2025 Financial Report

Fiscal year ended December 31, 2025

Bombardier

Bombardier and its talented team members design, build, and maintain the world's best-performing aircraft for the most discerning people, businesses, governments and militaries.

AN INNOVATIVE INDUSTRY LEADER

Headquartered in Greater Montréal, Québec, Bombardier is powered by a proud heritage and visionary innovation in the design, manufacture and support of world-class business aircraft. Its *Challenger* and *Global* aircraft families are renowned for their cutting-edge cabin design, performance and reliability. Bombardier is recognized for its leadership in sustainability, including its pledge to cover the totality of its flight operations with Sustainable Aviation Fuel using the Book-and-Claim system.

Revenues(1)
$9.6 billion

Order backlog(2)
$17.5 billion

Employees(3)
18,900

Bombardier customers operate a worldwide fleet of more than 5,200 in-service aircraft, with a wide variety of multinational corporations, charter and fractional ownership providers, governments and private individuals. Bombardier's newest addition to its portfolio, the *Global 8000*(4), is redefining performance as the fastest civil aircraft since the legendary Concorde.

Bombardier is also steadily growing its defense portfolio through Bombardier Defense, which designs, develops and delivers a diverse portfolio of proven and versatile aircraft platforms used for intelligence, surveillance and reconnaissance (ISR), medevac, VIP transportation, maritime patrol, Electronic Warfare and Search and Rescue by operators around the world.

Bombardier also operates an extensive global network of service and support facilities, where it expertly maintains the *Global, Challenger* and *Learjet*(5) families of aircraft. These facilities include service centers in the U.S., Europe and Asia-Pacific, parts depots, hubs and repair facilities. Bombardier also counts on the expertise of mobile response teams and service field representatives stationed in key locations worldwide.

All amounts in this Financial Report are in U.S. dollars unless otherwise indicated.

(1) For fiscal year 2025.
(2) As at December 31, 2025.
(3) As at December 31, 2025, including contractual and inactive employees.
(4) Bombardier's *Global 8000* was awarded Transport Canada Type Certification on November 5, 2025 with certification from the Federal Aviation Administration (FAA) following on December 19, 2025 and certification from the European Union Aviation Safety Agency (EASA) on January 23, 2026. All specifications and data are subject to certain operating rules, assumptions and other conditions.
(5) Bombardier delivered its last *Learjet* aircraft in 2022 but continues to provide Services and Support for the *Learjet* family of aircraft.

A message from Bombardier's President and CEO Éric Martel

Dear Shareholders,

2025 was a landmark year for Bombardier. We successfully completed our turnaround plan and launched a new era that starts with the world's fastest business jet, the *Global 8000*[1]. Our strategy is working, and our disciplined approach has set Bombardier apart from its peers. We have transformed the business in recent years, reinforced our competitive position, and established a clear and disciplined track record for growth, which will carry forward[2].

The results of our historical 5-year turnaround have drawn global attention and external recognition. I'm proud to note that our story is now the focus of two major case studies, at Harvard Business School and Columbia University.

Without a doubt, we maintained a relentless focus on operational excellence, delivering on our commitments and achieving consistent growth across all fronts. I am immensely proud of the collective contributions of our teams, whose dedication to our people and customer-centric culture has been central to our success.

Portfolio and program milestones

Our product portfolio continued to set new benchmarks in the industry. The *Global 8000* entered into service in December 2025, setting new benchmarks by reaching a top speed of Mach 0.95[3], and the lowest cabin altitude in business aviation production at 2,691 ft. Achieving these performance targets while securing certifications from Transport Canada and the Federal Aviation Administration (FAA), as well as the European Union Aviation Safety Agency (EASA) in January 2026, shows that we can deliver the best product without compromise, and on time.

In addition, we marked the delivery of the 1,000th super-midsize aircraft, a *Challenger 3500,* reinforcing the reliability and consistency of one of the most successful platforms in business aviation.

Bombardier Services expansion

For fleet operators, who rely on our service and reliable products, overall demand continues to grow, and flight hours are increasing across the market. Notably, we entered into a first-of-its-kind services agreement with BOND, to support its 50-aircraft firm order announced at the end of June. The aircraft order and service agreement was valued at $1.7 billion combined, with deliveries starting in 2027[2]. The agreement also includes 70 new aircraft purchase options; and if all options are exercised, the total aircraft and services value would reach more than $4.0 billion[4].

At the same time, we continued to expand our global service footprint to meet growing customer demand. Supported by a fleet of more than 5,200 aircraft in service, record customer visits across our network, and centers operating at full capacity, we achieved the highest business aviation Services revenue in our history, at $2.3 billion for the year, which represents a growth of 13% compared to 2024.

In 2025, Bombardier advanced its Services expansion strategy by strengthening facility readiness and broadening its global service centers footprint. In 2025, we began a new large-scale expansion of our U.S. service network, rolling out plans for new centers in key regions including a major new service center at Fort Wayne International Airport in Indiana[2]. We also continue projects around the world and will continue to be where our customers fly and is most convenient for them.

Our industry recognition reflects these efforts, Bombardier earned the number one ranking for product support in both the Aviation International News Product Support Survey and the Professional Pilot annual survey.

Growth in Defense

Bombardier Defense advanced its global mission and reinforced its reputation as a trusted partner for governments and military customers worldwide. In 2025, we achieved highest sales for our Defense business, and expanded our role in sovereign capability, specialized missions and long-term customer support. We delivered the right solutions at the right moment, and our partners recognized the value and reliability of our team.

Being selected by our government to support critical national missions was a true honour. Bombardier was awarded a contract to deliver six *Global 6500* multi-role aircraft to the Royal Canadian Air Force. These made-in-Canada aircraft will perform worldwide utility flights and support missions such as aeromedical evacuations, disaster response, humanitarian assistance and national security operations, with first deliveries expected by summer 2027[2].

Our presence and visibility are growing globally, where nations are strengthening their defense capabilities. Other key partners have chosen Bombardier products to build next-generation capabilities and have also achieved impressive milestones based on the *Global 6500*, including L3Harris and Saab, at the same time agreements announced with Leonardo and Safran will further pave the way for new capabilities[(2)].

Our culture

Our transformation would not be possible without our people. In 2025, Bombardier was recognized as an employer of choice by Montreal's Top Employers and listed among Europe's Best Employers. Since 2024, we have maintained a worldwide, industry-leading employee engagement level of 80% and higher, reflecting a strong culture of accountability, pride, safety, and performance.

On March 7, 2025, Bombardier received the Aviation Week Laureate Award for publishing Environmental Product Declarations (EPDs) for all its in-production aircraft in 2024[(5)(6)]. This honour acknowledged Bombardier's pioneering efforts in product-level environmental disclosure within the aerospace industry.

Financial discipline

Bombardier continued to make strong progress in debt repayment, reducing its debt by more than $400 million, using cash from the balance sheet in 2025. The adjusted net debt to adjusted EBITDA ratio[(7)] improved from 2.9x in 2024 to 1.9x at year end. With the $500 million debt redemption notice announced in December 2025, which are to be redeemed on February 15, 2026, the Bombardier team will have successfully reduced its long-term debt by approximately $5.5 billion[(8)] since December 2020. Investor confidence in our strategy and performance was also reflected in our share price. On the Toronto Stock Exchange, the closing price of our Class B subordinate voting shares more than doubled compared with the same period last year. In the fall, Bombardier was once again included in the Toronto Stock Exchange's annual TSX30 ranking of top performing shares for the third year in a row, a distinction achieved by very few companies and Bombardier's financial progress was recognized with credit rating upgrades, achieving a Ba3 rating from Moody's and a BB- rating from S&P Global Ratings for the first time in more than ten years.

Looking ahead[(2)]

Our results reflect the resilience of our business model, the unmatched quality of our products and services, and the dedication of our people around the world.

As we look forward, we are entering our next chapter with a lot of momentum, supported by strong 2026 guidance, focusing on growth, profitability, and sustainable cash flow generation. Our strategy is working and our teams are engaged. Bombardier is exceptionally well positioned to continue shaping the future of business aviation delivering long-term value for our shareholders, elevating the experience for our customers and creating meaningful opportunities for our people.

Sincerely,

Eric Martel
President and Chief Executive Officer

(1) Bombardier's *Global 8000* was awarded Transport Canada Type Certification on November 5, 2025 with certification from the Federal Aviation Administration (FAA) following on December 19, 2025 and certification from the European Union Aviation Safety Agency (EASA) on January 23, 2026. All specifications and data are subject to certain operating rules, assumptions and other conditions.
(2) See the forward-looking statements disclaimer in the overview section of Bombardier's Management Discussion and Analysis for the fiscal year-ended 2025.
(3) Under certain operating conditions, when compared to commercial and business aircraft currently in service.
(4) Includes 50 firm aircraft orders, assumption that all 70 purchase options are exercised at the discretion of the customer and the service agreement. Such assumption is a forward-looking statement—See the forward-looking statements disclaimer in the overview section of Bombardier's Management Discussion and Analysis for the fiscal year-ended 2025.
(5) In accordance with ISO 14020 and ISO 14021, and following ISO 14044:2006 for science-based Life Cycle Assessment (LCA), Bombardier had developed and published Environmental Product Declarations (EPDs) for all its then in-production aircraft in 2024.
(6) Excludes the *Global 8000* business jet, which entered into service in December 2025.
(7) Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(8) Represents the notional amount of the long-term debt repaid and includes the repayment amount of $500 million of Senior Notes due 2028 announced by the Corporation in December with a redemption date of February 15th, 2026.

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BOMBARDIER INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended
December 31, 2025

All amounts in this report are expressed in U.S. dollars, and all amounts in the tables are in millions of U.S. dollars, unless otherwise indicated.

This MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of Bombardier Inc. ("the Corporation" or "Bombardier" or "our" or "we"). This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is responsible for ensuring that we fulfill our responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and is comprised entirely of independent and financially literate directors. The Audit Committee reports its findings to the Board of Directors for its consideration when it approves the MD&A and financial statements for issuance to shareholders.

The data presented in this MD&A is structured under one reportable segment: Bombardier, which is reflective of our organizational structure.

IFRS and non-GAAP and other financial measures
This MD&A contains both IFRS and non-GAAP and other financial measures. Non-GAAP and other financial measures are defined and reconciled to the most comparable IFRS measure (see the Non-GAAP and other financial measures section).

Materiality for disclosures
We determine whether information is material based on whether we believe a reasonable investor's decision to buy, sell or hold securities of the Corporation would likely be influenced or changed if the information was omitted or misstated.

Certain totals, subtotals and percentages may not agree due to rounding.

The Financial Report for fiscal year 2025 comprises the message from our President and Chief Executive Officer to shareholders, this MD&A and our consolidated financial statements.

The following table shows the abbreviations used in the MD&A and the Consolidated financial statements.

Term	Description	Term	Description
ACLP	Airbus Canada Limited Partnership	FVTP&L	Fair value through profit and loss
bps	Basis points	GAAP	Generally accepted accounting principles
CCTD	Cumulative currency translation difference	GDP	Gross domestic product
CGU	Cash generating unit	IAS	International Accounting Standard(s)
DB	Defined benefit	IASB	International Accounting Standards Board
DC	Defined contribution	IFRS	International Financial Reporting Standard(s)
DDHR	Derivative designated in a hedge relationship	MD&A	Management's discussion and analysis
DSU	Deferred share unit	n/a	Not applicable
EBIT	Earnings (loss) before financing expense, financing income and income taxes	OCI	Other comprehensive income
		OEM	Original Equipment Manufacturer
EBITDA	Earnings (loss) before financing expense, financing income, income taxes, amortization and impairment charges on PP&E and intangible assets	PP&E	Property, plant and equipment
		PSU	Performance share unit
		R&D	Research and development
EBT	Earnings (loss) before income taxes	ROIC	Return on invested capital
EPD	Environmental Product Declaration	RSU	Restricted share unit
EPS	Earnings (loss) per share attributable to equity holders of Bombardier Inc.	SG&A	Selling, general and administrative
		SOFR	Secured Overnight Financing Rate
FAI	Fédération aéronautique internationale	U.K.	United Kingdom
FVOCI	Fair value through other comprehensive income	U.S.	United States of America

OVERVIEW

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HIGHLIGHTS OF THE YEAR

Bombardier Exceeds All 2025 Guidance Metrics, Successfully Completes its Turnaround Plan, and Sets 2026 Guidance for Strong Year Ahead

RESULTS			
For the fiscal years ended December 31	**2025**	2024	Variance
Revenues	**$ 9,551**	$ 8,665	10 %
Adjusted EBITDA[1]	**$ 1,559**	$ 1,360	15 %
Adjusted EBITDA margin[2]	**16.3 %**	15.7 %	60 bps
Adjusted EBIT[1]	**$ 1,095**	$ 915	20 %
Adjusted EBIT margin[2]	**11.5 %**	10.6 %	90 bps
EBIT	**$ 1,108**	$ 878	26 %
EBIT margin[3]	**11.6 %**	10.1 %	150 bps
Net income (loss) from continuing operations	**$ 975**	$ 370	$ 605
Net income (loss) from discontinued operations[4]	**$ (47)**	$ —	$ (47)
Net income	**$ 928**	$ 370	$ 558
Diluted EPS from continuing operations (in dollars)	**$ 9.41**	$ 3.40	$ 6.01
Diluted EPS from discontinued operations (in dollars)[4]	**$ (0.48)**	$ 0.00	$ (0.48)
	$ 8.95	$ 3.40	$ 5.55
Adjusted net income[1]	**$ 805**	$ 547	$ 258
Adjusted EPS (in dollars)[2]	**$ 7.72**	$ 5.16	$ 2.56
Cash flows from operating activities[5]	**$ 1,225**	$ 405	$ 820
Net additions to PP&E and intangible assets[3]	**$ 153**	$ 173	$ (20)
Free cash flow[1]	**$ 1,072**	$ 232	$ 840

As at December 31	**2025**	2024	Variance
Cash and cash equivalents	**$ 2,175**	$ 1,653	32 %
Available liquidity[1]	**$ 2,540**	$ 2,082	22 %
Order backlog (in billions of dollars)[6]	**$ 17.5**	$ 14.4	22 %

(1) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(2) Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(3) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics.
(4) Discontinued operations are related to the sale of the Transportation business. The expenses recorded in discontinued operations for fiscal year 2025 principally relate to change in estimates of a provision for professional fees.
(5) Only from continuing operations.
(6) Represents order backlog for both manufacturing and Services.

KEY HIGHLIGHTS AND EVENTS

- Full-year 2025 revenues surpassed guidance, growing 10% year-over-year to reach $9.55 billion. This strong performance was powered by an all-time high in Services revenues, up 13%, and 157 aircraft deliveries, an increase of 11 units year-over-year.
- Adjusted EBITDA(1) rose 15% year-over-year, reaching $1,559 million, with adjusted EBITDA margin(2) expanding 60 basis points to 16.3%. Reported EBIT up 26% year-over-year at $1,108 million for the full year, driving EBIT margin(3) to 11.6%, an improvement of 150 basis points.
- Adjusted net income(1) grew to $805 million, marking a 47% year-over-year increase, while reported net income(4) increased to $975 million, up 164%. Full-year performance translated to an adjusted EPS(2) of $7.72 and diluted EPS(4) of $9.41.
- Free cash flow(1) was up $840 million compared to 2024, reaching an impressive $1,072 million for the full-year. Reported cash flows from operating activities(4) were $1,225 million, up from $405 million versus 2024. Net additions to PP&E and intangible assets(3) totaled $153 million, compared with $173 million in 2024.
- Backlog(5) jumped to $17.5 billion as at December 31, 2025, up $3.1 billion from 2024. Unit book-to-bill(6) of 1.4 for the year highlights healthy demand across our portfolio.
- More than $400 million of debt was repaid, using cash from the balance sheet in 2025, driving solid progress on deleveraging. The adjusted net debt to adjusted EBITDA ratio(2) improved from 2.9x in 2024 to 1.9x at year-end. An additional $500 million of Senior Notes to be redeemed on February 15, 2026. Available liquidity(1) remained strong at $2.5 billion; cash and cash equivalents were $2.2 billion as at December 31, 2025.
- With the completion of its successful 5-year turnaround plan, which was first detailed in 2021, Bombardier's 2026 guidance lays the groundwork for sustained top-line growth, solid margins, and reliable free-cash-flow performance(7).

Fiscal year 2025 represented the culmination of Bombardier's five-year strategic plan initiated in 2021. Throughout this period, the Corporation undertook a comprehensive transformation, successfully repositioning itself as a leading participant in the business aviation industry. By executing its strategy with discipline, Bombardier refocused its operations on the manufacturing and servicing of aircraft, expanded its presence in the defense sector, strengthened its balance sheet, and established a solid foundation for sustained growth and long-term value creation(7).

