is not specifically identifiable to the Company and therefore has not been reflected in the Company’s condensed combined balance sheet. Payables or receivables due from or to Dana reflecting the Company’s position in the cash pool have been reflected in the condensed combined balance sheets. Cash pooling is available in most countries where the Company does business. Interest rates for the cash pooling arrangement are based upon base currencies rates risk adjusted as appropriate for lending or deposits; with interest accruing on a daily basis. Cash in the condensed combined balance sheet represents cash directly identifiable to the Company and its operations.

The condensed combined financial statements include certain assets and liabilities that have historically been held at the Dana corporate level but are specifically identifiable or otherwise attributable to the Company. There is a portion of Dana’s third-party debt associated with an acquisition that has been attributed to the Company for the periods included in these financial statements. As the Company is the legal obligor, these debts and related interest expense are reflected in the condensed combined financial statements. The interest expense related to finance leases is recognized in the condensed combined statement of operations.

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Net parent investment reflected in the condensed combined balance sheets represents Dana’s historical investment in the Company, the accumulated net earnings after taxes and the net effect of the allocations to/from and transactions with Dana.

All intracompany transactions have been eliminated. All transactions between the Company and Dana have been included in these condensed combined financial statements. For those transactions between the Company and Dana that generated balances that are supported by written agreements, expected to be settled in cash prior to a transaction with the Buyer, or are historically cash settled, the Company has reflected such balances in the condensed combined balance sheet as due from related parties or due to related parties. The aggregate net effect of all other transactions between the Company and Dana has been reflected in the condensed combined balance sheet as net parent investment and in the condensed combined statement of cash flows as net transfers to Parent. Refer to Note 7, “Related Party Transactions”, for further information.

Interest income and Interest expense — Interest income and expense arises from related party notes receivable or payable with Dana. Refer to Note 7. “Related Party Transactions”, for a listing of related party notes with Parent, and their associated interest rates. Additionally, income and expense arises from interest accruing on net cash pool balances with lending institutions that support Dana’s cash pooling function, and with other Dana participants in the cash pool.

Recently adopted accounting pronouncements

We did not adopt any new accounting pronouncements during the nine months ended September 30, 2025.

Recently issued accounting pronouncements

In September 2025, Financial Accounting Standards Board (FASB) issued ASU 2025-06, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which eliminates the sequential software development-stage model and requires capitalization when management authorizes and commits to funding a software project and determines it is probable of completion. In evaluating whether it is probable the project will be completed, management is required to consider whether there is significant uncertainty associated with the development activities of the software. The guidance is effective for annual reporting periods beginning after December 15, 2027, and interim periods within those annual reporting periods, with early adoption permitted. We are currently evaluating the impact of the guidance on the financial statements and related disclosures.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which introduces a practical expedient that allows entities to assume conditions existing at the balance-sheet date will remain constant over the remaining life of current accounts receivable and contract assets arising from revenue transactions. The guidance is effective prospectively for annual reporting periods beginning after December 15, 2025, including interim periods within those annual reporting periods, with early adoption permitted. We do not expect this guidance to have a material impact on our financial statements and related disclosures.

In November 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40), which requires public entities to disclose detailed components of income statement expenses, such as inventory purchases, employee compensation, depreciation and amortization within relevant expense captions. Companies are also required to explain amounts not disaggregated and define and disclose total selling expenses. The guidance is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. We are currently evaluating the impact of the guidance on our financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures. This guidance requires disaggregated income tax disclosures on the rate reconciliation and income taxes paid. The guidance becomes effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of the guidance on our financial statement disclosures.

Note 2. Goodwill and Other Intangible Assets

Change in the carrying amount of goodwill -

| | |
|-----------------------------|----------------|
| Balance, December 31, 2024 | Total \$176 |
| Currency impact | <u>10</u> |
| Balance, September 30, 2025 | <u>\$186</u> |

OFF-HIGHWAY BUSINESS OF DANA INCORPORATED
UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Components of other intangible assets -

| | Weighted Average Useful Life (years) | September 30, 2025 | | | December 31, 2024 | | |
|--|--------------------------------------|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
| | | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Amortizable intangible assets | | | | | | | |
| Core technology | 7 | \$ 12 | \$ (11) | \$ 1 | \$ 12 | \$ (9) | \$ 3 |
| Trademarks and trade names | 13 | 21 | (13) | 8 | 20 | (11) | 9 |
| Customer relationships | 14 | 52 | (27) | 25 | 50 | (24) | 26 |
| Non-amortizable intangible assets | | | | | | | |
| Trademarks and trade names | | 36 | — | 36 | 32 | — | 32 |
| | | <u>\$ 121</u> | <u>\$ (51)</u> | <u>\$ 70</u> | <u>\$ 114</u> | <u>\$ (44)</u> | <u>\$ 70</u> |

Fully amortized intangible assets are written off and have been excluded from the table above. Amortization expense related to intangible assets was \$6 and \$5 for the nine months ended September 30, 2025 and September 30, 2024.

Note 3. Supplemental Balance Sheet and Cash Flow Information

Cash, cash equivalents and restricted cash -

| | September 30, 2025 | December 31, 2024 | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|--------------------|-------------------|
| Cash and cash equivalents | \$ 60 | \$ 128 | \$ 116 | \$ 82 |
| Restricted cash included in other current assets | 3 | 2 | 2 | 2 |
| Total cash, cash equivalents and restricted cash | <u>\$ 63</u> | <u>\$ 130</u> | <u>\$ 118</u> | <u>\$ 84</u> |

Inventory components -

| | September 30, 2025 | December 31, 2024 |
|------------------------------------|--------------------|-------------------|
| Raw Materials | \$ 196 | \$ 173 |
| Work in process and finished goods | 350 | 330 |
| Total | <u>\$ 546</u> | <u>\$ 503</u> |

Note 4. Pension and Postretirement Benefit Plans

Shared plans whose participants include both Company employees and other employees of Parent are accounted for as multiemployer benefit plans and the related net benefit plan obligations are not included in the Company's condensed combined balance sheet. The Company recorded expense of \$6 and \$6 through the nine months ended September 30, 2025 and September 30, 2024, respectively, relating to the Company's participation in Dana sponsored plans.

The Company sponsors various defined benefit, qualified and non-qualified pension plans covering eligible employees. Other post-retirement benefits (OPEB), including medical and life insurance, are provided for certain employees upon retirement. All tables noted below specifically relate to Off-Highway sponsored plans.

Components of net periodic benefit cost (credit) -

| Nine Months Ended September 30, | Pension Benefits | | | |
|---|------------------|-------------|---------------|-------------|
| | 2025 | | 2024 | |
| | U.S. | Non-U.S. | U.S. | Non-U.S. |
| Interest cost | \$ 1 | \$ 2 | \$ 1 | \$ 2 |
| Expected return on plan assets | (4) | (1) | (5) | (1) |
| Service cost | — | 2 | — | 2 |
| Net periodic benefit cost (credit) | <u>\$ (3)</u> | <u>\$ 3</u> | <u>\$ (4)</u> | <u>\$ 3</u> |

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Our U.S. defined benefit pension plan is frozen, and no additional service cost is being accrued. The service cost component for international plans is included in cost of sales and selling, general and administrative expenses. Other components of net periodic benefit cost (credit) are included in other income, net in our condensed combined statement of operations. Actuarial gains and losses resulting from plan remeasurement are recognized in AOCL in the period of remeasurement. We use the corridor approach for purposes of systematically amortizing deferred gains or losses as a component of net periodic benefit cost into the income statement in future reporting periods. The amortization period used is generally the average remaining service period of active participants in the plan unless almost all of the plan's participants are inactive, in which case we use the average remaining life expectancy of the inactive participants.

The Company also sponsors various defined contribution plans that cover the majority of our employees. Under the terms of the qualified defined contribution retirement plans, employee and employer contributions may be directed into a number of diverse investments. None of these qualified defined contribution plans allow direct investment in Dana's stock. Defined contribution expense was \$2 and \$3 during the nine months ended September 30, 2025 and September 30, 2024, respectively.

