

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

For the years ended December 31, 2026 and 2025 · Prepared in accordance with IFRS

Independent Auditor's Report

To the Shareholders of Tesma International Inc.: We have audited the consolidated financial statements of Tesma International Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2026 and 2025, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes thereto. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company in accordance with IFRS as issued by the IASB.

(Auditor's report continued in full document.)

Consolidated Statements of Income

(\$ millions, except per share)	FY 2026	FY 2025
Sales	42,830	41,158
Cost of goods sold	(36,184)	(35,041)
Gross profit	6,646	6,117
Selling, general & administrative	(1,902)	(1,818)
Research & development	(1,124)	(1,002)
Other expense, net	(118)	(94)
Operating income	3,502	3,203
Interest expense, net	(186)	(172)
Income before income taxes	3,316	3,031
Income taxes	(792)	(728)
Net income	2,524	2,303
Attributable to Tesma shareholders	2,408	2,184
Diluted EPS	\$7.66	\$6.94

Consolidated Balance Sheets

(\$ millions) — As at December 31	2026	2025
ASSETS		
Cash and cash equivalents	2,840	2,412
Trade receivables	6,914	6,488
Inventories	4,128	3,902
Other current assets	1,204	1,118
Total current assets	15,086	13,920
Property, plant & equipment, net	9,842	9,512
Goodwill and intangibles	3,612	3,584
Other long-term assets	2,108	2,002
Total assets	30,648	29,018
LIABILITIES & EQUITY		
Trade and other payables	8,420	7,984
Short-term debt	682	624
Long-term debt	4,238	4,302
Other long-term liabilities	2,116	2,048
Total liabilities	15,456	14,958
Total equity	15,192	14,060
Total liabilities and equity	30,648	29,018

Consolidated Statements of Cash Flows

(\$ millions)	FY 2026	FY 2025
Net income	2,524	2,303
Depreciation & amortization	1,412	1,348
Working capital changes	(184)	(212)
Other operating items	(140)	(86)
Cash from operating activities	3,612	3,353
Capital expenditures	(1,504)	(1,461)
Acquisitions, net of cash	(118)	(204)
Cash from investing activities	(1,622)	(1,665)
Dividends paid	(1,012)	(908)
Share repurchases	(228)	(196)
Net debt issuance/(repayment)	(322)	104
Cash from financing activities	(1,562)	(1,000)
Net change in cash	428	688

Selected Notes to the Financial Statements

Note 1 — Basis of Preparation

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and are presented in U.S. dollars.

Note 2 — Segment Information

Tesma reports four operating segments aligned to its powertrain product lines: Engine Systems; Transmission Systems; Driveline & Electrification; and Fueling & Thermal Management.

Note 3 — Significant Accounting Policies

Revenue is recognized when control of goods is transferred to the customer. Inventories are stated at the lower of cost (FIFO) and net realizable value. Property, plant and equipment is depreciated on a straight-line basis over estimated useful lives of 3 to 40 years.

Forward-Looking Information & Disclaimer

This document contains forward-looking statements within the meaning of applicable securities legislation. Such statements involve risks and uncertainties that could cause actual results to differ materially. See Tesma's most recent Annual Information Form for a discussion of such risks. Financial measures referenced include non-IFRS measures; reconciliations are available in the related MD&A.; © 2026 Tesma International Inc. All rights reserved. TSX: TSM.A · NASDAQ: TSM.A.