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(3) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics.
(4) Only from continuing operations.
(5) Represents order backlog for both manufacturing and Services.
(6) Defined as net new aircraft orders in units over aircraft deliveries in units.
(7) See the forward-looking statements disclaimer in the Overview section of this MD&A.

Significant order from BOND, new Bombardier customer

On June 30, 2025, Bombardier announced the signing of a firm order with a new customer to the Corporation, who later in October was revealed to be BOND. The agreement covers 50 aircraft and an associated services agreement, with a total contract value of approximately $1.7 billion. Deliveries are scheduled to begin in 2027(1). The transaction also includes 70 purchase options, which, if fully exercised, would increase the overall value of aircraft and services to more than $4.0 billion(2). In addition, this order introduces a first-of-its-kind service agreement between an OEM and an operator, providing the most comprehensive and integrated maintenance solution to date through Bombardier's global service network. This milestone underscores Bombardier's strategy to expand recurring service revenues while strengthening long-term customer partnerships(1).

Committed to ongoing deleveraging, further strengthening financial flexibility

In 2025, Bombardier refinanced $750 million, extended debt maturities, and reduced debt by more than $400 million, using cash from the balance sheet. These actions contributed to a cumulative debt reduction of $5.0 billion(3) since December 31, 2020, strengthening the Corporation's financial position. As a result, the adjusted net debt to adjusted EBITDA ratio(4) improved from 41.5x at year-end 2020 to 1.9x at December 31, 2025, representing a 95% decrease, and below the Corporation's 2025 target range of 2.0-2.5x. The Corporation aims to continue improving this metric towards approximately 1.5x over time(1). In December, the Corporation also announced a partial repayment of $500 million of Senior Notes due 2028, which will be paid using cash from its balance sheet. The redemption date is February 15th, 2026.

On June 17, 2025, S&P Global upgraded its credit rating to BB- from B+ and on November 26, 2025, Moody's upgraded its credit rating to Ba3 from B1 with positive outlook, both upgrades reflected a consistent execution across our businesses, effective deleveraging, and improved liquidity position. Bombardier maintained strong liquidity position throughout the year, with $2.5 billion available liquidity(5) as of year-end 2025, while cash and cash equivalents were $2.2 billion as at December 31, 2025.

Sustained growth and recognition in Services and Support

In 2025, Bombardier advanced its Services expansion strategy by strengthening facility readiness and broadening its global service center footprint:

- February 4, announced plans to open a new paint facility at the London Biggin Hill Service Center, offering customers premium solution for paint requirements.
- August 7, announced the launch of a multi-phase expansion initiative in the U.S., targeting both established and new sites to strengthen customer proximity.
- September 12, celebrated the 20th anniversary of the Chicago and Frankfurt Parts hubs.
- October 8, announced the planned opening of a new service center in Fort Wayne, Indiana, with operations scheduled to begin in 2026(1).
- December 4, reported significant progress on construction of the new service facility at Al Bateen Executive Airport, Abu Dhabi, with operations also expected to commence in 2026(1), further extending Bombardier's global maintenance, repair and overhaul capabilities.

Services revenue grew at a compounded annual growth rate (CAGR) of approximately 18% from 2020 to 2025, reaching over $2.3 billion in 2025. This performance reflects the success of the Corporation's expansion strategy and was reinforced by industry recognition, including top rankings for customer support in Aviation International News' Product Support Survey for a second consecutive year, as well as in the 2025 Professional Pilot Corporate Aircraft Product Support Survey.

(1) See the forward-looking statements disclaimer in the Overview section of this MD&A.
(2) Includes 50 firm aircraft orders, assumption that all 70 purchase options are exercised at the discretion of the customer and the service agreement. Such assumption is a forward-looking statement—See the forward-looking statements disclaimer in the Overview section of this MD&A.
(3) Represents the notional amount of the long-term debt.
(4) Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
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Bombardier delivered its 1st *Global 8000*
In December 2025, Bombardier delivered its first *Global 8000*[(1)] aircraft in Canada, solidifying its position as the leading ultra-long-range business jet. The Bombardier *Global 8000* is the industry's fastest and longest-range purpose-built business jet with a top speed of Mach 0.95[(2)], an impressive range of 8,000 nautical miles[(2)] and the lowest cabin altitude in the industry.

Bombardier delivered its 1,000th super-midsize business jet
On February 27, 2025, Bombardier marked the delivery of its 1,000th super-midsize aircraft, a *Challenger 3500*. This milestone demonstrates the continued success of the *Challenger* platform. The *Challenger 3500* maintains a leading position in its segment, offering strong performance, operational efficiency, and advanced cabin features. The delivery of the 1,000th aircraft highlights the broad market acceptance of the *Challenger* family and underscores the strategic importance of the super-midsize category within Bombardier's product portfolio.

Advancing growth in Bombardier Defense
In 2025, Bombardier Defense recorded notable progress, reinforcing its role as a partner to governments and defense organizations globally. Program awards, key deliveries, and strategic agreements contributed to establishing a foundation for sustained growth in this business[(3)].

- March 25, announced an order for two *Challenger 650* aircraft to be deployed in intelligence, surveillance, and reconnaissance missions in Australia.
- June 16, announced a technological innovation letter of intent in Defense with Safran.
- June 17, signed a Memorandum of Understanding with Leonardo to explore opportunities in the global Maritime Multi-Mission Aircraft (MMA) market.
- June 20, announced an order from Saab for two *Global 6500* aircraft.
- September 22, delivered the ninth Bombardier *Global* aircraft to the United States Air Force for the Battlefield Airborne Communications Node (BACN) program.
- October 14, announced a 10-year service agreement with Sierra Nevada Corporation (SNC) to support two Bombardier *Global 6500* aircraft equipped with SNC's RAPCON-X® technology.
- October 20, announced that L3Harris Technologies was awarded a contract to deliver modified *Global 6500* airborne early warning and control (AEW&C) aircraft to the Republic of Korea Air Force.
- December 11, reported arrival of the first aircraft in the Pegasus program in Germany for integration, testing, and certification activities supporting Germany's next-generation airborne SIGINT platform.
- December 12, announced that the Government of Canada purchased six *Global 6500* aircraft to perform worldwide utility flights and support missions including aeromedical evacuations, disaster relief, humanitarian aid, and national security operations.

Milestones in sustainability
Fiscal year 2025 marked the completion of Bombardier's five-year sustainability plan launched in 2021. Over this period, the Corporation advanced numerous initiatives to achieve its 2025 objectives, which will be detailed in Bombardier's annual sustainability report to be released in 2026. Executed with discipline, the plan is expected to deliver on its objectives while the business expanded significantly across manufacturing, Services, and Defense. On March 7, 2025, Bombardier received the Aviation Week Laureate Award for publishing Environmental Product Declarations (EPDs) for all its in-production aircraft in 2024[(4)(5)]. This honour acknowledged Bombardier's pioneering efforts in product-level environmental disclosure within the aerospace industry. On July 5, 2025, the Corporation released its fourth Sustainability Report since its strategic repositioning, highlighting progress achieved during the year and since 2021.

(1) Bombardier's *Global 8000* was awarded Transport Canada Type Certification on November 5, 2025 with certification from the Federal Aviation Administration (FAA) following on December 19, 2025 and certification from the European Union Aviation Safety Agency (EASA) on January 23, 2026. All specifications and data are subject to certain operating rules, assumptions and other conditions.
(2) Under certain operating conditions, when compared to commercial and business aircraft currently in service.
(3) See the forward-looking statements disclaimer in the Overview section of this MD&A.
(4) In accordance with ISO 14020 and ISO 14021, and following ISO 14044:2006 for science-based Life Cycle Assessment (LCA), Bombardier had developed and published Environmental Product Declarations (EPDs) for all its then in-production aircraft in 2024.
(5) Excludes the *Global 8000* business jet, which entered into service in December 2025.

STRATEGIC PRIORITIES[1]

At its May 1, 2024 Investor Day, Bombardier outlined strategic initiatives across Services, Defense, and Pre-owned aircraft aimed at diversifying revenues, enhancing predictability, and improving profitability, with the potential for Defense and Services to represent up to 50% of revenues by 2030. These priorities remain embedded in the Corporation's strategy, supported by tangible progress in expanding Defense and Services and a disciplined focus on strengthening the balance sheet and improving the capital structure to drive sustainable long-term growth.

Continuing growth in the Services business
The Corporation's Services business has delivered its objective of reaching Services revenues of $2.0 billion in 2024, one year ahead of schedule and surpassing it again in 2025. Bombardier expects continued mid to high single-digit annual growth in Services revenues through 2030, driven by expansion in the aircraft fleet, fleet aging, a trend towards larger aircraft, and increased market presence. The Corporation's U.S. expansion initiative, a series of customer-focused announcements in 2025, and the planned inauguration of the Abu Dhabi service center in 2026 are among the key initiatives advancing the Corporation's Services growth objectives.

Strategic momentum building in Bombardier Defense
The growth of Bombardier Defense remains pivotal, with the Defense portfolio poised to achieve revenues ranging from $1.0 to $1.5 billion by 2030. Bombardier expects to secure its share of the global demand for approximately 375 aircraft representing $25 to $40 billion[2] over the next decade[3], encompassing aircraft sales and modification work. The Corporation's continued progression in Defense underscores its strategic alignment with evolving military requirements and reinforces its role as a trusted partner to operators worldwide.

Expanding presence in the pre-owned market
The Corporation continues to advance its presence in the pre-owned market, a segment that provides a stable and recurring source of revenue. Building on the progress achieved to date, Bombardier is strengthening its position in this area and anticipates potential revenues in the range of $500 million to $1.0 billion by 2030.

Stronger balance sheet and sustained cash generation
Bombardier has outperformed its targeted adjusted net debt to adjusted EBITDA ratio[4] of 2.0x to 2.5x, closing the year at 1.9x, and marking a key milestone in strengthening its financial position. The Corporation aims to continue improving this metric towards approximately 1.5x over time[5].

Deploying capital allocation framework beyond 2025
Since introducing its ROIC-focused capital allocation framework at its 2024 Investor Day, Bombardier has continued to advance its planning and implementation efforts. The Corporation remains focused on embedding disciplined liquidity deployment practices across its capital structure, while evaluating opportunities to support inorganic growth and product development over the medium term. Progressing this framework is central to Bombardier's long-term strategy, ensuring that capital allocation decisions remain aligned with shareholder value creation and sustainable financial performance.

(1) This Strategic Priorities section includes a number of forward-looking statements. See the forward-looking statements disclaimer in the Overview section of this MD&A.
(2) Excludes Services spend.
(3) Source: Bombardier analysis.
(4) Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(5) See the forward-looking statements disclaimer in the Overview section of this MD&A.

KEY PERFORMANCE MEASURES AND METRICS

The table below summarizes key performance measures and associated metrics evaluated.

KEY PERFORMANCE MEASURES AND ASSOCIATED METRICS	
GROWTH AND COMPETITIVE POSITIONING	• Order backlog[(1)], as a measure of future revenues. • Revenues and delivery units, as measures of growth. • Market share (in terms of revenues and units delivered), as a measure of our competitive positioning.
PROFITABILITY	• Net income (loss), adjusted net income (loss)[(2)], EBIT, EBIT margin[(3)], adjusted EBIT[(2)], adjusted EBIT margin[(4)], adjusted EBITDA[(2)], adjusted EBITDA margin[(4)], diluted EPS and adjusted EPS[(4)], as measures of performance.
LIQUIDITY	• Free cash flow[(2)], as a measure of liquidity generation. • Cash and cash equivalents and available liquidity[(2)(5)], as measures of liquidity adequacy.
CAPITAL STRUCTURE	• Adjusted net debt[(2)(5)]. • Adjusted net debt to adjusted EBITDA ratio[(4)(5)].
CUSTOMER SATISFACTION	• On-time aircraft deliveries, as a measure of meeting our commitment to customers. • Fleet dispatch reliability, as a measure of our products' reliability. • Regional availability of parts and technical expertise to support customer requests in a timely manner, as a measure of meeting customer needs for the entire life of the aircraft. • On-time return to service and high-quality workmanship at Bombardier-owned maintenance facilities, as a measure of efficiency.
EXECUTION	• Achievement of program development milestones, as a measure of flawless execution.

(1) Represents order backlog for both manufacturing and Services.
(2) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(3) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics.
(4) Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(5) Refer to Capital structure section of this MD&A for information on adjusted net debt and adjusted net debt to adjusted EBITDA ratio; refer to Liquidity and capital resources section of this MD&A for information on available liquidity.

FIVE-YEAR SUMMARY					
For the fiscal years ended December 31	**2025**	2024	2023	2022	2021
Profitability					
Revenues(1)	**$ 9,551**	$ 8,665	$ 8,046	$ 6,913	$ 6,085
Adjusted EBITDA(1)(2)	**$ 1,559**	$ 1,360	$ 1,230	$ 930	$ 639
Adjusted EBITDA margin(1)(3)	**16.3 %**	15.7 %	15.3 %	13.5 %	10.5 %
Adjusted EBIT(1)(2)	**$ 1,095**	$ 915	$ 799	$ 515	$ 222
Adjusted EBIT margin(1)(3)	**11.5 %**	10.6 %	9.9 %	7.4 %	3.6 %
EBIT(1)	**$ 1,108**	$ 878	$ 793	$ 538	$ 241
EBIT margin(1)(4)	**11.6 %**	10.1 %	9.9 %	7.8 %	4.0 %
Net income (loss) from continuing operations	**$ 975**	$ 370	$ 490	$ (128)	$ (249)
Net income (loss) from discontinued operations(5)	**$ (47)**	$ —	$ (45)	$ (20)	$ 5,319
Net income (loss)	**$ 928**	$ 370	$ 445	$ (148)	$ 5,070
Diluted EPS from continuing operations (in dollars)	**$ 9.41**	$ 3.40	$ 4.70	$ (1.67)	$ (2.87)
Diluted EPS from discontinued operations (in dollars)(5)	**$ (0.48)**	$ 0.00	$ (0.46)	$ (0.21)	$ 53.41
Total Diluted EPS (in dollars)	**$ 8.95**	$ 3.40	$ 4.24	$ (1.88)	$ 50.54
Adjusted net income (loss)(2)	**$ 805**	$ 547	$ 416	$ 104	$ (327)
Adjusted EPS (in dollars)(3)	**$ 7.72**	$ 5.16	$ 3.94	$ 0.77	$ (3.67)

(1) Only from continuing operations.
(2) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(3) Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(4) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics.
(5) Discontinued operations are related to the sale of the Transportation business. The expenses recorded in discontinued operations for fiscal years 2025, 2023 and 2022 principally relate to change in estimates of a provision for professional fees.

FIVE-YEAR SUMMARY					
For the fiscal years ended and as at December 31	**2025**	2024	2023	2022	2021
Liquidity					
Cash flows from operating activities					
Continuing operations	**$ 1,225**	$ 405	$ 623	$ 1,072	$ 332
Discontinued operations	**$ —**	$ —	$ —	$ —	$ (621)
	$ 1,225	$ 405	$ 623	$ 1,072	$ (289)
Net additions to PP&E and intangible assets[1]					
Continuing operations	**$ 153**	$ 173	$ 366	$ 337	$ 232
Discontinued operations	**$ —**	$ —	$ —	$ —	$ —
	$ 153	$ 173	$ 366	$ 337	$ 232
Free cash flow (usage)[2]					
Continuing operations	**$ 1,072**	$ 232	$ 257	$ 735	$ 100
Discontinued operations	**$ —**	$ —	$ —	$ —	$ (621)
	$ 1,072	$ 232	$ 257	$ 735	$ (521)
Cash and cash equivalents	**$ 2,175**	$ 1,653	$ 1,594	$ 1,291	$ 1,675
Current portion of long-term debt	**$ 607** [3]	$ 299	$ —	$ —	$ —
Long-term debt	**$ 4,547**	$ 5,246	$ 5,607	$ 5,980	$ 7,047

(1) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics.

(2) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.

(3) In December 2025, the Corporation issued a notice of partial redemption of the Senior Notes due 2028 for an aggregate principal amount of $500 million using cash from its balance sheet. The redemption date is February 15, 2026.

GUIDANCE AND FORWARD-LOOKING STATEMENTS

Guidance and Results

	2025 guidance provided in our Q1 2025 Financial Report[(1)]	2025 results	2026 Guidance[(2)]
Aircraft deliveries (in units)	> 150	157	> 157
Revenues	> $9.25 billion	$9.55 billion	> $10.0 billion
Adjusted EBITDA[(3)]	> $1,550 million	$1,559 million	> $1,625 million
Adjusted EBIT[(3)]	> $1,000 million	$1,095 million	n/a
EBIT	n/a	$1,108 million	n/a
Free cash flow[(3)]	$500 million - $800 million	$1,072 million	$600 million - $1,000 million
Cash flows from operating activities	n/a	$1,225 million	n/a
Net additions to PP&E and intangible assets[(4)]	n/a	$153 million	n/a

2025 Guidance

Deliveries for the year reached 157 aircraft, surpassing guidance by 6 units. Full-year revenues totaled $9.55 billion, also exceeding targets, supported by a solid delivery mix, and record-high Services and Defense revenues.