Note 5. Fair Value Measurements and Derivatives

In measuring the fair value of our assets and liabilities, we use market data or assumptions that we believe market participants would use in pricing an asset or liability including assumptions about risk when appropriate. Our valuation techniques include a combination of observable and unobservable inputs.

Fair value measurements on a recurring basis — Assets and liabilities that are carried in our condensed combined balance sheet at fair value are as follows: cash flow hedges had no balance at September 30, 2025 and \$2 at December 31, 2024, respectively. These cash flow hedges were Fair Value Level 2 assets and liabilities, and were included within accounts receivable – other and cash flow hedges in other accrued liabilities.

Fair value of financial instruments — There are no significant financial instruments that are not carried in our condensed combined balance sheet at fair value at September 30, 2025 and December 31, 2024.

Foreign currency derivatives — Our foreign currency derivatives include forward contracts associated with forecasted transactions, primarily involving the purchases and sales of inventory through the next fifteen months, as well as currency swaps associated with certain recorded external notes payable and intercompany loans receivable and payable. Periodically, our foreign currency derivatives also include net investment hedges of certain of our investments in foreign operations.

The total notional amount of outstanding foreign currency forward contracts, involving the exchange of various currencies, was \$26 at September 30, 2025 and \$184 at December 31, 2024.

The following currency derivatives were outstanding at September 30, 2025:

| Functional Currency | Traded Currency | Notional Amount (U.S. Dollar Equivalent) | | | Maturity |
|-------------------------|--|--|--------------|--------------|-----------|
| | | Designated | Undesignated | Total | |
| U.S. dollar | Mexican peso | \$ — | \$ 3 | \$ 3 | Oct -2025 |
| Euro | U.S. dollar, Australian dollar, Chinese renminbi, Hungarian forint, Indian rupee, Norwegian krone, South African rand, British pound | 2 | 20 | 22 | Dec -2025 |
| Norwegian krona | euro | — | 1 | 1 | Oct -2025 |
| Total forward contracts | | <u>\$ 2</u> | <u>\$ 24</u> | <u>\$ 26</u> | |

Designated cash flow hedges — With respect to contracts designated as cash flow hedges, changes in fair value during the period in which the contracts remain outstanding are reported in OCL to the extent such contracts remain effective. Effectiveness is measured by using regression analysis to determine the degree of correlation between the change in the fair value of the derivative instrument and the change in the associated foreign currency exchange rates. Changes in fair value of contracts not designated as cash flow hedges or as net investment hedges are recognized in other income, net in the period in which the changes occur. Realized gains and losses from currency-related forward contracts associated with forecasted transactions or from other derivative instruments, including those that have been designated as cash flow hedges and those that have not been designated, are recognized in the same line item in the condensed combined statement of operations in which the underlying forecasted transaction or other hedged item is recorded. Accordingly, amounts are potentially recorded in sales, cost of sales or, in certain circumstances, other income, net.

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The Company does not have any significant deferred gains (losses) reported in AOCL nor amounts expected to be reclassified to income in one year or less.

The following table provides a summary of the location and amount of gains or losses recognized in the condensed combined statement of operations associated with cash flow hedging relationships.

| <u>Derivatives Designated as Cash Flow Hedges</u> | Nine Months Ended September 30, | |
|--|------------------------------------|---------|
| | 2025 | 2024 |
| Total amounts of income and expense line items presented in the condensed combined statement of operations in which the effects of cash flow hedges are recorded | | |
| Net sales | \$1,889 | \$2,103 |
| Cost of sales | 1,584 | 1,731 |
| Other income, net | 21 | 12 |
| (Gain) or loss on cash flow hedging relationships | | |
| Foreign currency forwards | | |
| Amount of (gain) loss reclassified from AOCI into income | | |
| Cost of sales | (3) | — |
| Other income, net | 1 | (1) |

Certain of our hedges of forecasted transactions have not formally been designated as cash flow hedges. As undesignated forward contracts, the changes in the fair value of such contracts are included in earnings for the duration of the outstanding forward contract. Any realized gain or loss on the settlement of such contracts is recognized in the same period and in the same line item in the condensed combined statement of operations as the underlying transaction. The Company did not have a significant amount of gains or losses recognized in the condensed combined statement of operations associated with undesignated hedging relationships.

Net investment hedges — We periodically designate derivative contracts or underlying non-derivative financial instruments as net investment hedges. With respect to contracts designated as net investment hedges, we apply the forward method, but for non-derivative financial instruments designated as net investment hedges, we apply the spot method. Under both methods, we report changes in fair value in the CTA component of OCL during the period in which the contracts remain outstanding to the extent such contracts and non-derivative financial instruments remain effective. During the second quarter of 2024, we entered into foreign currency forwards with a notional value of \$100 that we designated as a net investment hedge of the foreign currency exposure related to a China renminbi denominated subsidiary. These forwards matured in September 2025.

Note 6. Commitments and Contingencies

Environmental liabilities — Accrued environmental liabilities were \$1 at September 30, 2025 and \$1 at December 31, 2024. We consider the most probable method of remediation, current laws and regulations and existing technology in estimating our environmental liabilities.

The Company is subject to various pending or threatened legal proceedings arising out of the normal course of business or operations. In view of the inherent difficulty of predicting the outcome of such matters, we cannot state what the eventual outcome of these matters will be. However, based on current knowledge and after consultation with legal counsel, we believe that any liabilities that may result from these proceedings will not have a material adverse effect on our liquidity, financial condition or results of operations.

Note 7. Related Party Transactions

The condensed combined financial statements have been prepared on a standalone basis and are derived from the consolidated financial statements and accounting records of Dana. The following discussion summarizes activity between the Company and Dana (and its affiliates that are not included within the condensed combined financial statements).

Allocation of General Corporate and Other Expenses

The condensed combined statement of operations include expenses for certain centralized functions and other programs provided and administered by Dana, as described in Note 1, “Organization and Summary of Significant Accounting Policies”. The costs of these services allocated to the Company are reported within cost of sales, general and administrative expenses in the condensed combined statement of operations for the nine months ended September 30, 2025 and September 30, 2024. For the respective nine months ended September 30, 2025 and September 30, 2024, these amounts include \$59 and \$63 of general corporate expenses for each period, of which \$24 and \$22 resided within cost of sales, \$34 and \$40 resided in selling, general and administrative expenses and \$1 and \$1 resided in restructuring expenses.

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Related Party Sales and Purchases:

For the nine months ended September 30, 2025 and September 30, 2024, the Company sold products to other Dana businesses in the amount of \$35 and \$49, respectively, which is included in net sales in the condensed combined statement of operations and purchased products from other Dana businesses in the amount of \$54 and \$65, respectively. In addition to the purchases of products from other Dana businesses, the Company is invoiced by Dana for certain centralized functions and programs including, but not limited to, engineering services including research and development, sales and marketing, information technology, human resources, finance, accounting, legal, supply chain, and insurance. The Company may also at times acquire machinery and equipment from other Dana businesses when that equipment is no longer needed at the Dana location and can be redeployed at a Company facility. Purchases of used machinery and equipment are invoiced to the Company based on the estimated fair value of the used equipment.

The Business engages with Parent in various selling, purchasing, and financing arrangements. This is inclusive of commercial receivables and payables that are trade in nature, intercompany notes, as well as cash pooling arrangements, which are a part of the centralized treasury strategy.