Full year adjusted EBITDA[(3)] was $1,559 million, in line with our guidance, while full year adjusted EBIT[(3)] totaled $1,095 million, surpassing guidance. These results are supported by strong incremental revenue conversion in Services, improved Defense performance, and lower R&D expense, partly offset by supplier-disruption costs.

Full year free cash flow[(3)] generation from continuing operations exceeded the upper end of our guidance range at $1,072 million for 2025, driven by higher customer advances associated with new orders and aircraft progress payments, partially offset by inventory investments, and other working capital items.

2026 Guidance[(2)]

Aircraft deliveries in 2026 are expected to be greater than 157 aircraft.

Revenues are expected to be greater than $10.0 billion, an increase of more than $0.4 billion versus 2025 as a result of higher aircraft deliveries, improved pricing, and continued growth in our Services business.

Adjusted EBITDA[(3)] is expected to be greater than $1,625 million in 2026. The growth from 2025 is driven by margin conversion on increased revenues and a partial recovery of the supply chain disruption, partially offset by some incremental strategic investments and higher R&D expense.

Free cash flow[(3)] in 2026 is expected to range between $600 million and $1,000 million, reflecting normal variability in key cash-flow items. Net additions to PP&E and intangible assets[(4)] are expected to be approximately $300 million.

(1) Refer to our Financial Report for the quarter ended March 31, 2025 for further details.
(2) See the forward-looking statements disclaimer in the Overview section of this MD&A.
(3) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(4) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics.

Forward-looking Statements Disclaimer

This MD&A contains forward-looking statements intended to assist investors in understanding our objectives, strategies, and future prospects which may involve, but are not limited to: statements with respect to our objectives, anticipations and outlook or guidance in respect of various financial and global metrics and sources of contribution thereto, targets, goals, priorities, market and strategies, financial position, financial performance, market position, capabilities, competitive strengths, credit ratings, beliefs, prospects, plans, expectations, anticipations, estimates and intentions; general economic and business outlook, prospects and trends of our industry; customer value; expected demand for products and services; growth strategies including, potential revenues and year-over-year growth generated therefrom; product development, including projected design, characteristics, capacity or performance; expected or scheduled entry-into-service of products and services, orders, deliveries, testing, lead times, certifications and execution of orders in general; competitive position; expectations regarding revenue and backlog mix; the expected impact of the legislative and regulatory environment and legal proceedings; strength of capital profile and balance sheet, creditworthiness, credit ratings, available liquidities and capital resources, expected financial requirements, capital allocation and deployment of excess liquidity and ongoing review of strategic and financial alternatives; the introduction and anticipated results of productivity enhancements and profitability initiatives, operational efficiencies optimizing the use of our manufacturing and services facilities, cost reduction and potential future restructuring initiatives, and anticipated costs, intended benefits and timing thereof; the ability to continue business growth and cash generation; expectations, objectives and strategies regarding debt repayment, refinancing of maturities and interest cost reduction; compliance with restrictive debt covenants; expectations regarding the declaration and payment of dividends on our preferred shares; intentions and objectives for our programs, assets and operations; expectations regarding the availability of government assistance programs; the impact of new, or exacerbation of existing global health, geopolitical or military events, or international trade disputes or renegotiation of existing trade arrangements, on the foregoing and the effectiveness of our plans and measures in response thereto; and expectations regarding the strength of markets, economic downturns or recession, and inflationary and supply chain pressures.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this MD&A. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may”, “will”, “shall”, “can”, “expect”, “estimate”, “intend”, “anticipate”, “plan”, “foresee”, “believe”, “continue”, “maintain” or “align”, the negative of these terms, variations of them or similar terminology. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of our current objectives, strategic priorities, expectations, guidance, outlook and plans, and in obtaining a better understanding of our business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

By their nature, forward-looking statements require management to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause our actual results in future periods to differ materially from forecast results set forth in forward-looking statements. While management considers these assumptions to be reasonable and appropriate based on information currently available, there is risk that they may not be accurate. The assumptions underlying the forward-looking statements made in this MD&A include the following: alignment of production rates to market demand, including the supply base supporting our product development and production rates in a commercially acceptable and timely manner; deployment and execution of growth strategies, including our Services, Pre-owned and Defense businesses; and mitigation of international trade disputes and protection measures (including tariffs), changes to existing trade agreements. For additional information about these and other assumptions underlying the forward-looking statements made in this MD&A, refer to the Forward-looking statements - Assumptions section hereinafter. Given the impact of the changing circumstances surrounding new or continuing global health, geopolitical and military events, and new or threatened international protectionist trade policies or measures, as well as the related response from the Corporation, governments (federal, provincial and municipal, both domestic, foreign and multinational inter-governmental organizations), regulatory authorities, businesses, suppliers, customers, counterparties and third-party service providers, there is an inherently higher degree of uncertainty associated with the Corporation's assumptions.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to: operational risks (such as risks related to business development and growth; order backlog; deployment and execution of our strategy, including cost reductions and working capital improvements and manufacturing and productivity enhancement initiatives; developing new products and services, including technological innovation and disruption; the certification of products and services; pressures meeting aircraft delivery schedules and on cash flows and capital expenditures, including due to seasonality and cyclicality; doing business with partners; product performance warranty and casualty claim losses; environmental, health and safety concerns and regulations; dependence on a limited number of contracts, customers and suppliers; supply chain risks; human resources risks including the departure of senior executives, the global availability of a skilled workforce, and the failure to attract and retain quality employees; reliance on information systems (including technology vulnerabilities, cybersecurity threats and privacy breaches); reliance on and protection of intellectual property rights; reputation risks; scrutiny and perception gaps regarding sustainability and corporate social responsibility matters; adequacy of insurance coverage; acquisitions; risk management; and tax matters); financing risks (such as risks related to liquidity and access to capital markets; substantial debt and interest payment requirements, including execution of debt management and interest cost reduction strategies; restrictive and financial debt covenants; retirement benefit plan risk; exposure to credit risk; and availability of government support); risks related to regulatory and legal proceedings, as well as changes in laws and regulations; risks associated with general economic conditions and disruptions, both regionally and globally, that may impact our sales and operations; business environment risks (such as risks associated with the financial condition of business aircraft customers; trade policy; governmental disruptions; increased competition; political instability and geopolitical tensions; financial and economic sanctions and trade control limitations; global climate change; and force majeure events); market risks (such as foreign currency fluctuations and changing interest rates, including our ability to hedge exposures thereto; increases in commodity prices; and inflation); and other unforeseen adverse events. For more details, refer to the Risks and uncertainties section in Other in this MD&A. Any one or more of the foregoing factors may be exacerbated by new or continuing global health, geopolitical or military events, or new or exacerbated international trade disputes or renegotiation of existing trade arrangements, which may have a significantly more severe impact on the Corporation's business, results of operations and financial condition than in the absence of such events.

Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. Other risks and uncertainties not presently known to us or that we presently believe are not material could also cause actual results or events to differ materially from those expressed or implied in our forward-looking statements. The forward-looking statements set forth herein reflect management's expectations as at the date of this report and are subject to change after such date. Unless otherwise required by applicable securities laws, we expressly disclaim any intention, and assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Any financial outlook provided herein is for the purpose of assisting investors in understanding management's objectives and may not be appropriate for other purposes.

Forward-looking statements - Assumptions

Forward-looking statements[(1)] in this MD&A are based on and subject to, without limitation, the following material assumptions:

- normal execution and delivery of current backlog and sufficient order intake to maintain current backlog levels;
- the alignment of production rates to market demand, including the ability of the supply base to support product development and planned production rates on commercially acceptable terms in a timely manner;
- the ability to complete required ground and flight testing, as scheduled and without material delays from adverse weather (including excessively high winds, low visibility/ceilings, icing, extreme temperatures, or severe storms) at our test and delivery sites, and to adjust production and delivery schedules, where feasible, to mitigate impacts from adverse weather, climate related conditions or natural disasters;
- continued deployment and execution of growth strategies, and continued growth of the Services, Pre-owned and Defense businesses;
- the ability to invest in our product portfolio;
- the accuracy of the analyses and assumptions underlying our business case including estimated cash flows and revenues over the expected life of our programs and thereafter;
- the accuracy of our estimates and judgments regarding the duration, scope and impacts of new or continuing global health, geopolitical or military events, on the economy and financial markets, and on our business, operations, revenues, liquidity, financial condition, margins, cash flows, prospects and results in future periods;
- the ability to mitigate the impact of new or exacerbated international trade disputes, tariffs, trade protection measures (including any retaliations to such measures), or renegotiation of existing trade agreements;
- the accuracy of our assessment of anticipated growth drivers and sector trends;
- the accuracy of our assessment of pricing, supply chain and inflation trends;
- new program aircraft prices, unit costs and ramp-up;
- the ability to understand customer needs and portfolio of products and services to drive market demand and secure new orders and maintain the backlog level;
- continued deployment and execution of leading initiatives to improve revenue conversion into higher earnings and free cash flow[(2)], through improved procurement cost, controlled spending and labour efficiency;
- the effectiveness of disciplined capital deployment measures in new programs and products to drive revenue growth;
- the ability to recruit and retain highly skilled resources; the continued renewal of labour agreements within planned amounts and with minimal / no disruption to our operations;
- the stability of the competitive global environment, global economic conditions and financial markets in the face of new or continuing international trade disputes or global health, geopolitical or military events;
- the stability of foreign exchange rates at current levels;
- the ability to access the capital markets, on acceptable terms, as needed or opportunistically;
- the ability to have sufficient liquidity to execute the strategic plan and to pay down long-term debt or refinance maturities; and
- the ability to successfully defend ourselves against ongoing and future legal and regulatory proceedings.

For a discussion of the material risk factors associated with the forward-looking information, refer to the Risks and uncertainties section in Other.

(1) Also refer to the forward-looking statements disclaimer of this MD&A.
(2) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.

PROFILE

Diversified revenue profile driven by a leading business jet portfolio, Services and Defense

We skillfully design, build, maintain and market two class-leading families of business aircraft, *Global* and *Challenger.* In addition to our industry-leading portfolio of large and medium business jets, we are also outfitting various aircraft platforms for specialized mission use through Bombardier Defense. Bombardier also operates an extensive service and support network that helps maintain more than 5,200 in-service *Global, Challenger* and *Learjet*[1] aircraft across the U.S., Europe, Asia-Pacific and the Middle East. With a rapidly growing worldwide network, Bombardier customers have been able to significantly benefit from the expansion of the company's service and support offerings. Additional support is provided thanks to world-class parts depots, hubs, repair facilities and mobile response teams with available aircraft parts worldwide, ensuring rapid and effective support to our customers, wherever and whenever they need it.

[1] Bombardier delivered its last *Learjet* aircraft in 2022 but continues to provide Services and Support for the *Learjet* family of aircraft.

MARKET SEGMENT: BUSINESS AIRCRAFT

All products specifications and data hereafter are approximate, may change without notice and are subject to certain operating rules, assumptions and other conditions.

LARGE CATEGORY BUSINESS JETS

Models: *Global 8000*[1]*, Global 7500, Global 6500, Global 6000, Global 5500* and *Global 5000*

Key highlights: Expertly designed to leave a lasting impression, the flagship *Global* aircraft family covers the large jet category with six aircraft models. In 2022, Bombardier unveiled its newest member, the *Global 8000* aircraft. The jet entered service in December 2025, stands alone as the world's fastest and longest-range purpose-built business jet in its category, innovatively crafted with the smoothest ride and the industry's healthiest cabin. With a top speed of Mach 0.95[2], the *Global 8000* is the fastest business jet in the skies. In 2024, Bombardier celebrated the delivery of its 200th *Global 7500* aircraft. The industry-defining business jet has surpassed 280,000 flight hours, underscoring its status as business aviation's most reliable and productive business jet. The aircraft now boasts 150 impressive city-pair speed records[3].

Global 8000 aircraft

Since its entry-into-service in 2018, the *Global 7500* aircraft has proven performance, with a fleet dispatch reliability of more than 99.8%. It was also the first business jet to receive an EPD®[4]. The *Global 7500* aircraft's four-zone cabin includes a full crew-rest area and provides an unprecedented array of floor plans and furnishing options.

Featuring a revolutionary wing design and efficient Rolls-Royce Pearl engines, Bombardier's *Global 5500* and *Global 6500* aircraft boast farthest-in-class ranges, offering unrivalled performance and unsurpassed passenger comfort, all at exceptional operating costs. EPDs for both aircraft were published in 2023[5]. This platform is increasingly emerging as the preferred choice for defense applications, thanks to its versatility and proven reliability.

All *Global* aircraft are specially engineered to deliver the industry's ultimate combination of speed and range, thanks in large part to the *Smooth Flĕx Wing*, engineered to provide the smoothest ride and uncompromising all-weather performance. *Global* aircraft also come equipped with Bombardier's *Pũr Air* system. This system includes an advanced HEPA filter that captures up to 99.99% of allergens, bacteria and viruses while completely replacing the cabin air with 100% fresh air in as little as 90 seconds. In addition, fast in-flight internet connectivity, combined with comprehensive cabin management systems, keeps passengers entertained and connected, while the revolutionary *Nuage* seating provides optimal seating and resting positions.

(1) Bombardier's *Global 8000* was awarded Transport Canada Type Certification on November 5, 2025 with certification from the Federal Aviation Administration (FAA) following on December 19, 2025 and certification from the European Union Aviation Safety Agency (EASA) on January 23, 2026. All specifications and data are subject to certain operating rules, assumptions and other conditions.
(2) Under certain operating conditions, when compared to commercial and business aircraft currently in service.
(3) Speeds and distances referenced per FAI guidances. Some records pending review by FAI, the World Air Sports Federation.
(4) Based on Bombardier's analysis of publicly available data. The *Global 7500* business jet received a third-party verified Type III EPD® from the International EPD® System, which was valid from June 2020 to June 2025. The International EPD® System is an environmental declaration program based in Sweden. It discloses fully transparent environmental information about the product's life cycle, such as CO_2 emissions, noise, water consumption and other key environmental impact indicators.
(5) In accordance with ISO 14020 and ISO 14021, and following ISO 14044:2006 for science-based Life Cycle Assessment (LCA), Bombardier developed and published EPDs for its *Global 5500* and *Global 6500* in 2023. Bombardier adhered to the recognized ISO guidelines and references these standards in each of these published product EPDs.

MEDIUM CATEGORY BUSINESS JETS

Models: *Challenger 3500* and *Challenger 650*

Key highlights: A masterful expression of high-end craftsmanship and functionality, *Challenger* aircraft feature productivity-enhancing business tools, with the most comfortable cabins in its category. All *Challenger* aircraft offer low operating costs, high reliability and the ultimate in-flight experience with rapid connectivity.

Challenger 3500 aircraft

The super-midsize *Challenger 3500* aircraft, an update to Bombardier's bestselling *Challenger 350* platform, has not only proven to be the right answer to customers' evolving needs but remains the most delivered super-midsize aircraft since it entered service in 2021. The aircraft program celebrated its 1000th delivery in 2025 and represents the ultimate combination of sustainability, performance and reliability. It features the most technologically advanced cabin in its class that introduces productivity enhancing features such as the industry's first voice-controlled cabin, as well as superior connectivity with global coverage. Bombardier's revolutionary *Nuage* seat adds to the in-flight comfort.

The *Challenger 3500* is the most sustainably designed jet in its class. It is the first super-midsize jet with an EPD[1] and the first business jet to achieve a carbon neutral flight test program. It also offers high-quality, sustainable cabin material options and introduces technology in the cockpit to help operators fly more efficiently and reduce carbon emissions.

The luxurious, award-winning cabin of a *Challenger 3500* aircraft

(1) The statement is based on Bombardier's analysis of publicly available data. In accordance with ISO 14020 and ISO 14021, and following ISO 14044:2006 for science-based Life Cycle Assessment (LCA), Bombardier developed and published EPD for its *Challenger 3500* in 2022. Bombardier adhered to the recognized ISO guidelines and references these standards in this published product EPD.

The larger aircraft in Bombardier's *Challenger* family, the *Challenger 650*, continues to be a popular choice with customers, particularly corporations and fleet operators. Its winning combination of peak reliability, worldwide reach, widest-in-class cabin and lowest direct operating costs has made it the best-selling platform in its category, with over 1,000 deliveries and counting. Customers appreciate its 4,000 nautical mile range and ability to link to all the financial centers such as New York-London or London-Dubai. Its spacious, productivity-minded cabin offers available seating for up to 12 passengers.

Challenger 650 aircraft are famous for their spacious and elegant cabins.

The *Challenger 600* series has been the most delivered business jet platform in its segment for the last decade. The platform is also in high demand for specialized missions.