Aggregated amounts due from Parent as reflected in the condensed combined balance sheet consists of the following:

| | September 30, 2025 | December 31, 2024 |
|--|--------------------|-------------------|
| Related party receivables | \$ 12 | \$ 16 |
| Due from Parent, short term | | |
| Cash pooling receivables from parent | 440 | 387 |
| Notes receivable from Parent | 20 | — |
| Interest on cash pooling receivables from Parent | 4 | 5 |
| Due from Parent | | |
| Notes receivable from Parent | — | 19 |
| Total | <u>\$ 476</u> | <u>\$ 427</u> |

Aggregated amounts due to Parent as reflected in the condensed combined balance sheet consists of the following:

| | September 30, 2025 | December 31, 2024 |
|---|--------------------|-------------------|
| Accounts payable – Related party | \$ 50 | \$ 52 |
| Due to Parent, short term | | |
| Cash pooling payables to Parent | 6 | 43 |
| Notes payable to Parent | 38 | 33 |
| Interest payable to Parent | 6 | 2 |
| Interest on cash pooling payables to parent | 1 | 1 |
| Due to Parent | | |
| Notes payable to Parent | 659 | 581 |
| Total | <u>\$ 760</u> | <u>\$ 712</u> |

Net transfers to Parent are included within Net Parent Investment on the condensed combined statement of changes in equity. The components of the transfers to Parent are as follows:

| | Nine Months Ended September 30, | |
|-------------------------------|------------------------------------|----------------|
| | 2025 | 2024 |
| General financing activities | \$ (151) | \$ (119) |
| Corporate allocations | 59 | 63 |
| Stock-based compensation | 1 | 1 |
| Total net transfers to Parent | <u>\$ (91)</u> | <u>\$ (55)</u> |

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The Company had outstanding related party notes receivable from Parent, due as follows:

Long term notes receivables:

| | Interest rate | September 30, 2025 | December 31, 2024 |
|--|---------------|--------------------|-------------------|
| Notes due from Parent, May 31, 2028 | 9.500% | \$ — | \$ 10 |
| Notes due from Parent, November 22, 2029 | 0.000% | — | 9 |
| Notes receivable from Parent | | <u>\$ —</u> | <u>\$ 19</u> |

The carrying value of the related party long-term notes payable consists of the following:

| | Interest rate | September 30, 2025 | December 31, 2024 |
|---|---------------|--------------------|-------------------|
| Notes due October 31, 2025 | 0.500% | \$ 38 | \$ 33 |
| Notes due June 29, 2027 | 3.350% | 493 | 434 |
| Notes due November 15, 2027 | 4.230% | 75 | 66 |
| Notes due September 10, 2028 | 4.250% | 23 | 21 |
| Notes due January 10, 2029 | 5.400% | 40 | 35 |
| Notes due May 30, 2029 | 4.900% | 28 | 25 |
| | | <u>697</u> | <u>614</u> |
| Less: Current portion of long-term notes | | 38 | 33 |
| Long-term notes due to parent, less current portion | | <u>\$ 659</u> | <u>\$ 581</u> |

Note 8. Warranty Obligations

We record a liability for estimated warranty obligations at the dates our products are sold. We record the liability based on our estimate of costs to settle future claims. Adjustments to our estimated costs at the time of sale are made as claim experience and other new information becomes available. Obligations for service campaigns and other occurrences are recognized as adjustments to prior estimates when the obligation is probable and can be reasonably estimated.

| <i>Changes in warranty liabilities:</i> | Nine Months Ended September 30, | |
|--|------------------------------------|--------------|
| | 2025 | 2024 |
| Balance, beginning of period | \$ 34 | \$ 30 |
| Amounts accrued for current period sales | 9 | 7 |
| Adjustments of prior estimates | (2) | 1 |
| Settlements of warranty claims | (8) | (9) |
| Balance, end of period | <u>\$ 33</u> | <u>\$ 29</u> |

The non-current portion of the warranty liability was \$12 and \$14, within other non-current liabilities, at September 30, 2025 and at September 30, 2024, respectively.

Note 9. Income Taxes

We reported income tax expense of \$36 and \$84 for the respective year-to-date periods of 2025 and 2024. Our effective tax rates were 18% and 33% for the nine months ended September 30, 2025 and 2024, respectively. During the first nine months of 2025, we recorded a tax benefit of \$(19) due to a basis difference in a foreign subsidiary as a result of a change in tax status. During first nine months of 2024, we recorded tax expense of \$11 due to revisions in our assertions on unremitted earnings in foreign jurisdictions. Our effective income tax rates vary from the U.S. federal statutory rate of 21% due to the establishment, release, and adjustment of valuation allowances in several countries, non-deductible expenses and deemed income, local tax incentives in several countries outside the U.S., different statutory tax rates outside the U.S. and withholding taxes related to repatriations of international earnings. The effective income tax rate may vary significantly due to fluctuations in the amounts and sources, both foreign and domestic, of pretax income and changes in the amounts of non-deductible expenses.

The One Big Beautiful Bill Act (OBBBA) was enacted in the U.S on July 4, 2025. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the 2017 Tax Cuts and Jobs Act, modifications to the international tax framework, and the restoration of favorable tax

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treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The Company has evaluated the provisions of the Act and reflected the impact during the three months ended September 30, 2025. The Act does not materially impact our effective tax rate. The Company will continue to evaluate the impact of these legislative changes as more guidance becomes available.

Note 10. Other Income, Net

Other income, net, for the nine months ended September 30, 2025 and September 30, 2024 has activity of \$21 and \$12, respectively, which was predominantly comprised of foreign exchange transaction gains and losses, export incentives and the benefit of utilizing non-refundable payroll tax credits purchased at a discount.

Note 11. Revenue from Contracts with Customers

We generate revenue from selling production parts to original equipment manufacturers (OEMs) and service parts to OEMs and aftermarket customers. While we provide production and service parts to certain OEMs under awarded multi-year programs, these multi-year programs do not contain any commitment with volume by the customer. As such, individual customer releases or purchase orders represent the contract with the customer. Our customer contracts do not provide us with an enforceable right to payment for performance completed to date throughout the contract term. As such, we recognize part sales revenue at the point in time when the parts are shipped, and risk of loss has transferred to the customer. We have elected to continue to include shipping and handling fees billed to customers in revenue, while including costs of shipping and handling in costs of sales. Taxes collected from customers are excluded from revenues and credited directly to obligations to the appropriate government agencies. Payment terms with our customers are established based on industry and regional practices and generally do not exceed 180 days.

We continually seek new business opportunities and at times provide incentives to our customers for new program awards. We evaluate the underlying economics of each payment made to our customers to determine the proper accounting by understanding the nature of the payment, the rights and obligations in the contract, and other relevant facts and circumstances. Upfront payments to our customers are capitalized if we determine that the payments are incremental and incurred only if the new business is obtained and we expect to recover these amounts from the customer over the term of the new business program. We recognize a reduction to revenue as products that the upfront payments are related to are transferred to the customer, based on the total amount of products expected to be sold over the term of the program. We evaluate the amounts capitalized each period for recoverability and expense any amounts that are no longer expected to be recovered.

Certain amount of our customer contracts include rebate incentives. We estimate expected rebates and accrue the corresponding refund liability, as a reduction of revenue, at the time covered product is sold to the customer based on anticipated customer purchases during the rebate period and contractual rebate percentages. Refund liabilities are included in other accrued liabilities on our condensed combined balance sheet. We provide standard fitness for use warranties on the products we sell, accruing for estimated costs related to product warranty obligations at time of sale. See Note 8, "Warranty Obligations", for additional information.

Contract liabilities are primarily comprised of cash deposits made by customers with cash in advance payment terms. Generally, our contract liabilities turn over frequently given our relatively short production cycles. Contract liabilities were \$34 and \$19 at September 30, 2025 and December 31, 2024, respectively. Contract liabilities are included in other accrued liabilities on our condensed combined balance sheet.

Disaggregation of revenue —

The following table disaggregates revenue by geographical market:

| | Nine Months Ended September 30, | |
|---------------|------------------------------------|-----------------------|
| | 2025 | 2024 |
| North America | \$ 239 | \$ 278 |
| Europe | 1,214 | 1,358 |
| South America | 44 | 41 |
| Asia Pacific | 392 | 426 |
| Total | <u>\$1,889</u> | <u>\$2,103</u> |

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UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS
(In millions unless stated otherwise)

Note 12. Subsequent Events

These condensed combined financial statements were derived from the financial statements of Dana Incorporated, which issued its interim consolidated financial statements for the nine months ended September 30, 2025 on October 31, 2025. Accordingly, the Company has evaluated transactions for

consideration as recognized subsequent events in these condensed combined financial statements through the date of October 31, 2025. Additionally, the Company has evaluated transactions that occurred through November 10, 2025, the date these condensed combined financial statements were available for issuance, for the purposes of unrecognized subsequent events.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited *pro forma* condensed combined financial information has been prepared to give effect to the Transactions as discussed further below.

The *pro forma* adjustments are based on the information available and certain assumptions that management believes are reasonable under the circumstances. The assumptions underlying the *pro forma* adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited *pro forma* condensed combined financial information.

Our historical audited and unaudited financial statements described above have been adjusted in the unaudited *pro forma* condensed combined financial information to show the effect of the Transactions on the historical financial statements of the Company. The unaudited *pro forma* condensed combined financial information should be read in conjunction with the accompanying notes.

The unaudited *pro forma* condensed combined financial information does not include the realization of any future cost savings or synergies or the incurrence of restructuring or integration charges that are expected to result from the Dana Business Acquisition.

The unaudited *pro forma* condensed combined financial information is presented for illustrative and informative purposes only and is not intended to represent or be indicative of what the combined company's results of operations and financial position would have been had the Transactions actually occurred on the dates indicated, and it is neither representative of nor projects the combined company's results of operations for any future period or our financial condition at any future date.

On January 1, 2026 (the "Dana Business Acquisition Closing Date"), Allison Transmission Holdings, Inc. ("Allison" or the "Company") completed its acquisition (the "Dana Business Acquisition") of the off-highway business (the "Dana Business") of Dana Incorporated ("Dana") pursuant to the Stock Purchase Agreement, dated June 11, 2025 (the "Purchase Agreement"), between the Company and Dana, for a purchase price of \$2.732 billion, financed through a combination of cash on hand and debt financing.

The Dana Business Acquisition has been accounted for in the following unaudited *pro forma* condensed combined statements of operations for the nine months ended September 30, 2025, and the year ended December 31, 2024, giving effect to the Dana Business Acquisition as if it had occurred January 1, 2024. The unaudited *pro forma* condensed combined balance sheet as of September 30, 2025 gives effect to the Dana Business Acquisition as if it had occurred on September 30, 2025.

The following unaudited *pro forma* condensed combined financial information and related notes have been derived from, and should be read in conjunction with:

- the historical audited consolidated financial statements of Allison as of and for the year ended December 31, 2024, and the accompanying notes, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024;
- the historical unaudited condensed consolidated financial statements of Allison as of and for the nine months ended September 30, 2025, and the accompanying notes, included in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2025;
- the historical audited combined financial statements of the Dana Business as of and for the year ended December 31, 2024, and the accompanying notes, included in Exhibit 99.1; and

- the historical unaudited condensed combined financial statements of the Dana Business as of and for the nine months ended September 30, 2025, and the accompanying notes, included in Exhibit 99.2.

The unaudited *pro forma* financial information contained herein is presented on a pro forma basis in accordance with Article 11 of Regulation S-X.

The Dana Business has historically been managed and operated in the normal course with other Dana businesses through multiple legal entities not solely dedicated to the Dana Business. Therefore, the accompanying historical combined financial statements of the Dana Business have been derived from the accounting records of Dana as if the Dana Business' operations had been conducted independently from those of Dana and were prepared on a stand-alone basis in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). The historical combined statements of operations of the Dana Business reflect allocations of general corporate expenses from Dana including, but not limited to executive management, research and development, sales and marketing, information technology, human resources, finance, accounting, legal, supply chain, and insurance. These allocations were based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional net revenues or headcount or other reasonable driver, as applicable. The unaudited *pro forma* condensed combined financial information include Dana assets and liabilities that are specifically identifiable or otherwise attributable to the Dana Business.

ALLISON TRANSMISSION HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2025
(in millions)

| | Allison Historical | Dana Business Adjusted (Note 3) | Pre-Acquisition Adjustments | Note Ref | Transaction Accounting Adjustments | Note Ref | Financing Adjustments | Note Ref | Pro Forma Combined |
|---|-----------------------|---------------------------------------|--------------------------------|------------|--|------------|--------------------------|----------|-----------------------|
| Assets | | | | | | | | | |
| Current assets: | | | | | | | | | |
| Cash and cash equivalents | \$ 902 | \$ 60 | \$ 50 | 5(a) | \$ (2,629) | 6(b) | \$ 1,983 | 7(a) | \$ 366 |
| Accounts receivable - net of allowance for doubtful accounts | 329 | 861 | (464) | 5(b) | — | | — | | 726 |
| Inventories | 331 | 546 | — | | 58 | 6(f) | — | | 935 |
| Other current assets | 109 | 118 | — | | — | | — | | 227 |
| Total current assets | 1,671 | 1,585 | (414) | | (2,571) | | 1,983 | | 2,254 |
| Marketable securities | 23 | — | — | | — | | — | | 23 |
| Property, plant and equipment, net | 834 | 434 | — | | 217 | 6(e) | — | | 1,485 |
| Intangible assets, net | 816 | 70 | — | | 1,155 | 6(d) | — | | 2,041 |
| Goodwill | 2,075 | 186 | — | | 594 | 6(g) | — | | 2,855 |
| Other non-current assets | 98 | 173 | — | | (22) | 6(c), 6(h) | — | | 249 |
| Total assets | \$ 5,517 | \$ 2,448 | \$ (414) | | \$ (627) | | \$ 1,983 | | \$ 8,907 |
| Liabilities | | | | | | | | | |
| Current liabilities: | | | | | | | | | |
| Accounts payable | \$ 192 | \$ 482 | \$ — | | \$ — | | \$ — | | \$ 674 |
| Product warranty liability | 34 | 21 | — | | — | | — | | 55 |
| Current portion of long-term debt | 5 | 51 | (51) | 5(b) | — | | — | | 5 |
| Deferred revenue | 35 | 34 | — | | — | | — | | 69 |
| Other current liabilities | 172 | 277 | — | | 31 | 6(c) | — | | 480 |
| Total current liabilities | 438 | 865 | (51) | | 31 | | — | | 1,283 |
| Product warranty liability | 47 | 12 | — | | — | | — | | 59 |
| Deferred revenue | 101 | — | — | | — | | — | | 101 |
| Long-term debt | 2,393 | 659 | (659) | 5(b) | — | | 1,983 | 7(a) | 4,376 |
| Deferred income taxes | 545 | 22 | — | | 333 | 6(h) | — | | 900 |
| Other non-current liabilities | 152 | 286 | — | | (58) | 6(i) | — | | 380 |
| Total liabilities | 3,676 | 1,844 | (710) | | 306 | | 1,983 | | 7,099 |
| Stockholders' equity: | | | | | | | | | |
| Common stock, \$0.01 par value, 1,880,000,000 shares authorized, 83,328,575 shares issued and outstanding | 1 | — | — | | — | | — | | 1 |
| Non-voting common stock, \$0.01 par value, 20,000,000 shares authorized, none issued and outstanding | — | — | — | | — | | — | | — |
| Preferred stock, \$0.01 par value, 100,000,000 shares authorized, none issued and outstanding | — | — | — | | — | | — | | — |
| Paid in capital | 1,953 | — | — | | — | | — | | 1,953 |
| Accumulated deficit | (70) | — | — | | (33) | 6(c) | — | | (103) |
| Net parent investment | — | 822 | 296 | 5(a), 5(b) | (1,118) | 6(a) | — | | — |
| Accumulated other comprehensive loss, net of tax | (43) | (218) | — | | 218 | 6(a) | — | | (43) |
| Total stockholders' equity | 1,841 | 604 | 296 | | (933) | | — | | 1,808 |
| Total liabilities and stockholders' equity | \$ 5,517 | \$ 2,448 | \$ (414) | | \$ (627) | | \$ 1,983 | | \$ 8,907 |

See accompanying notes to the unaudited pro forma condensed combined financial information