BOMBARDIER DEFENSE

Models: *Challenger* and *Global* business jets

Key highlights: Bombardier Defense designs, develops and delivers a range of capabilities to operators around the world.

Bombardier Defense has decades of experience working with special mission operators and is becoming a service provider of choice for multiple armed forces and foreign allies. Its diverse fleet of *Global* and *Challenger* business aircraft represent the ideal solution for various special-missions, such as intelligence, surveillance and reconnaissance (ISR) to urgent humanitarian assistance, medical evacuations and VIP transport. Solutions range from turnkey packages including complete design, building, testing and certification to specialized engineering support and technical oversight of customer projects.

Known for its collaborative and flexible approach, Bombardier Defense builds long-term relationships with governments and militaries and has joined forces with the world's most advanced mission system providers. Working closely with world-class primes, Bombardier Defense has delivered aircraft to over 170 operators located in more than 50 countries.

BOMBARDIER’S PRE-OWNED AIRCRAFT OFFERINGS

Models: *Learjet*, *Challenger* and *Global* business jets

Key highlights: Conscious that every customer has unique needs, Bombardier offers a complete pre-owned services umbrella, including customizable products and programs for buyers. Bombardier’s Pre-owned segment now includes four possible options for customers: a premium class of pre-owned products (Certified Pre-Owned (CPO) aircraft), light refurbishments, broker agreements and client-directed acquisitions.

Launched in 2021, Bombardier’s CPO aircraft program continues to provide a premium class of pre-owned aircraft, harnessing Bombardier’s product knowledge, as well as its world-renowned refurbishment capabilities and valuation know-how. For buyers seeking a “like-new” experience, Bombardier’s CPO aircraft program delivers aircraft equipped with the latest safety and cabin enhancements, all while providing the new aircraft delivery experience customers are looking for. Each available aircraft is meticulously selected, inspected and updated to adhere to Bombardier's highest quality and safety standards.

Every CPO aircraft is backed by an exclusive manufacturer one-year warranty[1] which extends to operational support during the first year, just like with any new Bombardier aircraft.

[1] One-year warranty on the airframe. Certain conditions apply.

MARKET SEGMENT: SERVICES AND SUPPORT

WORLDWIDE SUPPORT

Services portfolio: Extensive, worldwide capabilities to maximize scheduled maintenance as well as value-added packages, including refurbishment and modification of business aircraft, and component repair and overhaul services. Through OEM expertise, a wide variety of services can be performed in house, as well as by dispatching mobile response teams to customers’ aircraft.

Key highlights: Bombardier offers worldwide service and support with 10 service centers, 10 line maintenance stations, Mobile Response Teams (MRT) and a network of authorized service facilities in strategic locations around the world that support customers with aircraft-on-ground (AOG) resolutions.

Bombardier’s customer centric mindset is at the core of our Services and Support operations and is backed by the company’s long-standing commitment to operational excellence. In 2025, Bombardier ranked #1 among business jet manufacturers for product support[1].

[1] Bombardier ranked #1 both in Aviation International News Product Support Survey and Corporate Aircraft Product Support Survey from Professional Pilot for 2025.

CONVENIENT SERVICE SOLUTIONS

Services portfolio: Bombardier provides manufacturer-approved parts backed by an industry-leading two-year warranty, as well as repairs to customer-owned parts. A growing portfolio of innovative cost-per-flight-hour parts and maintenance plans are also available for Bombardier's *Learjet*, *Challenger* and *Global* aircraft. Options include Bombardier's industry-defining *Smart Services* offering, which can be tailored to include landing gear overhaul and unscheduled maintenance coverage, among other selections.

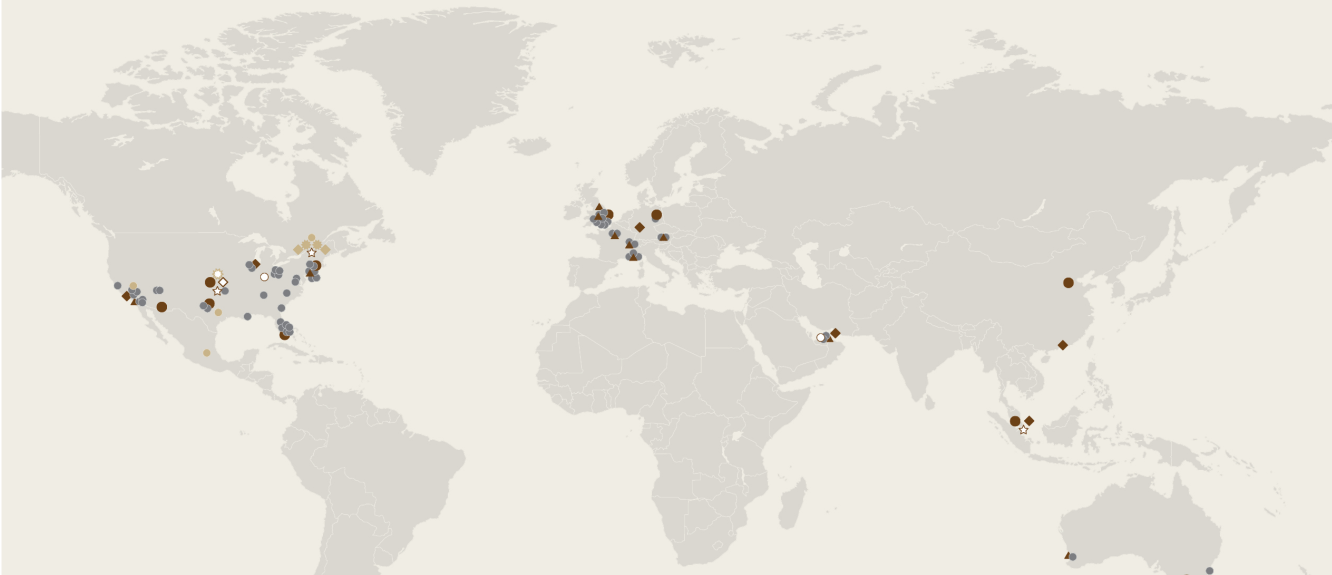
Key highlights: Bombardier offers 24/7 parts support with parts facilities worldwide anchored by two major hubs in Chicago and Frankfurt, as well as four regional depots. A sophisticated inventory management system ensures worldwide parts availability throughout the depot and hub network, as well as the wholly-owned service centers. Repair facilities in North America and Europe provide repair services on customer-owned parts. A network of aircraft is available to shuttle in parts to support AOG requirements.

24/7 CUSTOMER ASSISTANCE

Services portfolio: Bombardier's comprehensive customer support network includes 24-hour customer response centers, enhanced online service tools, customer services engineering, MRT trucks, structural repair, technical publications and entry-into-service support.

Key highlights: Bombardier provides operators with a single point of contact, 24 hours a day, 365 days a year, for all critical AOG requests. The company also supports all customer requirements from entry-into-service and throughout ownership of the aircraft by leveraging a global support network of strategically located teams. In 2025, Bombardier announced plans to significantly enhance its customer support footprint around the world with a planned expansion of its service center in London - Biggin Hill and new service center planned in Abu Dhabi, UAE and Fort Wayne, Indiana. The company also added a Line Maintenance Station in Perth, Australia. This extensive service and support transformation underscores Bombardier's ongoing commitment to providing the most comprehensive onsite, mobile and AOG resolution services in the industry.

Bombardier Worldwide



Aerostructures
Montreal, QC
Red Oak, TX
Moorpark, CA
Queretaro, Mexico

Assembly
Dorval, QC
Toronto, ON

Completion
Dorval, QC
Pointe-Claire, QC

Bombardier Defense & Bombardier Flight Test Center
Wichita, KS

Service Centers
AMERICAS
Dallas, TX
Hartford, CT
Miami Opa Locka, FL
Tucson, AZ
Wichita, KS

ASIA PACIFIC
Melbourne, Australia
Singapore
Tianjin, China (joint venture)

EUROPE
Berlin, Germany
London - Biggin Hill, United Kingdom

Upcoming Service Centers
Fort Wayne, IN
Abu Dhabi, UAE

Customer Response Centers
Montreal, QC
Singapore
Wichita, KS

Mobile Response Teams
AMERICAS
Atlanta, GA
Charlotte, NC
Chattanooga, TN
Chicago, IL (2)
Columbus, OH (4)
Dulles, VA (2)
Fort Lauderdale, FL (4)
Fort Worth, TX (2)
Hartford, CT (2)
New Orleans, LA
Orlando, FL (2)
San Francisco, CA
Santa Ana, CA (3)
Scottsdale, AZ (2)
Teterboro, NJ (3)
Tulsa, OK
Van Nuys, CA (3)
White Plains, NY

EUROPE
Berlin, Germany
Farnborough, United Kingdom (2)
Geneva, Switzerland (2)
Linz, Austria (2)
London - Biggin Hill, United Kingdom (3)
Luton, United Kingdom (3)
Nice, France (3)
Paris, France (2)

MIDDLE EAST
Dubai, UAE (2)

ASIA PACIFIC
Melbourne, Australia
Sydney, Australia
Perth, Australia

Line Maintenance Stations
AMERICAS
Teterboro, NJ
Van Nuys, CA

EUROPE
Farnborough, United Kingdom
Geneva, Switzerland
Linz, Austria
Luton, United Kingdom
Nice, France
Paris, France

MIDDLE EAST
Dubai, UAE

ASIA PACIFIC
Perth, Australia

Component Repair & Overhaul Facility
Wichita, KS

Aircraft Parts Facilities
AMERICAS
Chicago, IL
San Luis Obispo, CA

ASIA PACIFIC
Hong Kong, China
Singapore

EUROPE
Frankfurt, Germany

MIDDLE EAST
Dubai, UAE

16 Authorized Service Facilities around the world

Information on this page reflects Bombardier’s worldwide presence at the end of Q4 2025.

INDUSTRY AND ECONOMIC ENVIRONMENT

Robust industry propelled by surging demand, strong activity and an expanding multi-year backlog

In 2025, business aviation indicators showed positive overall trends, continuing the recovery and growth of post-pandemic years. Inventory level in the pre-owned aircraft market remained below the historical average, flight activity for the industry showed strong growth and the industry backlog remains healthy. Overall, business aviation remained favorable and resilient throughout 2025 despite an uncertain macroeconomic and geopolitical environment. With strong equity market performance that is expected to continue and the potential for continued interest rate cuts in 2026, world GDP growth is forecasted to be at 2.7% for 2026(1). A growth-oriented macroeconomic environment, combined with a healthy industry backlog and the recent introduction of new aircraft models, should support continued growth in industry deliveries for 2026(2).

Business jet flight hours grew strongly year-over-year compared to 2024 with a 4.3% increase(3). Bombardier aircraft performed slightly better than the industry with a 4.5% increase, driven by a 5.1% year-over-year increase in flight hours for fleet operators compared to 2024(3). Regionally, industry flight hours for aircraft departing North America, South America and the Caribbean increased by 4.3%, when compared to 2024(3). Aircraft departing Europe, the Middle East and Africa saw the greatest proportional growth in flight hours at 4.8%, while flight hours for aircraft departing the Asian Pacific region rose by about 3.9%, when compared to 2024(3). With the sustained growth of recent years, total flight hours in 2025 have increased by 39.0% when compared to the last pre-pandemic year(3).

The pre-owned market in 2025 was healthy, driven by strong aircraft demand and new bonus depreciation rules. By the end of the year, the total number of pre-owned aircraft available for sale, expressed as a percentage of the total in-service fleet, was 6.7% compared to 7.5% in the same period in 2024(4). Pre-owned inventory as a percentage of the total in-service fleet rose earlier in the year before falling sharply in the final quarter to a level well below the historical average, which should continue to favour a more balanced market(2). Pre-owned inventory as a percentage of active fleet for Bombardier's *Challenger* models dropped to 5.2% at the end of 2025, down from 5.8% in 2024(4), and below the industry average for medium-sized aircraft. For Bombardier's *Global* models, the pre-owned inventory as a percentage of active fleet fell to 4.9% at the end of 2025, down from 7.0% at the end of 2024 but slightly above the industry average for large aircraft(4).

2025 saw considerable volatility in industry confidence, reaching a low in Q2 2025 driven primarily by tariff concerns. However, overall business optimism and customer sentiment rebounded by the end of the year as macroeconomic uncertainty improved, customer interest grew and new U.S. bonus depreciation rules spurred market activity(5).

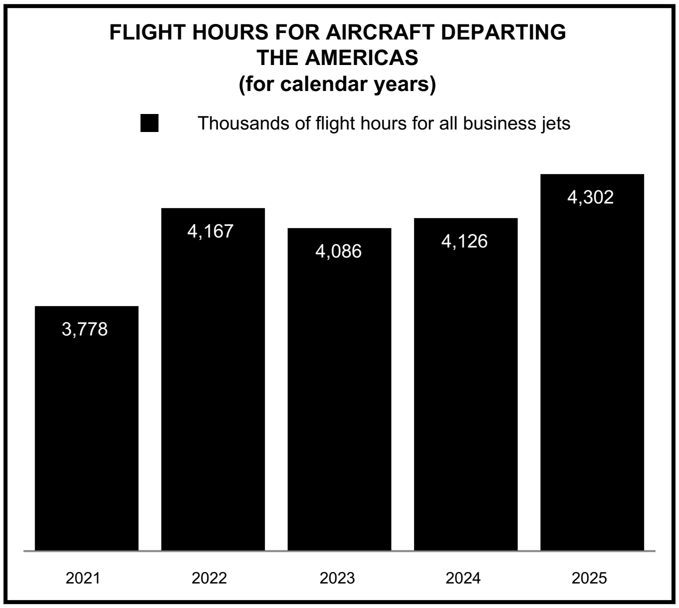
Finally, the industry delivered an estimated total of 689 units in 2025, up 12% year-over-year(6). For reference, in the last 10 years the industry delivered 569 aircraft on average.

The following key indicators are used to monitor the health of the business aviation market in the short-term:

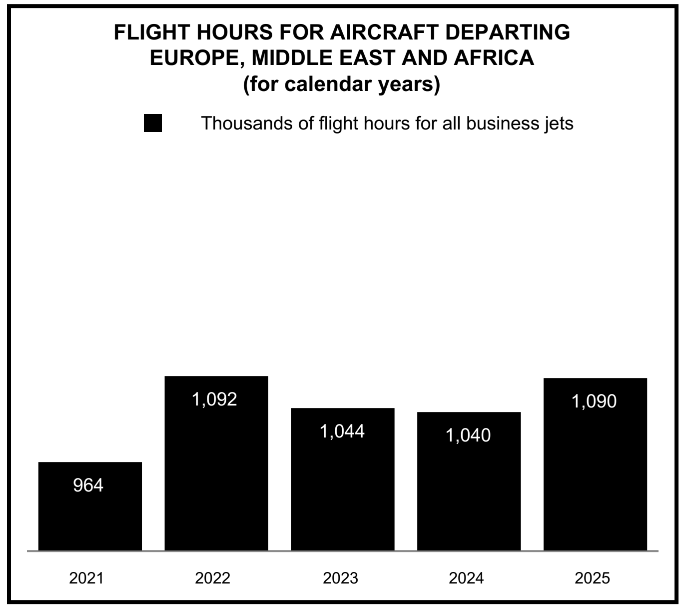
INDICATOR	CURRENT SITUATION	STATUS
CORPORATE PROFITS	U.S. corporate profits are expected to remain strong for 2025, with Q3 profits increasing to $4.1 trillion for 2025 compared to $4.0 trillion at the end of 2024[7].	▲
PRE-OWNED BUSINESS JETS INVENTORY LEVELS	The total number of pre-owned aircraft available for sale as a percentage of the total worldwide fleet dropped sharply at the end of 2025 and is now at 6.7%[4]. It remains below the industry historical average[4].	▲
AIRCRAFT UTILIZATION RATES	Business jet flight hours departing the Americas increased by 4.3%, departing Europe, Middle East and Africa increased by 4.8% and departing Asia Pacific increased by 3.9% in 2025 compared to 2024[3]. Compared to 2019, flight hours increased for all the departure regions combined by about 39.0%[3].	▲
AIRCRAFT SHIPMENTS AND BILLINGS	In the business aircraft market categories in which we compete, we estimate that business aircraft deliveries and revenues in 2025 increased by 12% and 18%, respectively, compared to 2024[6].	▲

▲ ►▼ Identifies a favorable, neutral or negative status, respectively, in the market categories in which we compete, based on the current environment.