ALLISON TRANSMISSION HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2025
(in millions, except per share data)

| | Allison Historical | Dana Business Adjusted (Note 4) | Pre-Acquisition Adjustments | Note Ref | Transaction Accounting Adjustments | Note Ref | Financing Adjustments | Note Ref | Pro Forma Combined | Note Ref |
|--|-----------------------|---------------------------------------|--------------------------------|----------|--|----------|--------------------------|----------|-----------------------|----------|
| Net sales | \$ 2,273 | \$ 1,889 | \$ — | | \$ — | | \$ — | | \$ 4,162 | |
| Cost of sales | 1,164 | 1,542 | — | | 17 | 6(e) | — | | 2,723 | |
| Gross Profit | 1,109 | 347 | — | | (17) | | — | | 1,439 | |
| Selling, general and administrative | 270 | 120 | — | | 87 | 6(d) | — | | 477 | |
| Engineering - research and development | 130 | 35 | — | | — | | — | | 165 | |
| Operating income | 709 | 192 | — | | (104) | | — | | 797 | |
| Interest expense, net | (67) | (10) | 13 | 5(b) | — | | (85) | 7(a) | (149) | |
| Other income, net | 15 | 18 | — | | — | | — | | 33 | |
| Income before income taxes | 657 | 200 | 13 | | (104) | | (85) | | 681 | |
| Income tax expense | (133) | (36) | — | | 25 | 6(k) | 22 | 7(b) | (122) | |
| Net income | \$ 524 | \$ 164 | \$ 13 | | \$ (79) | | \$ (63) | | \$ 559 | |
| Basic earnings per share attributable to common stockholders | \$ 6.24 | | | | | | | | \$ 6.65 | 6(l) |

| | | | |
|--|---------|---------|-------------|
| Diluted earnings per share attributable to common stockholders | \$ 6.16 | \$ 6.57 | 6(1) |
|--|---------|---------|-------------|

See accompanying notes to the unaudited pro forma condensed combined financial information

ALLISON TRANSMISSION HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(in millions, except per share data)

| | Allison Historical | Dana Business Adjusted (Note 4) | Pre-Acquisition Adjustments | Note Ref | Transaction Accounting Adjustments | Note Ref | Financing Adjustments | Note Ref | Pro Forma Combined | Note Ref |
|---|-----------------------|---------------------------------------|--------------------------------|----------|--|------------------|--------------------------|----------|-----------------------|----------|
| Net sales | \$ 3,225 | \$ 2,696 | \$ — | | \$ — | | \$ — | | \$ 5,921 | |
| Cost of sales | 1,696 | 2,166 | — | | 81 | 6(e), 6(f) | — | | 3,943 | |
| Gross Profit | 1,529 | 530 | — | | (81) | | — | | 1,978 | |
| Selling, general and administrative | 337 | 160 | — | | 148 | 6(c), 6(d), 6(j) | — | | 645 | |
| Engineering - research and development | 200 | 49 | — | | — | | — | | 249 | |
| Operating income | 992 | 321 | — | | (229) | | — | | 1,084 | |
| Interest expense, net | (89) | (16) | 16 | 5(b) | (7) | 6(c) | (115) | 7(a) | (211) | |
| Other income, net | (6) | 7 | — | | — | | — | | 1 | |
| Income before income taxes | 897 | 312 | 16 | | (236) | | (115) | | 874 | |
| Income tax expense | (166) | (107) | — | | 54 | 6(k) | 30 | 7(b) | (189) | |
| Net income | \$ 731 | \$ 205 | \$ 16 | | \$ (182) | | \$ (85) | | \$ 685 | |
| Basic earnings per share attributable to common stockholders | \$ 8.40 | | | | | | | | \$ 7.87 | 6(l) |
| Diluted earnings per share attributable to common sockholders | \$ 8.31 | | | | | | | | \$ 7.78 | 6(l) |

See accompanying notes to the unaudited pro forma condensed combined financial information

Note 1. Basis of Presentation

The unaudited *pro forma* condensed combined financial information have been prepared using the acquisition method of accounting for business combinations under US GAAP, in accordance with Accounting Standards Codifications (ASC) 805, Business Combinations. Under the acquisition method of accounting, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values as of the acquisition date, with any excess purchase price allocated to goodwill. The allocation of the total purchase consideration exchanged has been made for the purpose of developing the pro forma information. The allocation of the total purchase consideration exchanged, as set forth herein, is preliminary and will be revised as additional information becomes available during the measurement period, which could be up to twelve months following the closing date as allowed by ASC 805. Any such revisions or changes may be material. The Company has not completed the detailed valuation studies necessary to determine the fair value of the Dana Business' assets acquired and liabilities assumed and the related allocations of purchase price. The final determination of the allocation of the purchase price will be based on the identification of the Dana Business' assets acquired and liabilities assumed and their respective fair values as of the effective date of the Dana Business Acquisition.

The preliminary purchase price allocation presented below is based on Allison management's estimate of the fair value of tangible and intangible assets acquired and liabilities assumed using information that is currently available. Amounts will be revised as additional information becomes available during the measurement period, which could be up to twelve months following the closing date as allowed by ASC 805. Accordingly, the final purchase accounting adjustments may be materially different from the preliminary unaudited adjustments presented herein.

The unaudited *pro forma* condensed combined financial information has been compiled in a manner consistent with the accounting policies adopted by the Company. Certain reclassifications have been made to conform the presentation of the Dana Business financial information to that of the Company. Please refer to Notes 3 and 4 for additional information.

There are no material transactions between the Company and the Dana Business during the periods presented. Accordingly, adjustments to eliminate transactions between the Company and the Dana Business have not been reflected in the unaudited *pro forma* condensed combined financial information.

Note 2. Preliminary Purchase Price Calculation and Preliminary Purchase Price Allocation

The table below represents the preliminary calculation of estimated consideration to acquire the Dana Business. The adjustments to the base purchase price, in accordance with the Purchase Agreement, were calculated using working capital and indebtedness as of September 30, 2025, to give effect to the Dana Business Acquisition as if it had occurred on September 30, 2025. The final purchase consideration will be determined as part of the close process outlined in the Purchase Agreement and will be based on working capital and indebtedness reflected in the final closing statement, which reflects the balances as of January 1, 2026. Accordingly, the final purchase consideration may be materially different from the preliminary estimate presented herein.

| | |
|--------------------------------------|----------------|
| <i>(in millions)</i> | |
| Base purchase price, as adjusted | \$2,732 |
| Net indebtedness | (114) |
| Working capital increase | 11 |
| Total cash consideration transferred | <u>\$2,629</u> |

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of the Dana Business are recognized and measured at fair value. The allocation and the fair value assessments are preliminary and are based on currently available information and certain assumptions, which management believes are reasonable. For the preliminary estimate of fair values of assets acquired and liabilities assumed of the Dana Business, the Company primarily used income-based, market-based, and/or cost-based valuation approaches to conclude upon a preliminary estimate of fair values. The Company also used publicly available benchmarking information as well as a variety of other assumptions, including market participant assumptions, when estimating fair value. The preliminary allocation of the purchase price to the acquired assets and assumed liabilities was based upon this preliminary estimate of fair values. Accordingly, the *pro forma* purchase price allocation is subject to further adjustments as detailed analyses and final valuation are completed, and the adjustments could be material.

The table below represents a preliminary allocation of the estimated consideration to the Dana Business identified tangible and intangible assets acquired and liabilities assumed, based on preliminary estimated fair values as of September 30, 2025. The table below is also prepared on a post elimination and reclassification basis, which is further discussed in Notes 3 and 4.

(in millions)

| | |
|---|-----------------------|
| Fair value of assets acquired: | |
| Cash and cash equivalents | \$ 110 |
| Accounts receivable | 397 |
| Inventories | 604 |
| Other current assets | 118 |
| Property, plant and equipment | 651 |
| Intangible assets | 1,225 |
| Other non-current assets | 153 |
| Amount attributable to assets acquired | <u>\$3,258</u> |
| Fair value of liabilities assumed: | |
| Accounts payable | \$ 482 |
| Current product warranty liability | 21 |
| Deferred revenue | 34 |
| Other current liabilities | 277 |
| Non-current product warranty liability | 12 |
| Deferred incomes taxes | 355 |
| Other non-current liabilities | 228 |
| Amount attributable to liabilities assumed | <u>\$1,409</u> |
| Fair value of net assets acquired | <u>\$1,849</u> |
| Goodwill | 780 |
| Total estimated purchase price | <u>\$2,629</u> |

The Dana Business's preliminary identifiable intangible assets and the preliminary step-up in property, plant and equipment along with their estimated useful lives consist of the following:

(in millions)

| <u>Identifiable Intangible assets</u> | <u>Estimated useful life in years</u> | <u>Estimated fair value</u> |
|---------------------------------------|---------------------------------------|-----------------------------|
| Customer Relationships | 16 | \$ 730 |
| Developed Technology | 6 | 268 |
| Trade Name | 7 | 227 |
| Total Identifiable Intangible Assets | | <u>\$ 1,225</u> |

(in millions)

| <u>Property, plant and equipment</u> | <u>Estimated useful life in years</u> | <u>Estimated fair value</u> |
|--|---------------------------------------|-----------------------------|
| Step-up in Real property | 25 | \$ 76 |
| Step-up in remaining Property, plant and equipment | 7 | 141 |
| Total step-up in Property, plant and equipment | | <u>\$ 217</u> |

Note 3. Dana Business Unaudited Pro Forma Condensed Combined Balance Sheet Reclassification Adjustments

During the preparation of the *pro forma* condensed combined balance sheet, a preliminary analysis of the Dana Business financial information was completed in order to identify differences in accounting policies and financial statement presentation when compared to Allison.

The following table summarizes the various reclassification adjustments made to the Dana Business Balance Sheet as of September 30, 2025, to align with the required *pro forma* presentation.

| <i>(in millions)</i> | Dana Business, Before | | Dana Business, Adjusted | | Allison Transmission Holdings, Inc. Financial Statement Line |
|--|----------------------------------|-------------------------|------------------------------------|--|---|
| | Reclassification | Reclassification | | | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 60 | \$ — | \$ 60 | | Cash and cash equivalents |
| Accounts receivable | | | | | |
| Trade, less allowance for doubtful accounts of \$3 in 2025 and \$4 in 2024 | 385 | 476 | 3(a) 861 | | Accounts receivable - net of allowance for doubtful accounts |
| Related party receivables | 12 | (12) | 3(a) — | | |
| Other | 36 | (36) | 3(b) — | | |
| Inventories | 546 | — | 546 | | Inventories |
| Due from Parent, short term | 464 | (464) | 3(a) — | | |
| Other current assets | 82 | 36 | 3(b) 118 | | Other current assets |
| Total current assets | 1,585 | — | 1,585 | | |
| Goodwill | 186 | — | 186 | | Goodwill |
| Intangibles | 70 | — | 70 | | Intangible assets, net |
| Deferred tax assets | 85 | (85) | 3(c) — | | |
| Other noncurrent assets | 46 | 127 | 3(c) 173 | | Other non-current assets |
| Due from parent | — | — | 3(c) — | | |
| Operating lease assets | 42 | (42) | 3(c) — | | |
| Property, plant and equipment, net | 434 | — | 434 | | Property, plant and equipment, net |
| Total assets | \$ 2,448 | \$ — | \$ 2,448 | | |
| Liabilities and equity | | | | | |
| Current debt obligations | \$ 2 | \$ (2) | 3(d) \$ — | | |
| Accounts payable | 432 | 50 | 3(e) 482 | | Accounts payable |
| Accounts payable – Related party | 50 | (50) | 3(e) — | | |
| Accrued payroll and employee benefits | 84 | (84) | 3(d) — | | |
| Income taxes payable | 83 | (83) | 3(d) — | | |
| Non-income taxes payable | 28 | (28) | 3(d) — | | |
| Due to Parent, short term | 51 | (51) | 3(f) — | | |
| | | 51 | 3(f) 51 | | Current portion of long-term debt |
| Customer advances | 34 | — | 34 | | Deferred revenue |
| Warranties | 21 | — | 21 | | Product warranty liability |
| Other accrued liabilities | 80 | 197 | 3(d) 277 | | Other current liabilities |
| Total current liabilities | 865 | — | 865 | | |
| Due to parent | 659 | — | 659 | | Long-term debt |
| Noncurrent operating lease liabilities | 33 | (33) | 3(g) — | | |
| Pension and postretirement obligations | 119 | (119) | 3(g) — | | |
| Deferred income taxes | 22 | — | 22 | | Deferred income taxes |
| | — | 12 | 3(g) 12 | | Product warranty liability |
| Other noncurrent liabilities | 146 | 140 | 3(g) 286 | | Other non-current liabilities |
| Total liabilities | 1,844 | — | 1,844 | | |
| Net parent investment | 822 | — | 822 | | Net parent investment |
| Accumulated other comprehensive loss | (218) | — | (218) | | Accumulated other comprehensive loss, net of tax |
| Total equity | 604 | — | 604 | | |
| Total liabilities and equity | \$ 2,448 | \$ — | \$ 2,448 | | |

- a. Reclassification of Related party receivables, and Due from Parent, short term to Accounts receivable net of allowance for doubtful accounts.
- b. Reclassification of Other accounts receivable to Other current assets.
- c. Reclassification of Deferred tax assets, Due from Parent, and Operating lease assets to Other non-current assets.
- d. Reclassification of Current debt obligations, Accrued payroll and employee benefits, Income taxes payable, and Non-income taxes payable to Other current liabilities.
- e. Reclassification of Accounts payable-Related party to Accounts payable.
- f. Reclassification of Due to Parent, short term to Current portion of long-term debt.
- g. Reclassification of Noncurrent operating lease liabilities and Pension and postretirement obligations to Other non-current liabilities, along with the break-out of the noncurrent portion of the Product warranty liability of \$12 million from Other noncurrent liabilities.

Note 4. Dana Business Unaudited Pro Forma Condensed Combined Statements of Income Reclassification Adjustments

During the preparation of the *pro forma* condensed combined financial information, a preliminary analysis of the Dana Business financial information was completed in order to identify differences in accounting policies and financial statement presentation when compared to Allison.

The following tables summarize the various reclassification adjustments made to the Dana Business Statements of Operations for the nine months ended September 30, 2025, and year ended December 31, 2024, to align with the required *pro forma* presentation.

| <i>(in millions)</i> | Dana Business, Nine Months Ended September 30, 2025, | | | Dana Business, Adjusted | Allison Transmission Holdings, Inc. Financial Statement Line |
|--|--|------------------|------------|----------------------------|---|
| | Before Reclassification | Reclassification | | | |
| Net sales - External | \$ 1,854 | \$ 35 | 4(a) | \$ 1,889 | |
| Net sales - Related party | 35 | (35) | 4(a) | — | |
| Net sales | 1,889 | — | | 1,889 | Net sales |
| Costs and expenses | | | | | |
| Cost of sales - External | 1,558 | (16) | 4(b), 4(e) | 1,542 | |
| Cost of Sales - Related party | 26 | (26) | 4(b) | — | |
| Cost of sales | 1,584 | (42) | | 1,542 | Cost of Sales |
| Selling, general and administrative expenses | 109 | 11 | 4(b) | 120 | Selling, general and administrative |
| | — | 35 | 4(e) | 35 | Engineering - research and development |
| Amortization of intangibles | 4 | (4) | 4(b) | — | |
| Restructuring charges, net | 3 | (3) | 4(c) | — | |
| Interest | | | | | |
| Interest income - External | 4 | (4) | 4(d) | — | |
| Interest income - Related party | 6 | (6) | 4(d) | — | |
| Interest income | 10 | (10) | | — | |
| Interest expense - External | (1) | 1 | 4(d) | — | |
| Interest expense - Related Party | (19) | 19 | 4(d) | — | |
| Interest expense | (20) | 20 | | — | |
| | — | (10) | 4(d) | (10) | Interest expense, net |
| Other income, net | 21 | (3) | 4(c) | 18 | Other income, net |
| Income before income taxes | 200 | — | | 200 | |
| Income tax expense | (36) | — | | (36) | Income tax expense |
| Net income | \$ 164 | \$ — | | \$ 164 | |