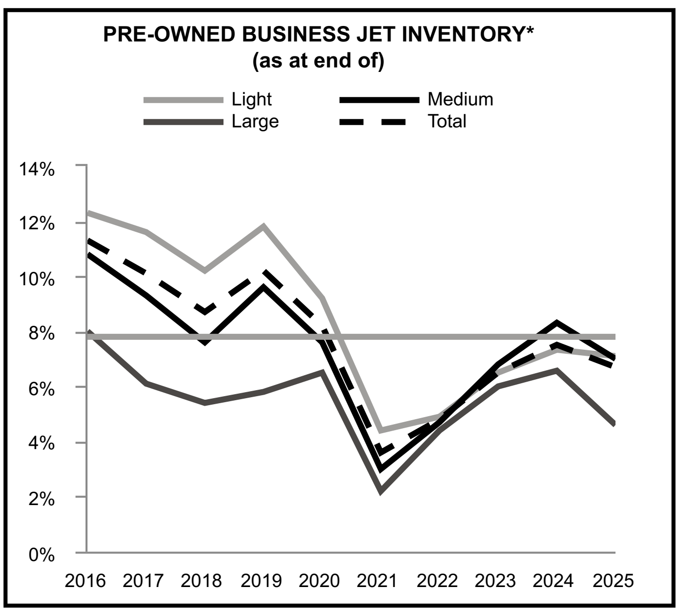
(1) According to Oxford Economics Report dated December 8, 2025.
(2) See the forward-looking statements disclaimer of this MD&A.
(3) According to WingX data, excludes very light jets and large corporate airliners, as of January 5, 2026.
(4) According to JETNET and Cirium as of January 1, 2026, excludes very light jets and large corporate airliners.
(5) According to the JETNET IQ survey results dated November 18, 2025 and the Jefferies Semi-Annual Business Jet Survey dated January 8, 2026.
(6) Based on our estimates, public disclosure records of certain competitors, the General Aviation Manufacturers Association (GAMA) shipment reports, Cirium and B&CA Magazine list prices, as of February 28, 2025, excludes very light jets and large corporate airliners.
(7) According to the U.S. Bureau of Economic Analysis News Release dated December 23, 2025.



Source: WingX, excludes very light jets and large corporate airliners, as of January 5, 2026. Segmentation methodology used in the calculation of the flight hours has been adjusted from the prior periods. Differences may exist from prior periods due to retroactive updates in WingX data.



Source: WingX, excludes very light jets and large corporate airliners, as of January 5, 2026. Segmentation methodology used in the calculation of the flight hours has been adjusted from the prior periods. Differences may exist from prior periods due to retroactive updates in WingX data.



Sources: JETNET and Cirium, as of January 1, 2026.

* As a percentage of total business jet fleet, excluding very light jets. As at Q4 2025, the percentages for Total, Large, Medium and Light were 6.7%, 4.6%, 7.0% and 7.1%, respectively.

Represents the approximate 10 year rolling average calculated for Total as at December 31, 2025 (7.8%).

Short-term outlook[1]

As per the latest data available, global GDP growth is expected to be at 2.9% for 2025 before dropping slightly to 2.7% in 2026[2]. Equity markets grew strongly in 2025, largely driven by technology companies, and are expected to continue this performance in 2026, albeit with some concerns over sustained growth levels[3]. While inflation continues to be a concern, cooling labour markets may entice central banks to continue cutting interest rates as they did in 2025. Uncertainty over tariffs and other trade actions also remain a theme, but markedly less so than earlier in 2025. The macroeconomic effects of the evolving geopolitical climate remain uncertain, potentially tempering growth projections but opening new opportunities for the defense sector.

From an industry perspective, pre-owned inventory levels remain healthy. Despite inventory levels temporarily rising due to owners upgrading to newly introduced models, high demand for business aircraft, spurred in part by favorable new bonus depreciation rules in the U.S., has helped sustain historically low inventory levels. Lower levels of inventory could prevent downward pressure on both new and used aircraft pricing, keeping residual values high and new aircraft demand strong. Additionally, demand and backlogs remain strong, which should support moderate growth in the near future. Continued high levels of flight activity will also sustain demand for aircraft from fleet operators. Industry revenues are expected to continue to grow, driven by the increasing contribution of large aircraft in the overall industry delivery mix.

Long-term outlook[1]

In the longer term, demand drivers remain positive. We continue anticipating that wealth creation and the ongoing rise of developing countries will expand our customer base. The introduction of versatile new models will help meet the evolving needs of new and existing customers. The continued trend and evolution of the fractional ownership model and growth of charter businesses, will allow business aviation travel to be even more accessible than before. Business aviation is set for expansion and with the industry's most extensive product portfolio, we are confident in our strong positioning.

(1) See the forward-looking statements disclaimer of this MD&A.
(2) According to Oxford Economics Report dated December 8, 2025.
(3) According to the Financial Times article “U.S. stocks set for double-digit gains in 2026, say Wall Street banks” dated December 5, 2025.

Customer services

In 2025, as a result of its efforts towards improving customer service, Bombardier was again voted #1 in the Aviation International News 2025 Product Support Survey, coming out ahead of our competition for the second year in a row. Bombardier was also voted #1 in the Pro Pilot Product Support Survey. Bombardier also hosted numerous industry events this year, such as Safety Standdown, the Flight Attendant Safety Standdown as well as maintenance and operations conferences in North America and the Middle East. Bombardier also hosted customer appreciation events in the spring to thank customers for their loyalty. These initiatives and recognitions throughout 2025 are consistent and a positive indication of Bombardier's success in continuously improving its customers satisfaction. Bombardier is ensuring consistent and reliable access to Services for current and future customers across the globe. Demand for Services and Support is driven by the size of the fleet of Bombardier business aircraft, by the number of hours flown by said fleet and the average age of the fleet.

Market indicators

INDICATOR	CURRENT SITUATION	STATUS
INSTALLED BASE	The installed base for Bombardier business aircraft increased by 2.5%. The medium and large categories increased by approximately 4.1% in 2025 when compared to 2024, while the light and very light decreased by 0.5%. The total fleet adds up to more than 5,200 aircraft[(1)].	▲
YEARLY TOTAL FLIGHT HOURS	Based on our estimates, Bombardier business aircraft total flight hours increased by approximately 5.0% in 2025 compared to 2024 and increased by about 28.7% compared to 2019[(2)]. Yearly average flight hours per Bombardier aircraft increased by about 3.3% in 2025 compared to 2024[(2)].	▲
AVERAGE AGE OF FLEET	Typically, aircraft direct maintenance costs increase as an aircraft age. Therefore, the average age of the fleet of Bombardier aircraft will impact the size of the maintenance market. The average age of the Bombardier business aircraft fleet increased by 2.0% in 2025 compared to 2024[(1)].	▲

▲ ►▼ Identifies a favorable, neutral or negative status, respectively, in the market categories in which we compete, based on the current environment.

(1) Based on data obtained from the Cirium fleet database.

(2) Based on yearly data from internal Bombardier FRACAS database, as of January 20, 2026.

Short-term outlook[(1)]

Flight activity in 2025 has continued to surpass both pre-pandemic levels and the initial surge of post-pandemic activity seen in 2022. This robust flight activity is expected to drive short-term demand for Services and fleet operators. With the ongoing expansion of our service network and the continuous development of our customer-centric approach, we are poised to enhance the accessibility, reach and capabilities of our services globally. Additionally, we will continue to strategically evaluate further expansions or offerings to grow our Services market share, improve response times, and strengthen relationships worldwide.

Long-term outlook[(1)]

The ongoing expansion of the installed base of aircraft is anticipated to boost demand for customer services. While traditional markets like North America remain dominant in market size, the growth of business aircraft fleets in emerging markets since 2019 is expected to drive new opportunities for Services globally.

(1) See the forward-looking statements disclaimer of this MD&A.

CONSOLIDATED RESULTS OF OPERATIONS

Results of operations

	Fourth quarters ended December 31		Fiscal years ended December 31	
	2025	2024	**2025**	2024
Revenues				
Business aircraft				
Manufacturing and Other[(1)]	**$ 3,059**	$ 2,575	**$ 7,222**	$ 6,580
Services[(2)]	**630**	524	**2,305**	2,036
Others[(3)]	**5**	9	**24**	49
Total revenues	**3,694**	3,108	**9,551**	8,665
Cost of sales	**2,939**	2,487	**7,640**	6,880
Gross margin	**755**	621	**1,911**	1,785
SG&A	**164**	135	**506**	478
R&D	**95**	121	**271**	361
Other expense (income)	**10**	16	**39**	63
Restructuring charges (reversal)[(4)]	**(13)**	4	**(13)**	3
Loss (gain) related to disposal of business[(5)]	**(1)**	—	**(1)**	—
Impairment and program termination (reversals)[(6)]	**1**	3	**1**	2
EBIT	**499**	342	**1,108**	878
Financing expense	**133**	297	**564**	677
Financing income	**(177)**	(6)	**(291)**	(55)
EBT	**543**	51	**835**	256
Income taxes expense (recovery)	**(110)**	(73)	**(140)**	(114)
Net income (loss) from continuing operations	**$ 653**	$ 124	**$ 975**	$ 370
Net income (loss) from discontinued operations[(7)]	**—**	—	**(47)**	—
Net income	**$ 653**	$ 124	**$ 928**	$ 370
EPS (in dollars)				
Basic	**$ 6.51**	$ 1.18	**$ 9.09**	$ 3.45
Diluted	**$ 6.41**	$ 1.16	**$ 8.95**	$ 3.40
EPS from continuing operations (in dollars)				
Basic	**$ 6.51**	$ 1.18	**$ 9.57**	$ 3.45
Diluted	**$ 6.41**	$ 1.16	**$ 9.41**	$ 3.40
As a percentage of total revenues				
Gross margin[(8)]	**20.4 %**	20.0 %	**20.0 %**	20.6 %
EBIT margin[(8)]	**13.5 %**	11.0 %	**11.6 %**	10.1 %

(1) Includes revenues from sale of new aircraft, pre-owned aircraft and Defense.
(2) Includes revenues from Services and Support including parts, *Smart Services*, service centers, training and technical publications.
(3) Includes revenues from sale of components related to commercial aircraft programs.
(4) Includes severance charges or related reversal, as well as curtailment losses (gains), if any.
(5) Includes changes in provisions related to past divestitures.
(6) Includes impairment or reversal of impairment of PP&E and intangible assets, as well as provisions related to program termination or their related reversal, if any.
(7) Discontinued operations are related to the sale of the Transportation business. The expenses recorded in discontinued operations for fiscal year 2025 principally relate to change in estimates of a provision for professional fees.
(8) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics.

Computation of diluted EPS[1]

		Fourth quarters ended December 31				Fiscal years ended December 31		
		2025		2024		**2025**		2024
Net income	**$**	**653**	$	124	**$**	**975**	$	370
Preferred share dividends, including taxes		**(7)**		(8)		**(29)**		(31)
Net income attributable to common equity holders of Bombardier Inc.	**$**	**646**	$	116	**$**	**946**	$	339
Weighted-average diluted number of common shares (in thousands)		**100,695**		100,548		**100,491**		99,966
Diluted EPS (in dollars)	**$**	**6.41**	$	1.16	**$**	**9.41**	$	3.40

(1) Only from continuing operations.

Other non-GAAP financial measures, non-GAAP financial ratios and closest IFRS measures

		Fourth quarters ended December 31				Fiscal years ended December 31		
		2025		2024		**2025**		2024
EBIT	**$**	**499**	$	342	**$**	**1,108**	$	878
Adjusted EBIT[1]	**$**	**486**	$	356	**$**	**1,095**	$	915
Adjusted EBIT margin[2]		**13.2 %**		11.5 %		**11.5 %**		10.6 %
Adjusted EBITDA[1]	**$**	**658**	$	513	**$**	**1,559**	$	1,360
Adjusted EBITDA margin[2]		**17.8 %**		16.5 %		**16.3 %**		15.7 %
Net income[3]	**$**	**653**	$	124	**$**	**975**	$	370
Adjusted net income[1]	**$**	**491**	$	311	**$**	**805**	$	547
Diluted EPS (in dollars)[3]	**$**	**6.41**	$	1.16	**$**	**9.41**	$	3.40
Adjusted EPS (in dollars)[2]	**$**	**4.80**	$	3.01	**$**	**7.72**	$	5.16

(1) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(2) Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(3) Only from continuing operations.

Analysis of consolidated results

Revenues

Revenues for the three-month period ended December 31, 2025 increased by $586 million year-over-year mainly due to:

- Manufacturing and other revenues increased by $484 million year-over-year mainly due to higher large aircraft deliveries; and
- Services revenues increased by $106 million year-over-year.

Revenues for the fiscal year ended December 31, 2025 increased by $886 million year-over-year mainly due to:

- Manufacturing and other revenues increased by $642 million year-over-year mainly due to higher large aircraft deliveries and higher selling prices; and
- Services revenues increased by $269 million year-over-year.

Gross margin[(1)]

Gross margin[(1)] as a percentage of revenues for the three-month period ended December 31, 2025 increased year-over-year by 0.4 percentage points, mainly due to higher contributions from Services partially offset by lower contributions from aircraft margins as a result of higher supplier related costs.

Gross margin[(1)] as a percentage of revenues for the fiscal year ended December 31, 2025 decreased year-over-year by 0.6 percentage points, mainly due to lower contributions from aircraft margins as a result of higher supplier related costs and, partially offset by higher selling prices and higher contributions from Services.

EBIT margin[(1)] and adjusted EBIT margin[(2)]

Adjusted EBIT margin[(2)] for the three-month period ended December 31, 2025 increased year-over-year by 1.7 percentage points, mainly as a result of:

- lower R&D expense which includes amortization of aerospace program tooling and higher recognition of investment tax credits; and
- higher contributions from Services partially offset by lower contributions from aircraft margins as a result of higher supplier related costs.

Partially offset by:

- higher SG&A expense.

EBIT margin[(1)] for the three-month period ended December 31, 2025 increased by 2.5 percentage points year-over-year. EBIT includes certain amounts not included in adjusted EBIT[(3)] such as statement of income line items; loss (gain) related to disposal of business, impairment and program termination (reversals), restructuring charges (reversals) and certain one-time pension related items[(4)] and non-commercial legal claims, included in other expense (income), where applicable.

Adjusted EBIT margin[(2)] for the fiscal year ended December 31, 2025 increased by 0.9 percentage points year-over-year, mainly as a result of:

- lower R&D expense which includes amortization of aerospace program tooling and higher recognition of investment tax credits.

Partially offset by:

- lower contributions from aircraft margins as a result of higher supplier related costs, partially offset by higher selling prices and higher contributions from Services.

EBIT margin[(1)] for the fiscal year ended December 31, 2025 increased by 1.5 percentage points year-over-year. EBIT includes certain amounts not included in adjusted EBIT[(3)] such as statement of income line items; loss (gain) related to disposal of business, impairment and program termination (reversals), restructuring charges (reversals) and certain one-time pension related items[(4)] and non-commercial legal claims, included in other expense (income), where applicable.

(1) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics.
(2) Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(3) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(4) Includes the loss related to the purchase of pension annuities. See Note 22 - Retirement benefits, to our Consolidated financial statements, for more information.

Net financing (income) expense

Net financing (income) expense amounted to $(44) million and $273 million, respectively, for the fourth quarter and fiscal year ended December 31, 2025, compared to $291 million and $622 million for the corresponding periods last fiscal year.

The $335 million decrease in net financing expense for the fourth quarter is mainly due to:

- net change on certain financial instruments classified as FVTP&L, mainly due to a non-cash change in fair value of embedded derivatives related to call options on long-term debt ($336 million).

The $349 million decrease in net financing expense for the fiscal year is mainly due to:

- net change on certain financial instruments classified as FVTP&L, mainly due to a non-cash change in fair value of embedded derivatives related to call options on long-term debt ($244 million);
- lower losses related to the partial repayment of certain Senior Notes ($46 million); and
- lower interest on long-term debt ($37 million).

Income taxes

The effective income tax rate for the fourth quarter and fiscal year ended December 31, 2025 is lower than the statutory income tax rate in Canada of 26.5%. The effective income tax recovery rates were due to the positive impact of the net recognition of previously unrecognized tax losses and temporary differences, and the permanent differences.

The effective income tax rate for the fourth quarter and fiscal year ended December 31, 2024 is lower than the statutory income tax rate in Canada of 26.5%. The effective income tax recovery rates were due to the positive impact of the net recognition of previously unrecognized tax losses and temporary differences partially offset by the negative impact of the permanent differences.

Product development

Investment in product development

	Fourth quarters ended December 31		Fiscal years ended December 31	
	2025	2024	**2025**	2024
Additions to aerospace program tooling[(1)]	**$ 25**	$ 17	**$ 83**	$ 92
R&D expense, gross[(2)]	**25**	27	**86**	87
	$ 50	$ 44	**$ 169**	$ 179
As a percentage of revenues	**1.4 %**	1.4 %	**1.8 %**	2.1 %

(1) Represents the net amount capitalized in aerospace program tooling, as well as the amount that was paid to suppliers based on reception of parts for acquired development costs carried out by them.

(2) Excludes amortization of aerospace program tooling of $143 million and $340 million, respectively, for the fourth quarter and fiscal year ended December 31, 2025 ($130 million and $332 million, respectively, for the fourth quarter and fiscal year ended December 31, 2024), as the related investments are already included in aerospace program tooling, and excludes investment tax credits that were recognized as a reduction of R&D expense of $73 million and $155 million, respectively, for the fourth quarter and fiscal year ended December 31, 2025 ($37 million and $58 million, respectively, for fourth quarter and fiscal year ended December 31, 2024).

Bombardier's *Global 8000* was awarded Transport Canada Type Certification on November 5, 2025, with certification from the Federal Aviation Administration (FAA) following on December 19, 2025 and certification from the European Union Aviation Safety Agency (EASA) on January 23, 2026. The aircraft's entry-into-service took place in December 2025. In October 2025, Bombardier announced the *Global 8000* aircraft's new top speed of Mach 0.95[(1)], making it the fastest business jet in history. On November 4, 2025, Bombardier also announced the lowest cabin altitude in production at 2,691 ft. at 41,000 ft.

(1) Under certain operating conditions, when compared to commercial and business aircraft currently in service.

Aircraft deliveries and order backlog

Aircraft deliveries

(in units)	Fourth quarters ended December 31 **2025**	2024	Fiscal years ended December 31 **2025**	2024
Business aircraft				
Medium	**25**	28	**71**	73
Large	**39**	29	**86**	73
	64	57	**157**	146

Order backlog

(in billions of dollars)	As at December 31, 2025	December 31, 2024
Order backlog[(1)]	**$ 17.5**	$ 14.4

(1) Represents order backlog for both manufacturing and Services.

We finished the year with a strong order backlog of $17.5 billion. Management continuously monitors backlog length and production rates to balance with sales activities, market demand and aircraft manufacturing lead times.

Workforce

Total number of employees

	As at December 31, 2025	December 31, 2024
Regular[(1)]	**18,000**	17,900
Contractual	**900**	900
	18,900	18,800
Percentage of regular employees covered by collective agreements	**45 %**	46 %

(1) Including inactive employees.

Our Short-Term Incentive plan for employees across our sites rewards the collective efforts of our employees in achieving our objectives using performance indicator targets. A total of approximately 11,500 employees worldwide, or 64% of regular employees, participate in the program. In 2025, as part of this program, short-term incentive is linked to the achievement of targeted results, based on adjusted EBITDA[(1)] and free cash flow[(1)].

Approximately 63% of the workforce as of December 31, 2025, or 12,000 employees, are located in Canada.

(1) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.

CONSOLIDATED FINANCIAL POSITION

The $897 million increase in assets for the fiscal year is mainly explained by:

- a $522 million increase in cash and cash equivalents. Refer to the consolidated statements of cash flows for the fiscal year ended December 31, 2025 and the Available liquidity section of this MD&A;
- a $245 million increase in other financial assets[(1)] primarily due to a non-cash change in the fair value of embedded derivatives related to call options on long-term debt;
- a $181 million increase in deferred income tax assets;
- a $93 million increase in trade and other receivables; and
- a $59 million increase in inventories.

Partially offset by:

- a $258 million decrease in aerospace program tooling as a result of amortization partially offset by additions.

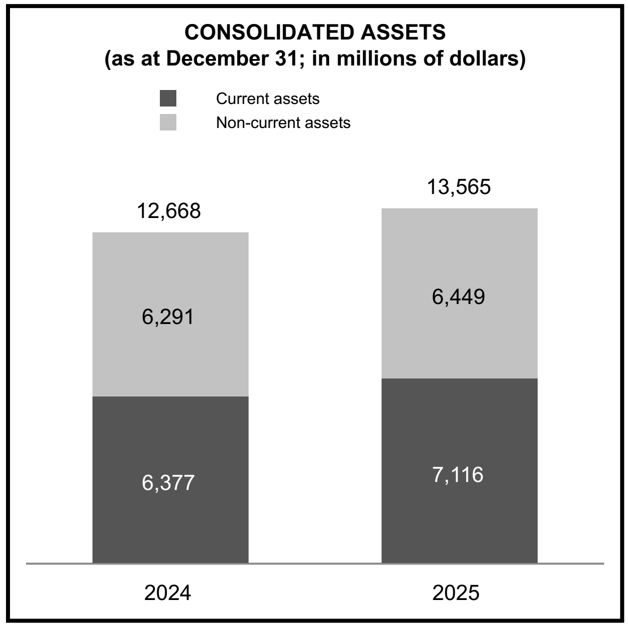
The $897 million increase in total liabilities and deficit for the fiscal year is mainly explained by a $1,102 million increase in equity[(2)] partially offset by a $205 million decrease in liabilities.

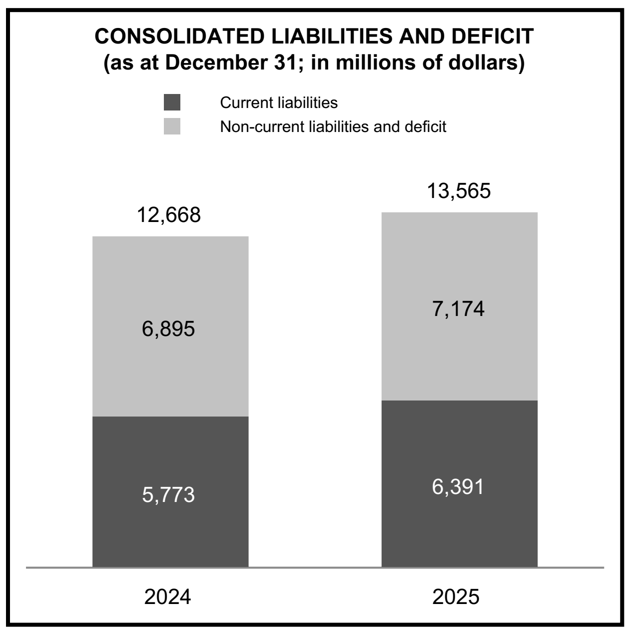
The $205 million decrease in liabilities is mainly due to:

- a $391 million decrease in long-term debt[(3)] obligations, primarily due to the full repayment of the Senior Notes due 2026 and 2027, partially offset by issuance of long-term debt;
- a $195 million decrease in trade and other payables;
- a $136 million decrease in other financial liabilities[(1)]; and
- a $101 million decrease in retirement benefit liability mainly due to remeasurement of defined benefits plans.

Partially offset by:

- a $579 million increase in contract liabilities due to advances on aerospace programs driven by progress payments and new orders, partially offset by deliveries.





(1) For the purpose of the consolidated financial position, explanations included in this section do not include the impact of the back-to-back agreements the Corporation has with ACLP related to certain government refundable advances. Refer to Note 18 - Other financial assets and Note 25 - Other financial liabilities in our Consolidated financial statements for more information.
(2) Refer to the consolidated statements of changes in equity in our Consolidated financial statements for more information.
(3) Refer to Note 27 - Long-term debt in our Consolidated financial statements for more information.

LIQUIDITY AND CAPITAL RESOURCES

Free cash flow[1]

Free cash flow[1] from continuing operations

		Fourth quarters ended December 31				Fiscal years ended December 31		
		2025		2024		**2025**		2024
Net income from continuing operations	**$**	**653**	$	124	**$**	**975**	$	370
Non-cash items								
Amortization		**172**		157		**464**		445
Impairment charges (reversals) on PP&E and intangible assets		**(7)**		2		**(7)**		2
Deferred income taxes (recovery)		**(161)**		(114)		**(217)**		(179)
Share-based expense		**15**		6		**32**		23
Losses on repayments of long-term debt		**15**		—		**81**		127
Net change in non-cash balances		**747**		685		**(103)**		(383)
Cash flows from operating activities - continuing operations		**1,434**		860		**1,225**		405
Net additions to PP&E and intangible assets[2]		**(46)**		(46)		**(153)**		(173)
Free cash flow[1]	**$**	**1,388**	$	814	**$**	**1,072**	$	232

(1) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(2) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics.

Cash flows from operating activities - continuing operations

The $574 million increase in cash flows from operating activities for the fourth quarter is mainly due to:

- higher net income before non-cash items ($512 million); and
- a positive period-over-period variation in net change in non-cash balances ($62 million) (see explanations below).

The $820 million increase in cash flows from operating activities for the fiscal year is mainly due to:

- higher net income before non-cash items ($540 million); and
- a positive period-over-period variation in net change in non-cash balances ($280 million) (see explanations below).

Net change in non-cash balances

For the fourth quarter ended December 31, 2025, the $747 million inflow is mainly due to:

- a decrease in inventories mainly due to high aircraft deliveries; and
- an increase in other liabilities.

Partially offset by:

- a change in net other financial assets and liabilities mainly due to a non-cash change in the fair value of embedded derivatives related to call options on long-term debt; and
- a decrease in trade and other payables.

For the fourth quarter ended December 31, 2024, the $685 million inflow was mainly due to:

- a decrease in inventories due to aircraft deliveries; and
- an increase in other liabilities mainly due to supplier contributions to aerospace programs and deferred income.

Partially offset by:

- a decrease in contract liabilities due to aircraft mix and timing of pre-delivery payments.

For the fiscal year ended December 31, 2025, the $103 million outflow is mainly due to:

- a change in net other financial assets and liabilities mainly due to a non-cash change in the fair value of embedded derivatives related to call options on long-term debt;
- a decrease in trade and other payables;
- an increase in trade and other receivables; and
- an increase in inventories.

Partially offset by:

- an increase in contract liabilities due to advances on aerospace programs driven by progress payments and new orders, partially offset by deliveries.

For the fiscal year ended December 31, 2024, the $383 million outflow was mainly due to:

- a decrease in contract liabilities due to aircraft mix and timing of pre-delivery payments; and
- an increase in inventories supporting a ramp up in production.

Partially offset by:

- an increase in other liabilities mainly due to supplier contributions to aerospace programs and deferred income.

Net additions to PP&E and intangible assets[1]

	Fourth quarter ended December 31		Fiscal years ended December 31	
	2025	2024	**2025**	2024
Additions to PP&E and intangible assets	**$ (46)**	$ (46)	**$ (154)**	$ (173)
Proceeds from disposals of PP&E and intangible assets	**—**	—	**1**	—
Net additions to PP&E and intangible assets	**$ (46)**	$ (46)	**$ (153)**	$ (173)

For the fourth quarter and the fiscal year ended December 31, 2025, net additions to PP&E and intangible assets decreased by nil and $20 million respectively.

(1) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics.

Available liquidity[1]

Our liquidity needs are a function of our expected cash flows from operations, including working capital requirements, our capital allocation strategies and to ensure financial flexibility. In evaluating our liquidity requirements, we take into consideration historic volatility and seasonal needs, the maturity profile of long-term debt, capital allocation strategies, working capital requirements including the level of customer advances, and general economic and capital market conditions. We use scenario analyses to evaluate cash flow projections.

Variation in cash and cash equivalents

	Fourth quarters ended December 31		Fiscal years ended December 31	
	2025	2024	**2025**	2024
Balance at the beginning of period/fiscal year	**$ 1,182**	$ 872	**$ 1,653**	$ 1,594
Free cash flow[1]	**1,388**	814	**1,072**	232
Sale (purchase) of investments in securities	**(3)**	(3)	**3**	29
Net proceeds from issuance of long-term debt	**—**	—	**747**	1,476
Repayments of long-term debt	**(349)**	—	**(1,167)**	(1,599)
Payments of lease liabilities	**(8)**	(6)	**(30)**	(32)
Dividends paid - preferred shares	**(6)**	(5)	**(21)**	(22)
Repurchase of Class A and B shares	**(14)**	—	**(14)**	(6)
Issuance of Class B shares	**—**	3	**6**	16
Purchase of Class B shares held in trust under the PSU and RSU plans	**—**	(10)	**(30)**	(16)
Effect of exchange rates on cash and cash equivalents	**—**	1	**(2)**	1
Other	**(15)**	(13)	**(42)**	(20)
Balance at the end of period/fiscal year	**$ 2,175**	$ 1,653	**$ 2,175**	$ 1,653

Available liquidity[1]

		As at
	December 31 2025	December 31 2024
Cash and cash equivalents	**$ 2,175**	$ 1,653
Undrawn amounts under available revolving credit facility[2]	**365**	429
Available liquidity	**$ 2,540**	$ 2,082

As at December 31, 2025, the Corporation's available liquidity[1] remains strong at approximately $2.5 billion, which includes cash and cash equivalents of $2.2 billion and $365 million under a committed secured revolving credit facility. This facility of $450 million which matures in 2029 is available for cash drawings for the ongoing working capital needs of the Corporation and for issuance of performance letters of credit. This facility was undrawn as at December 31, 2025 and the availability as at such date was $365 million based on the collateral, which may vary from time to time.

(1) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(2) Based on collateral, which may vary from time to time.

Future liquidity requirements

Our business operations require capital to develop industry-leading products and to seize strategic opportunities to increase competitiveness and execute growth strategies. On an on-going basis, we manage our liabilities by taking into consideration expected free cash flow, debt repayments and other material cash outlays expected to occur in the future. We take advantage of favorable capital market conditions when they materialize to extend debt maturity, reduce cost of funds and increase diversity of capital resources.

Bombardier has reduced its long-term debt by approximately $5.0 billion(1) since December 31, 2020. The Corporation has continued to focus on refinancing and repaying its near-term debt maturities, further strengthening its balance sheet and creating a runway to focus on its operations.

During the year ended December, 31 2025, the Corporation repaid certain Senior Notes as follows:

Repayments during the year

Repayment quarter	Due date of Senior Notes		Amount (2)
First quarter	2027	$	300
Second quarter	2027	$	500
Fourth quarter	2026 and 2027	$	349

In January 2025, the Corporation completed a partial repayment of Senior Notes due 2027 for an aggregate principal amount of $300 million using cash from its balance sheet.

In May 2025, the Corporation completed the closing of its offering of $500 million aggregate principal amount of Senior Notes due 2033. The Senior Notes carry a coupon of 6.75% per annum and were sold at par. In June 2025, the Corporation used the net proceeds together with its cash and cash equivalents to finance the partial repayment of the Senior Notes due 2027 for an aggregate principal amount of $500 million.

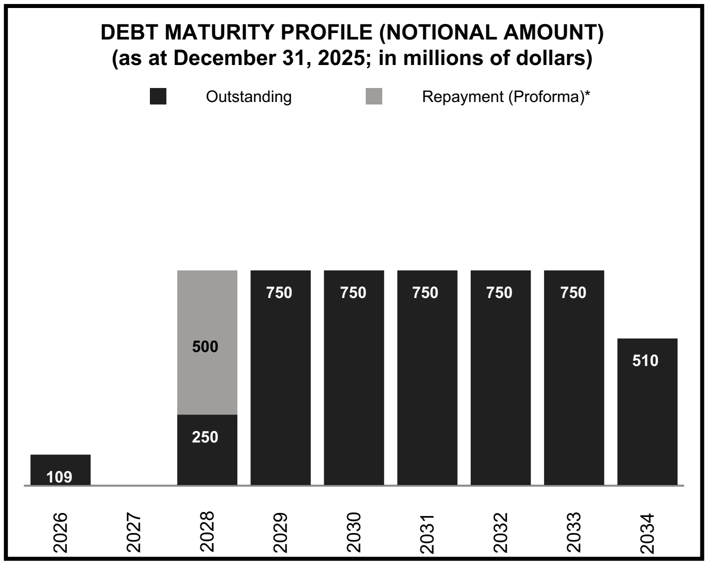
In September 2025, the Corporation completed the closing of its offering of $250 million aggregate principal amount of Senior Notes due 2033. These notes are a further issuance of, and form a single series with, the existing $500 million aggregate principal amount of its 6.75% Senior Notes due 2033 that were originally issued in May 2025. In October 2025, the Corporation used the net proceeds together with its cash and cash equivalents to finance the repayment of the remaining outstanding Senior Notes due in 2026 and the partial repayment of the Senior Notes due 2027 for an aggregate principal amount of $250 million.

In December 2025, the Corporation completed the repayment of the remaining outstanding Senior Notes due 2027 for an aggregate principal amount of approximately $99 million using cash from its balance sheet.

In December 2025, the Corporation issued a notice of partial redemption for $500 million aggregate principal amount of the outstanding Senior Notes due in 2028, which will be paid using cash from its balance sheet. The redemption date is February 15, 2026, and upon completion, Bombardier's long-term debt will have been reduced by approximately $5.5 billion(1) since December 31, 2020, resulting in total debt of about $4.6 billion(1).

The weighted-average long-term debt maturity was 5.2 years as at December 31, 2025. See Note 27 - Long-term debt, to the Consolidated financial statements, for more details.

(1) Represents the notional amount of the long-term debt.
(2) Represents the notional amount of the long-term debt repaid during the year.