| <i>(in millions)</i> | Dana Business, Year Ended December 31, 2024, | | | Dana Business, Adjusted | Allison Transmission Holdings, Inc. Financial Statement Line |
|--|--|------------------|------------|----------------------------|---|
| | Before Reclassification | Reclassification | | | |
| Net sales - External | \$ 2,635 | \$ 61 | 4(a) | \$ 2,696 | |
| Net sales - Related party | 61 | (61) | 4(a) | — | |
| Net sales | 2,696 | — | | 2,696 | Net sales |
| Costs and expenses | | | | | |
| Cost of sales - External | 2,194 | (28) | 4(b), 4(e) | 2,166 | |
| Cost of Sales - Related party | 39 | (39) | 4(b) | — | |
| Cost of sales | 2,233 | (67) | | 2,166 | Cost of Sales |
| Selling, general and administrative expenses | 137 | 23 | 4(b) | 160 | Selling, general and administrative |
| | — | 49 | 4(e) | 49 | Engineering - research and development |
| Amortization of intangibles | 5 | (5) | 4(b) | — | |
| Restructuring charges, net | 9 | (9) | 4(c) | — | |
| Interest | | | | | |
| Interest income - External | 4 | (4) | 4(d) | — | |
| Interest income - Related party | 9 | (9) | 4(d) | — | |
| Interest income | 13 | (13) | | — | |
| Interest expense - External | (4) | 4 | 4(d) | — | |
| Interest expense - Related party | (25) | 25 | 4(d) | — | |
| Interest expense | (29) | 29 | | — | |
| | — | (16) | 4(d) | (16) | Interest expense, net |
| Other income, net | 16 | (9) | 4(c) | 7 | Other (expense) income, net |
| Income before income taxes | 312 | — | | 312 | |
| Income tax expense | (107) | — | | (107) | Income tax expense |
| Net income | \$ 205 | \$ — | | \$ 205 | |

- Reclassification of Net sales-Related party to Net sales.
- Reclassification of Cost of sales-Related party to Cost of sales, along with the reclassification of \$8 million, and \$18 million, from Cost of sales-External related to warranty expense, to Selling, general and administrative for the nine months ended September 30, 2025, and year ended December 31, 2024, respectively. Amortization of intangibles was also reclassified to Selling, general and administrative.
- Reclassification of Restructuring charges, net to Other income (expense), net.
- Reclassification of Interest income-External, Interest income-Related party, Interest expense-External and Interest expense-Related party to Interest expense, net.
- Reclassification of Cost of sales-External related to Engineering - research and development expenditure, to Engineering-research and development.

Note 5. Pre-Acquisition *Pro Forma* Adjustments and Assumptions

The historical balance sheet of the Dana Business reflects certain assets that will not be acquired and certain liabilities that will not be assumed as part of the Dana Business Acquisition. Therefore, the following adjustments are included in the unaudited condensed combined *pro forma* balance sheet and in the unaudited condensed combined *pro forma* statements of operations to reflect the impact of the exclusion of these costs, assets and liabilities, as necessary:

- a. Reflects the minimum and maximum operating cash requirements by jurisdiction per the Purchase Agreement. As of September 30, 2025, several jurisdictions did not meet the minimum cash amount and one jurisdiction exceeded the maximum cash amount. At close of the Dana Business Acquisition, it is assumed that the jurisdictions that did not meet the minimum cash amount would meet that minimum threshold at close of the Dana Business Acquisition, and that the jurisdiction that exceeded the maximum cash at close of the Dana Business Acquisition amount would meet the maximum cash amount at close of the Dana Business Acquisition.
- b. As per the Purchase Agreement, all intercompany accounts between Dana and any transferred entity will be settled or otherwise eliminated prior to the close of the Dana Business Acquisition. Therefore, the following *pro forma* adjustments have been posted to reflect the impact of the elimination of intercompany accounts on the unaudited condensed combined *pro forma* balance sheet:
 - i. A decrease of \$464 million to Accounts receivable-net of allowance for doubtful accounts to reflect the elimination of a Due from parent, short term receivable.
 - ii. A decrease of \$51 million to Current portion of long-term debt to reflect the elimination of Due to parent, short-term.
 - iii. A decrease of \$659 million to Long-term debt to reflect the elimination of Due to parent, long-term.
 - iv. An increase of \$246 million to Net parent investment to reflect the net impact of the elimination of intercompany accounts on the balance sheet.

Additionally, *pro forma* adjustments have been made to reverse the interest expense and interest income related to the intercompany amounts recorded on the historical balance sheet. The adjustments have the following impact on the unaudited *pro forma* condensed combined statements of operations:

- v. A decrease in interest expense of \$13 million for the nine months ended September 30, 2025, and \$16 million for the year ended December 31, 2024.

Note 6. Transaction Accounting *Pro Forma* Adjustments and Assumptions

The *pro forma* adjustments are based on preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited *pro forma* condensed combined balance sheet and the unaudited *pro forma* condensed combined statements of operations. All taxable adjustments were calculated using a 23.97% blended statutory tax rate to arrive at deferred tax asset or liability adjustments.

- a. Reflects the elimination of the Dana Business' historical equity.
- b. Reflects estimated cash consideration paid in connection with the Dana Business Acquisition. The amount is equal to the base purchase price and preliminary price adjustments based on contractual terms of the Purchase Agreement. See Note 2.

- c. Represents non-recurring transaction costs expected to be incurred after September 30, 2025. Estimated acquisition-related transaction costs include investment banker, advisory, legal, valuation, other professional fees and fees paid and yet to be paid for the Bridge Facility. Allison's total estimated acquisition-related transaction costs amounted to \$74 million. Of the \$74 million, \$41 million has been expensed to date, and \$2 million in Bridge Facility set-up fees were capitalized on Allison's historical balance sheet. These costs will not affect the combined statement of operations beyond 12 months after the Dana Business Acquisition close. This resulted in the following *pro forma* adjustments to the unaudited *pro forma* condensed combined balance sheet:
- i. The accrual of transaction costs of \$31 million to Other current liabilities, which includes \$26 million of acquisition-related transaction costs and \$5 million of Bridge Facility related fees.
 - ii. The removal of Bridge Facility set-up fees of \$2 million from Other non-current assets
 - iii. The increase to Accumulated deficit of \$33 million related to the associated impact of the transaction costs incurred post September 30, 2025.

This resulted in the following *pro forma* adjustments to the unaudited *pro forma* condensed combined statements of operations:

- iv. The non-recurring transaction costs of \$26 million charged to Selling, general and administrative for the year ended December 31, 2024.
 - v. The non-recurring transaction costs related to the Bridge Facility of \$7 million (inclusive of the unamortized \$2 million Bridge Facility set-up fee and an additional \$5 million that was paid at closing) charged to interest expense for the year ended December 31, 2024.
- d. Reflects the preliminary estimate of fair value of identifiable intangible assets acquired along with the elimination of historical intangible assets associated with the Dana Business as follows:

| <i>(in millions)</i> | Transaction Accounting Adjustments |
|--|---|
| Adjustments to intangible assets, net: | |
| Elimination of the Dana Business' historical intangible assets | \$ (70) |
| Estimated fair value of Customer Relationships acquired | 730 |
| Estimated fair value of Developed Technology acquired | 268 |
| Estimated fair value of Trade Name acquired | 227 |
| Total | <u>\$ 1,155</u> |

This resulted in the following *pro forma* adjustments to Amortization of intangibles in the unaudited *pro forma* condensed combined statements of operations as follows:

| <i>(in millions)</i> | Nine months ended September 30, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Reversal of historical amortization expense related to the Dana Business' intangible assets | \$ (4) | \$ (5) |
| Amortization of acquired Customer Relationships | 34 | 46 |
| Amortization of acquired Developed Technology | 33 | 45 |
| Amortization of acquired Trade Name | 24 | 32 |
| Total incremental amortization expense | \$ 87 | \$ 118 |

A 10% change in the fair value of Customer Relationships, Developed Technology, and Trade Name would increase or decrease amortization expense on a *pro forma* basis by \$9 million, and \$12 million, for the nine months ended September 30, 2025, and for the year ended December 31, 2024, respectively.