* In December 2025, the Corporation issued a notice of partial redemption of the Senior Notes due 2028 for an aggregate principal amount of $500 million using cash from its balance sheet. The redemption date is February 15, 2026.

We believe our available liquidity(1) of $2.5 billion is sufficient to execute our plan in the short-term. We currently anticipate that these resources will allow for continued investments in Services and Defense, as well as enable the development and upgrade of products and investments in PP&E to enhance our competitiveness and support our growth and capital allocation strategies; will enable us to meet currently anticipated financial requirements in the foreseeable future; and will allow the payment of dividends on preferred shares, if and when declared by the Board of Directors(2).

The Corporation intends to continue to opportunistically refinance or deploy excess liquidity towards debt pay down and continues to evaluate the most efficient debt reduction strategies, which for example could include redemptions, tenders or open market repurchases. The amounts involved may be material.

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(2) See the forward-looking statements disclaimer in the Overview section of this MD&A.

Expected timing of future liquidity requirements(1)

					December 31, 2025
	Total	Less than 1 year	1 to 3 years	3 to 5 years	Thereafter
Long-term debt(1)	$ 5,119	$ 609 (2)	$ 250	$ 1,500	$ 2,760
Interest payments	1,864	340	652	519	353
Purchase obligations(3)	8,600	3,800	3,096	630	1,074
Trade and other payables	1,597	1,597	—	—	—
Other financial liabilities(4)(5)	564	93	138	154	179
Derivative financial liabilities	20	16	4	—	—
	$ 17,764	$ 6,455	$ 4,140	$ 2,803	$ 4,366

(1) Includes principal repayments only.
(2) In December 2025, the Corporation issued a notice of partial redemption of the Senior Notes due 2028 for an aggregate principal amount of $500 million using cash from its balance sheet. The redemption date is February 15, 2026.
(3) Purchase obligations represent contractual agreements to purchase goods or services in the normal course of business that are legally binding and specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum, variable or indexed price provisions; and the appropriate timing of the transaction. These agreements are generally cancellable with a substantial penalty. Purchase obligations are generally matched with revenues over the normal course of operations.
(4) The carrying amount of other financial liabilities excludes derivative financial instruments and lease liabilities.
(5) Includes back-to-back agreement with ACLP. Refer to Note 25 - Other financial liabilities, to our Consolidated financial statements, for more information.

The table above presents the expected timing of contractual liquidity requirements. Other financial liabilities include government refundable advances. Under the respective agreements, the Corporation is required to pay amounts to governments at the time of the delivery of aircraft. Due to uncertainty about the number of aircraft to be delivered and the timing of delivery of aircraft, the amounts shown in the table above may vary. Required pension contributions have not been reflected in this table as such contributions depend on periodic actuarial valuations for funding purposes. See the Retirement benefits section of this MD&A for more details on contributions to retirement benefit plans. The amounts presented in the table represent the undiscounted payments and do not give effect to the related hedging instruments, if applicable.

The Corporation leases buildings, equipment and land. The maturity analysis of undiscounted lease liabilities was as follows:

	As at December 31, 2025	
Within 1 year	$	**53**
Between 1 to 5 years		**259**
More than 5 years		**533**
	$	**845**

The Corporation has entered into leases for which the asset is still under construction. The Corporation's undiscounted lease commitments were as follows, as at:

	December 31, 2025	
Less than 1 year	$	**2**
From 1 to 3 years		**11**
Thereafter		**384**
	$	**397**

Creditworthiness

In June 2025, S&P Global Ratings upgraded Bombardier's issuer rating from B+ to BB-. In November 2025, Moody's upgraded Bombardier's issuer rating from B1 to Ba3.

Credit Ratings

	December 31, 2025
Moody's Investors Service, Inc.	Ba3
S&P Global Ratings	BB-

Over the long-term, the Corporation believes that it will be in a good position to continue improving its credit ratings and thereby approach a credit profile nearing investment-grade as it expects to continue to reduce debt while delivering positive free cash flow(1)(2).

(1) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(2) See the forward-looking statements disclaimer in the Overview section of this MD&A.

CAPITAL STRUCTURE

The Corporation analyzes its capital structure using established metrics, which are based on a broad economic view of the Corporation, in order to assess the creditworthiness of the Corporation. The Corporation has emphasized its plan to make deleveraging one of its key priorities and will execute on its plan through a phased approach.

Bombardier has outperformed its targeted adjusted net debt to adjusted EBITDA ratio[(1)] of 2x - 2.5x by continuing to grow its adjusted EBITDA[(2)], allocating excess liquidity toward debt reduction, and capturing the benefits of its strategic initiatives[(3)]. The Corporation aims to continue improving this metric towards approximately 1.5x over time[(3)].

The Corporation aims at maintaining an adequate debt maturity runway by opportunistically refinancing or deploying excess liquidity towards debt pay down thereby building manageable and flexible debt maturity stacks while focusing on reducing its interest expense.

(1) Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
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(3) See the forward-looking statements disclaimer in the Overview section of this MD&A.

Global metrics – The following global metrics do not represent the ratios required for any covenants.

		2025		2024
Interest paid on long-term debt[(1)]	**$**	**418**	$	389
Long-term debt[(2)]	**$**	**5,154**	$	5,545
Less: Cash and cash equivalents		**2,175**		1,653
Adjusted net debt[(3)]	**$**	**2,979**	$	3,892
EBIT	**$**	**1,108**	$	878
Amortization		**464**		445
Restructuring charges (reversals)[(4)]		**(13)**		3
Loss (gain) related to disposal of business[(5)]		**(1)**		—
Impairment and program termination (reversals)[(6)]		**1**		2
Non-commercial legal claims		**—**		25
Pension related items[(7)]		**—**		7
Adjusted EBITDA[(3)]	**$**	**1,559**	$	1,360
Adjusted net debt to adjusted EBITDA ratio[(8)]		**1.9**		2.9

(1) Supplementary financial measure. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics.
(2) Includes current portion of long-term debt.
(3) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(4) Includes severance charges or related reversal, as well as curtailment losses (gains), if any.
(5) Includes changes in provisions related to past divestitures.
(6) Includes impairment or reversal of impairment of PP&E and intangible assets, as well as provisions related to program termination or their related reversal, if any.
(7) Includes the loss related to the purchase of pension annuities. See Note 22 - Retirement benefits, to our Consolidated financial statements, for more information.
(8) Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.

Bombardier continues to evaluate various options to address other debt maturities in an opportunistic manner and to improve its capital structure and credit quality so as to support its operations and the future development of its business.

Over the longer term, the Corporation's capital allocation strategy will focus on deploying, in a disciplined manner, the excess cash generated from the business towards investments in the Corporation's products and services, and to additional debt reduction. In order to adjust its capital structure, the Corporation may opportunistically issue or reduce long-term debt, make discretionary contributions to pension funds, repurchase or issue share capital, or vary the amount of dividends paid to shareholders. For debt reduction, the Corporation will continue to evaluate the most efficient debt reduction strategies, which for example could include redemptions, tenders or open market repurchases. The amount involved may be material.

In addition, the Corporation separately monitors its net retirement benefit liability which amounted to $363 million as at December 31, 2025 ($483 million as at December 31, 2024). The measurement of this liability is dependent on numerous key long-term financial and actuarial assumptions such as discount rates, future compensation increases, inflation rates and mortality rates. In recent years, this liability has been particularly volatile due to changes in discount rates. Such volatility is exacerbated by the long-term nature of the obligation. The Corporation closely monitors the impact of the net retirement benefit liability on its future cash flows and has introduced significant risk mitigation initiatives in recent years in this respect such as buying out annuities on behalf of pensioners. Refer to Note 22 - Retirement benefits for more details.

RETIREMENT BENEFITS

Bombardier sponsors several Canadian and foreign retirement benefit plans consisting of funded and unfunded defined benefit pension plans as well as other unfunded defined benefit plans and defined contribution pension plans. Funded plans are plans for which segregated plan assets are invested in trusts. Unfunded plans are plans for which there are no segregated plan assets, as the establishment of segregated plan assets is generally not permitted or not in line with local practice.

Pension plans are categorized as Defined benefit (DB) or Defined contribution (DC). DB plans specify the amount of benefits an employee is to receive at retirement, while DC plans specify how contributions are determined. As a result, there is no deficit or surplus for DC plans. Hybrid plans are a combination of DB and DC plans.

In Canada and the U.S., since September 1, 2013, all new non-unionized employees join DC plans (joining DB or hybrid plans is no longer an option). Employees who are members of a DB or hybrid plan closed to new members continue to accrue service in their original plan.

Variation in net retirement benefit liability[1]		
Balance as at December 31, 2024	$	483 [2]
Changes in discount rates and other financial assumptions		(116)
Employer contributions		(102)
Actuarial gains on pension plan assets		(61)
Current service cost		68
Accretion on net retirement benefit obligations		27
Changes in foreign exchange rates		17
Other		47
Balance as at December 31, 2025	**$**	**363** [2]

[1] Supplementary financial measure. Refer to the Non-GAAP and other financial measures section for definitions of these metrics.
[2] Includes retirement benefit assets of $160 million as at December 31, 2025 ($141 million as at December 31, 2024).

Evolution of weighted-average discount rate	2025	2024	2023	2022	2021
Canada	**5.00%**	4.70%	4.60%	5.30%	3.20%
U.S.	**5.40%**	5.60%	5.10%	5.40%	2.90%

The value of plan assets is highly dependent on the pension funds' asset performance and on the level of contributions. The performance of the financial markets is a key driver in determining the funds' asset performance as assets in the plans are composed mostly of publicly traded equity and fixed income securities. IFRS requires that the excess (deficit) of actual return on plan assets compared to the estimated return be reported as an actuarial gain or loss in OCI. The estimated return on plan assets must be calculated using the discount rate that is used to measure the net retirement benefit liability, which is derived using high-quality corporate bond yields. During 2025, the actual gains on plan assets were $61 million and the net actuarial gains recognized in OCI were $140 million which were mainly due to changes in discount rates.

Evolution of funding ratio of funded plans	2025	2024	2023	2022	2021
Funded	**96%**	93%	89%	94%	87%

Net retirement benefit liability		2025		2024		2023		2022		2021[2]
Funded[1]	$	**141**	$	260	$	419	$	205	$	646
Unfunded		**83**		77		83		72		101
Other Plans		**139**		146		158		141		201
Total net retirement benefit liability	$	**363**	$	483	$	660	$	418	$	948

[1] Includes liability arising from minimum funding requirement and impact of asset ceiling test, if any.
[2] Excludes net retirement benefit liability amounting to $414 million related to the aerostructures businesses reclassified as liabilities directly associated with assets held for sale.

Retirement benefit contributions		2026[1] (Forecast)		2025		2024		2023		2022		2021
DB	$	**83**	$	**92**	$	101	$	71	$	83	$	108
DC		**52**		**48**		41		39		28		26
Other		**10**		**10**		9		10		13		11
Total retirement benefit contributions	$	**145**	$	**150**	$	151	$	120	$	124	$	145

[1] See the forward-looking statements disclaimer in the Overview section of this MD&A.

The future level of contributions will be impacted by the evolution of market interest rates and the actual return on plan assets.

Investment policy and de-risking strategies

The investment policies are established to achieve a long-term investment return so that, in conjunction with contributions, the plans have sufficient assets to pay for the promised benefits while maintaining a level of risk that is acceptable given the tolerance of plan stakeholders. See below for more information about risk management initiatives.

The target asset allocation is determined based on expected economic and market conditions, the maturity profile of the plans' liabilities, the funded status of the respective plans and the plan stakeholders' tolerance to risk.

The plans' investment strategy is to invest broadly in fixed income and equity securities and to have a smaller portion of the funds' assets invested in real return asset securities (global infrastructure and real estate listed securities).

In addition, a customized liability driven investment strategy (the "LDI strategy") has been implemented to reduce the sensitivity of the plans' financial position to variation of interest rates.

The plan administrators have also established dynamic risk management strategies. As a result, asset allocation will likely become more conservative in the future as plan funding status and market conditions continue to improve and the plans become more mature. Under certain pension legislation, and subject to compliance with certain conditions, the buy-out of annuities with insurance companies would discharge the Corporation and administrators of their respective obligations. Accordingly, in 2018, 2019, 2023 and 2024 annuities were purchased for some pensioners, beneficiaries and deferred vested members of the Bombardier pension plans registered in Ontario or Québec. In 2022, annuities were purchased for some pensioners, beneficiaries and alternate payees of the Bombardier pension plan registered in the U.S. The buy-out of annuities payable to pensioners of other pension plans will be contemplated in the coming years when these plans become fully funded on a buy-out basis.

The Corporation monitors the de-risking triggers on an ongoing basis to ensure timely and efficient implementation of these strategies.

Risk management initiatives

The Corporation's pension plans are exposed to various risks, including equity, interest rate, inflation, foreign exchange, liquidity and longevity risks. Several risk management strategies and policies have been put in place to mitigate the impact these risks could have on the funded status of DB plans and on the future level of contributions by the Corporation. The following is a description of key risks together with the mitigation measures in place to address them.

Equity risk
Equity risk results from fluctuations in equity prices. This risk is managed by maintaining diversification of portfolios across geographies, industry sectors and investment strategies.

Interest rate risk
Interest rate risk results from fluctuations in the fair value of plan assets and liabilities due to movements in interest rates. This risk is managed by reducing the mismatch between the duration of plan assets and the duration of pension obligation. This is accomplished by having a portion of the portfolio invested in long-term fixed income securities and by implementing LDI strategies.

Inflation risk
Inflation risk is the risk that benefits indexed to inflation increase as a result of changes in inflation rates. To manage this risk, the benefit indexation has been capped in certain plans and a portion of plan assets has been invested in real return asset securities.

Foreign exchange risk
Currency risk exposure arises from fluctuations in the fair value of plan assets denominated in a currency other than the currency of the plan liabilities. Currency risk is managed with foreign currency hedging strategies as per plan investment policies.

Liquidity risk
Liquidity risk stems from holding assets which cannot be readily converted to cash when needed for the payment of benefits or to rebalance the portfolios. Liquidity risk is managed through investments in treasury bills, government bonds and equity futures and by limiting investments in private placements or hedge funds.

Longevity risk
Longevity risk is the risk that increasing life expectancy results in longer-than-expected benefit payments. This risk is mitigated by using appropriate base mortality and mortality improvement tables to set the level of contributions. The buy-out of annuities with insurance companies transfers all of the risks listed above to insurers for the annuities purchased.

Retirement benefit cost

						2025
		Pension benefits		**Other benefits**		**Total**
DB plans	**$**	**86**	**$**	**9**	**$**	**95**
DC plans	**$**	**48**	**$**	**—**	**$**	**48**
Total retirement benefit cost	**$**	**134**	**$**	**9**	**$**	**143**
Related to						
Funded DB plans	**$**	**80**		**n/a**	**$**	**80**
Unfunded DB plans	**$**	**6**	**$**	**9**	**$**	**15**
DC plans	**$**	**48**		**n/a**	**$**	**48**
Recorded as follows						
EBIT expense or capitalized cost	**$**	**114**	**$**	**2**	**$**	**116**
Financing expense	**$**	**20**	**$**	**7**	**$**	**27**

						2024
		Pension benefits		Other benefits		Total
DB plans	$	100	$	10	$	110
DC plans	$	41	$	—	$	41
Total retirement benefit cost	$	141	$	10	$	151
Related to						
Funded DB plans	$	95		n/a	$	95
Unfunded DB plans	$	5	$	10	$	15
DC plans	$	41		n/a	$	41
Recorded as follows						
EBIT expense or capitalized cost	$	114	$	3	$	117
Financing expense	$	27	$	7	$	34

Sensitivity analysis

The net retirement benefit liability is highly dependent on discount rates, expected inflation rates, expected rates of compensation increase, life expectancy assumptions and actual return on plan assets. The discount rates represent the market rate for high-quality corporate fixed-income investments at the end of the reporting period consistent with the currency and estimated term of the benefit obligations. As a result, discount rates change based on market conditions.

A 0.25 percentage point increase in one of the following actuarial assumptions would have the following effects, all other actuarial assumptions remaining unchanged:

Increase (decrease)	Retirement benefit cost for fiscal year 2026 [1] *(Forecast)* Total	Net retirement benefit liability as at December 31, 2025 Total
Discount rate	$ (9)	$ (112)
Inflation rate	$ —	$ (1)
Rate of compensation increase	$ 1	$ 13

A one year increase in life expectancy for all DB plan beneficiaries would impact plans in major countries as follows:

Increase (decrease)	Retirement benefit cost for fiscal year 2026 [1] *(Forecast)*	Net retirement benefit liability as at December 31, 2025
Canada	$ 5	$ 60
U.S.	$ 1	$ 18

Details regarding assumptions used are provided in Note 22 - Retirement benefits to our Consolidated financial statements.

(1) See the forward-looking statements disclaimer in the Overview section of this MD&A.