- e. Reflects the preliminary estimate of the step-up in fair value of Property, plant and equipment, net acquired of \$217 million, and the associated impact of depreciation as follows:

| <i>in millions</i> | Nine months ended September 30, 2025 | Year ended December 31, 2024 |
|---|---|---|
| Depreciation expense related to the step-up value of Property, plant and equipment, net | \$ 17 | \$ 23 |

A 10% change in stepped up value of Property, plant and equipment, net would increase or decrease depreciation expense on a *pro forma* basis by \$1 million, and \$2 million, for the nine months ended September 30, 2025, and for the year ended December 31, 2024, respectively.

- f. Reflects the preliminary estimate of the step-up in fair value of inventory of \$58 million acquired related to Dana Business along with the associated increase to Cost of sales for the year ended December 31, 2024.
- g. Reflects the recognition of preliminary estimated Goodwill arising from the Dana Business Acquisition in the amount of \$780 million and the elimination of Goodwill associated with Dana Business in the amount of \$186 million for a total *pro forma* adjustment of \$594 million.
- h. Reflects the deferred tax impact associated with the incremental difference in book and tax basis created from the preliminary purchase price allocation. Allison has estimated that the fair value adjustment to increase Deferred income taxes would be \$333 million along with a decrease to the deferred tax asset balance of \$20 million included within Other non-current assets, relating to estimated fair value adjustments at an estimated blended statutory tax rate of 23.97% for the combined company. The effective tax rate of the combined company could be significantly different (either higher or lower) depending on the post-acquisition activities, including cash needs and the geographical mix of taxable income. The estimate is preliminary and subject to change based upon the final determination of fair value of the identifiable assets and liabilities.
- i. The Dana Business employees participate in Dana sponsored defined benefit plans and the Dana Business sponsored defined benefit plans. The Dana Business financial statements included a Dana Business sponsored defined benefit plan that would be retained by Dana at close of the Dana Business Acquisition and would not transfer to the combined company. As such, the under-

funded amount of this plan must be removed from the unaudited *pro forma* condensed combined balance sheet, netted with the addition of under-funded balances related to Dana Business employees of Dana sponsored plans. The net impact resulted in a reduction of \$58 million from Other non-current liabilities. The actual funding status of the defined benefit plans as of the Dana Business Acquisition close depends on the fair value of plan assets and actuarial estimate of pension liability that has not yet been completed. Accordingly, the final funding status could differ materially from the current estimate.

- j. The one-time-post-combination expense of \$4 million charged to Selling, general and administrative, for the year ended December 31, 2024, consists of retention bonuses for certain key employees. The retention bonuses are conditional upon future services to be completed within one year of the close of the Dana Business Acquisition. Dana employment agreements included these provisions, where Dana is responsible to pay 50% and Allison is required to pay the remaining 50% of the retention bonuses.
- k. The *pro forma* income tax adjustments included in the unaudited *pro forma* condensed combined statements of operations for the nine months ended September 30, 2025, and the year ended December 31, 2024, reflect the income tax effects of the *pro forma* adjustments. The Dana Business Acquisition-related expenses are assumed to be 50% deductible. For the year ended December 31, 2024, an effective tax rate of 22.89% is reflected, and for the nine months ended September 30, 2025, an effective tax rate of 23.97% is reflected, with the difference primarily driven by the deductibility of transaction costs. The effective tax rate applicable to the combined company could be significantly different from the rates used in the *pro forma* financial information, including as a result of post-acquisition activities.
- l. The following table sets forth the computation of *pro forma* basic and diluted earnings per share for the nine months ended September 30, 2025, and the year ended December 31, 2024:

in millions (except per share data)

| | <u>Nine months ended September 30, 2025</u> | <u>Year ended December 31, 2024</u> |
|--|---|---|
| Numerator (basic and diluted): | | |
| Pro forma net income attributable to common shares | \$ 559 | \$ 685 |
| Denominator: | | |
| Weighted average number of common shares outstanding- basic | 84 | 87 |
| Weighted average number of common shares outstanding- diluted | 85 | 88 |
| Pro forma income per share: | | |
| Basic | \$ 6.65 | \$ 7.87 |
| Diluted | \$ 6.57 | \$ 7.78 |

Note 7. Financing *Pro Forma* Adjustments and Assumptions

The following adjustments have been reflected in the unaudited *pro forma* condensed combined balance sheet and the unaudited *pro forma* condensed combined statements of operations.

- a. Reflects the impact of the debt financing, which includes the issuance of the Incremental Term Loan Facility, or \$1,188 million, net of debt issuance costs of \$12 million, the issuance of the Notes, or \$495 million, net of debt issuance costs of \$5 million, and a \$300 million draw on the Company's Revolver Refinancing Facility for a total of \$1,983 million. A blended rate of 5.52% was used to calculate the estimated interest expense in the unaudited *pro forma* condensed combined statements of operations for the Incremental Term Loan Facility, the Notes and the Revolver Refinancing Facility. The incremental interest expense and amortization of debt issuance costs associated with the Incremental Term Loan Facility, the Notes and the Revolver Refinancing Facility is shown below:

| <i>(in millions)</i> | <u>Nine months ended September 30, 2025</u> | <u>Year ended December 31, 2024</u> |
|---|---|---|
| Estimated amortization of deferred financing costs on Incremental Term Loan Facility | \$ 1 | \$ 2 |
| Estimated amortization of deferred financing costs on Notes | — | 1 |
| Estimated interest expense on Incremental Term Loan Facility | 51 | 68 |
| Estimated interest expense on Notes | 21 | 28 |
| Estimated interest expense on Revolver Refinancing Facility | 12 | 17 |
| Elimination of commitment expense on Revolver Refinancing Facility | — | (1) |
| Net adjustment to interest expense | <u>\$ 85</u> | <u>\$ 115</u> |

A 0.125% change in interest rates would increase or decrease interest expense on a pro forma basis by \$1 million, and \$2 million, for the nine months ended September 30, 2025, and for the year ended December 31, 2024, respectively.

- b. The *pro forma* income tax adjustments included in the unaudited *pro forma* condensed combined statements of operations for the nine months ended September 30, 2025, and the year ended December 31, 2024, reflect the income tax effects of the financing *pro forma* adjustments. The effective blended tax rate of the combined company could be significantly different from the 26.00% that has been used in the financing *pro forma* adjustments in the *pro forma* financial information for a variety of reasons, including post-acquisition activities.

DEFINITIONS

As used herein, except where noted or the context otherwise requires:

- “Bridge Facility” refers to the 364-day senior unsecured bridge term loan facility in an aggregate principal amount of up to \$2,000 million that a group of lenders (the “Lenders”) committed to provide pursuant to a commitment letter among the Lenders and the Company entered on June 11, 2025.
- “Existing Revolving Credit Facility” refers to the Company’s senior secured revolving facility in the initial aggregate principal amount of up to \$750.0 million (with a \$75.0 million sublimit for the issuance of letters of credit thereunder), maturing on March 13, 2029.
- “Existing Term Loan Facility” refers to the Company’s senior secured term loan facility in the initial aggregate principal amount of \$518.0 million, maturing on March 13, 2031.
- “Incremental Term Loan Facility” refers to the incremental term loan facility the Company began public marketing for on October 30, 2025.
- “Notes” refers to the \$500 million aggregate principal amount of 5.875% Senior Notes due 2033 issued by the Company.

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- “Revolver Refinancing Facility” refers to the revolving commitments to refinance the Existing Revolving Credit Facility to extend its maturity and increase the commitment amount therefor.
 - “Senior Secured Credit Facilities” refers to, collectively, the Revolver Refinancing Facility, the Incremental Term Loan Facility and the Existing Term Loan Facility.
 - “Transactions” refers to (a) the issuance of the Notes and the use of proceeds therefrom, (b) the Dana Business Acquisition, (c) the entry into and the effectiveness of the Amendment No. 5 to the credit agreement governing the Senior Secured Credit Facilities; and (d) the payment of fees, costs and expenses related to the foregoing.