RISK MANAGEMENT

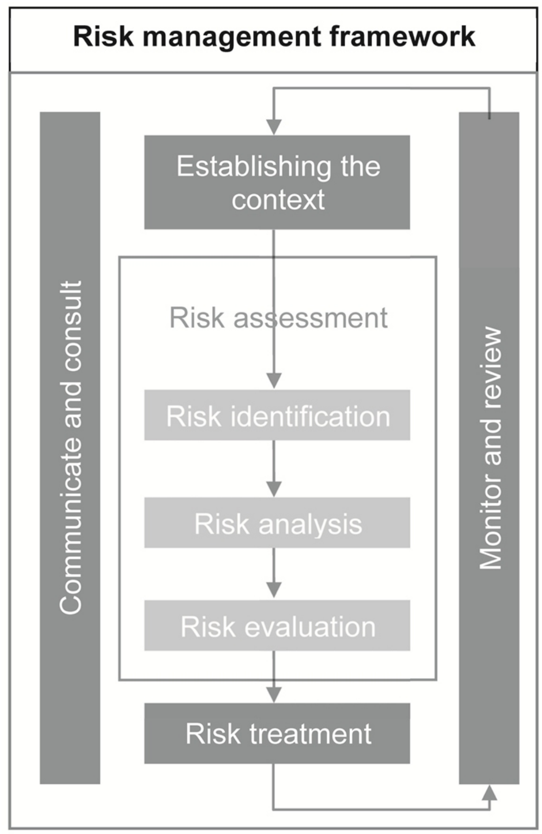
Active risk management has been one of our priorities for many years and is a key component of our corporate strategy framework. To achieve our risk management objectives, we have embedded risk management activities in the operational responsibilities of management and made these activities an integral part of the overall governance, planning, decision making, organizational and accountability structure.

For each risk or category of risks, the risk management process includes activities performed in a continuous cycle. Risk assessment, including risk identification, analysis and evaluation, ensures that each risk is analyzed to identify the consequence and likelihood of the risk occurring and the adequacy of existing controls. Each function is responsible for implementing the appropriate structures, processes and tools to allow proper identification of risks. Once the risks have been identified, analyzed and evaluated, risk mitigation identifies the actions to be implemented by management. Each function has implemented risk management processes that are embedded in governance and activities to achieve the objectives of our Corporate Risk Management Policy.

In addition, every year, the Internal Audit team assesses our major risks. Senior management reviews this risk assessment and develops action plans to address the identified risks.

The Board of Directors[1] is ultimately responsible for reviewing the overall risks faced by the Corporation. The Board exercises this duty principally through the Audit Committee, consisting of independent directors, which reviews material business risks and the measures that management takes to monitor, control and manage such risks, including the adequacy of policies, procedures and controls designed by management to assess and manage these risks.

A primary area of focus is product development, where our biggest opportunities to create value reside, and also our most significant risks. Recognizing the long-term nature of product development activities and the significant human and financial resources required, we follow a rigorous gated product development process, designed to ensure early identification and efficient mitigation of potential risks. At the heart of this process is our Bombardier Engineering System, followed for all programs throughout the product development cycle. This process is regularly refined to integrate the lessons learned from our own programs and from the industry. Specific milestones must be met before a product can move from one stage of development to another. The gates consist of exit reviews with different levels of management and leading experts to demonstrate technical feasibility, customer acceptance and financial return.



Source: International Organization for Standardization (ISO) 31000:2009

(1) Refer to the Investor information section following the Notes to the Consolidated financial statements for more information on Board members and Board Committees.

We continuously apply what we learn on one program to the other programs, by sharing ideas and learning in our various functional committees and through regular peer reviews, bringing together the expertise across all platforms to drive alignment and common approaches, establish best practices and leverage the knowledge and experience of our people. This review confirms the availability of human and financial resources, the maturity and manufacturing readiness of new technologies and the overall strength of the business case.

We have also designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Corporation is properly communicated and that information required to be disclosed in public filings is recorded, processed, summarized and reported within the time periods specified in securities legislation. Refer to the Controls and procedures section in Other for more details.

Key exposures to financing and market risks and related mitigation strategies

Our operations are exposed to various financing and market risks. The following is a description of our key exposures to those risks together with the strategies in place to mitigate them. Market risks associated with pension plans are discussed in the Retirement benefits section.

Exposure to foreign exchange risk

Our main exposures to foreign currencies are managed in accordance with the Foreign Exchange Risk Management Policy in order to mitigate the impact of foreign exchange rate movements. This policy requires management to identify all actual and potential foreign currency exposures arising from their operations. This information is communicated to the central treasury function, which has the responsibility to execute hedging transactions in accordance with policy requirements. In addition, the central treasury function manages balance sheet exposures to foreign currency movements by matching asset and liability positions. This program consists mainly of matching long-term debt in a foreign currency with assets denominated in the same currency.

Foreign exchange management

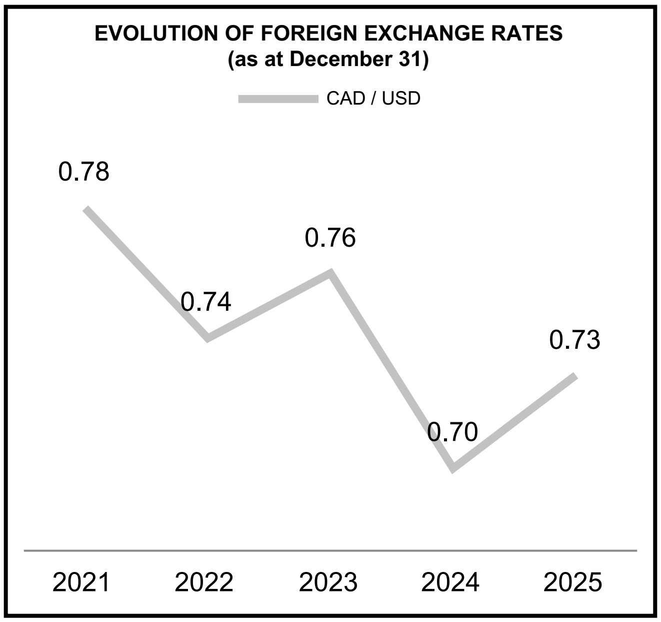
Hedged exposures	Hedging policy[1]	Risk-mitigation strategies
Forecast cash outflows denominated in a currency other than the functional currency of the entity incurring the cash flows, mainly in Canadian dollars.	Hedge 85% of the identified exposures for the first three months, 75% for the next 15 months and, 50% for the following six months. Additionally, optional hedges can be placed for up to 50% of the exposures identified further in the future.	Use of foreign exchange derivatives contracts, mainly to sell U.S. dollars and buy Canadian dollars.
Interest cash outflows in currencies other than the U.S. dollar, i.e. the Canadian dollar.	Hedge 100% of the identified exposure unless the exposure is recognized as an economic hedge of an exposure arising from the translation of financial statements in foreign currencies to the U.S. dollar.	Use of foreign exchange derivatives contracts, mainly to sell U.S. dollars and buy Canadian dollars.
Balance sheet exposures.	Hedge 100% of the identified exposures affecting the Corporation’s net income.	Asset/liability management techniques as well as foreign exchange derivatives contracts.

[1] Deviations from the policy are allowed, subject to pre-authorization and maximum pre-determined risk limits as well as market conditions.

As at December 31, 2025, the hedged portion of our significant foreign currency denominated costs for the fiscal years ending December 31, 2026 and 2027 was as follows:

	Canadian dollars	
For fiscal years	2026	2027
Expected costs denominated in foreign currency (in billions of dollars)	$2.4	$2.5
Hedged portion of expected costs denominated in foreign currency	77%	63%
Weighted-average hedge rates – foreign currency/USD	0.7377	0.7355

Sensitivity analysis
A U.S. one-percent change in the value of the Canadian dollar compared to the U.S. dollar would impact the expected costs for the year ending December 31, 2026 by approximately $18 million, before giving effect to forward foreign exchange contracts (approximately $4 million, after giving effect to such contracts).



Exposure to credit risk

The effective monitoring and controlling of credit risk is a key component of our risk management activities. Credit risk is monitored on an ongoing basis using different systems and methodologies depending on the underlying exposure.

Credit risk management

Key risks	Risk mitigation measures initiated by management
Through normal treasury activities, we are exposed to credit risk through derivative financial instruments and investment instruments.	Credit risks arising from treasury activities are managed by a central treasury function in accordance with the Corporate Foreign Exchange Risk Management Policy and the Corporate Investment Policy. The objective of these policies is to minimize exposure to credit risk from treasury activities by ensuring that we transact strictly with investment-grade financial institutions and money market funds, based on pre-established consolidated counterparty risk limits per financial institution and fund.
We are exposed to credit risk through trade receivables arising from normal commercial activities.	Credit risks arising from normal commercial activities. Customer credit ratings and credit limits are analyzed and established by internal credit specialists, based on inputs from external rating agencies, recognized rating methods and our experience with the customers. The credit risk and credit limits are dynamically reviewed based on fluctuations in the customers' financial results and payment behavior. These customer credit ratings and credit limits are critical inputs in determining the conditions under which credit or financing is extended to customers, including obtaining collateral to reduce exposure to losses. Specific governance is in place to ensure that credit risk arising from large transactions is analyzed and approved by the appropriate level of management before financing or credit support is offered to the customer.

Exposure to liquidity risk

The management of consolidated liquidity requires a constant monitoring of expected cash inflows and outflows, which is achieved through a detailed forecast of the Corporation's liquidity position, as well as long-term operating and strategic plans, to ensure adequacy and efficient use of cash resources. The Corporation uses scenario analyses to stress-test cash flow projections. Liquidity adequacy is continually monitored which involves the application of judgment, taking into consideration historical volatility and seasonal needs, stress-test results, the maturity profile of indebtedness, access to capital markets, the level of customer advances, availability of letter of credit and similar facilities, working capital requirements, the availability of working capital financing initiatives and the funding of product development and other financial commitments.

The Corporation monitors any financing opportunities to optimize its capital structure and maintain appropriate financial flexibility. The Corporation also routinely reviews its debt profile with a view to managing or extending maturities and/or negotiating more favorable terms and conditions with respect to its bank facilities. The Corporation also routinely reviews the terms and conditions of its financing arrangements. These amendments are subject to prevailing market and other conditions that are beyond its control and there can be no assurance that the Corporation will be able to successfully negotiate such amendments on commercially reasonable terms, or at all.

For more details, refer to Note 33 - Financial Risk Management, to our Consolidated financial statements. We continually monitor any financing opportunities to optimize our capital structure and maintain appropriate financial flexibility.

Exposure to interest rate risk

The Corporation is exposed to gains and losses arising from changes in interest rates, which includes marketability risks, through its financial instruments carried at fair value. These financial instruments include certain derivative financial instruments.

Sensitivity analysis
The interest rate risk primarily relates to financial instruments carried at fair value. Assuming a 100-basis point increase in interest rates impacting the measurement of these financial instruments, excluding derivative financial instruments in a hedge relationship, as at December 31, 2025, the impact on EBT would have been a negative adjustment of $120 million as at December 31, 2025.

NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A is based on reported earnings in accordance with IFRS and on the following non-GAAP and other financial measures:

Non-GAAP and Other Financial Measures	
Non-GAAP Financial Measures	
Adjusted EBIT	EBIT excluding certain items which do not reflect the Corporation's core performance or where their separate presentation will assist users of the consolidated financial statements in understanding the Corporation's results for the period. Such items include restructuring charges (reversals), loss (gain) related to disposal of business, impairment and program termination (reversals), certain one-time pension related items included in other expense (income) such as loss (gain) on pension annuity purchases, and non-commercial legal claims.
Adjusted EBITDA	Adjusted EBIT plus amortization charges on PP&E and intangible assets.
Adjusted net income (loss)	Net income (loss) from continuing operations excluding restructuring charges (reversals), loss (gain) related to disposal of business, impairment and program termination (reversals), certain one-time pension related items included in other expense (income) such as loss (gain) on pension annuity purchases, non-commercial legal claims, certain net gains and losses arising from changes in measurement of provisions and of financial instruments carried at FVTP&L, accretion on net retirement benefit obligations, losses (gains) on repayment of long-term debt, changes in discount rates of provisions and the related tax impacts of these items.
Free cash flow (usage)	Cash flows from operating activities - continuing operations less net additions to PP&E and intangible assets.
Available liquidity	Cash and cash equivalents, plus undrawn amounts under credit facilities.
Adjusted net debt	Long-term debt less cash and cash equivalents.
Non-GAAP Financial Ratios	
Adjusted EPS	EPS calculated based on adjusted net income attributable to common equity holders of Bombardier Inc., using the treasury stock method, giving effect to the exercise of all dilutive elements.
Adjusted EBIT margin	Adjusted EBIT, as a percentage of total revenues.
Adjusted EBITDA margin	Adjusted EBITDA, as a percentage of total revenues.
Adjusted net debt to adjusted EBITDA ratio	Adjusted net debt divided by adjusted EBITDA.
Supplementary Financial Measures	
Interest paid on long-term debt	Interest paid comprises interest on long-term debt, excluding up-front costs paid related to the negotiation of debts or credit facilities.
EBIT margin	EBIT, as a percentage of total revenues.
Gross margin percentage	Gross margin, as a percentage of total revenues.
Net additions to PP&E and intangible assets	Additions to PP&E and intangible assets less proceeds from disposals of PP&E and intangible assets.
Net retirement benefit liability	Retirement benefit liability less retirement benefit assets.

Non-GAAP and other financial measures are measures mainly derived from the consolidated financial statements but are not standardized financial measures under the financial reporting framework used to prepare our financial statements. Therefore, these might not be comparable to similar non-GAAP and other financial measures used by other issuers. The exclusion of certain items from non-GAAP or other financial measures does not imply that these items are necessarily non-recurring.

Adjusted EBIT

Adjusted EBIT is defined as the EBIT excluding certain items which do not reflect the Corporations core performance or where their separate presentation will assist users of the consolidated financial statements in understanding the Corporation's results for the period. Such items include restructuring charges (reversals)[(1)], loss (gain) related to disposal of business[(2)], impairment and program termination (reversals)[(3)], certain one-time pension related items included in other expense (income) such as loss (gain) on pension annuity purchases, and non-commercial legal claims. Management uses adjusted EBIT for purposes of evaluating underlying business performance. Management believes presentation of this non-GAAP operating earnings measure in addition to IFRS measures provides users of our Financial Report with enhanced understanding of our results and related trends and increases the transparency and clarity of the core results of our business. For these reasons, a significant number of users of the MD&A analyze our results based on this financial measure. Management believes this measure helps users of the MD&A to better analyze results, enabling better comparability of our results from one period to another and with peers.

Adjusted EBITDA

Adjusted EBITDA is defined as the EBIT excluding restructuring charges (reversals)[(1)], loss (gain) related to disposal of business[(2)], impairment and program termination (reversals)[(3)], certain one-time pension related items included in other expense (income) such as loss (gain) on pension annuity purchases, non-commercial legal claims, and amortization charges on PP&E and intangible assets. Management uses adjusted EBITDA for purposes of evaluating underlying business performance. Management believes this non-GAAP operating earnings measure in addition to IFRS measures provides users of our Financial Report with enhanced understanding of our results and related trends and increases the transparency and clarity of the core results of our business, since it excludes the effects of items that are usually associated with investing or financing activities and items that do not reflect our core performance or where their exclusion will assist users in understanding our results for the period. For these reasons, a significant number of users of the MD&A analyze our results based on this financial measure. Management believes this measure helps users of the MD&A to better analyze results, enabling better comparability of our results from one period to another and with peers.

Adjusted net income (loss)

Adjusted net income (loss) is defined as the net income (loss) from continuing operations adjusted for certain specific items that are significant but are not, based on management's judgment, reflective of the Corporation's underlying operations. These include adjustments related to restructuring charges (reversals)[(1)], loss (gain) related to disposal of business[(2)], impairment and program termination (reversals)[(3)], certain one-time pension related items included in other expense (income) such as loss (gain) on pension annuity purchases, non-commercial legal claims, certain net gains and losses arising from changes in measurement of provisions and of financial instruments carried at FVTP&L, accretion on net retirement benefit obligations, losses (gains) on repayment of long-term debt, changes in discount rates of provisions and the related tax impacts of these items. Management uses adjusted net income (loss) for purposes of evaluating underlying business performance. Management believes this non-GAAP earnings measure in addition to IFRS measures provides users of our Financial Report with enhanced understanding of our results and related trends and increase the transparency and clarity of the core results of our business. Adjusted net income (loss) excludes items that do not reflect our core performance or where their exclusion will assist users in understanding our results for the period. For these reasons, a significant number of users of the MD&A analyze our results based on this financial measure. Management believes this measure helps users of the MD&A to better analyze results, enabling better comparability of our results from one period to another and with peers.

(1) Includes severance charges or related reversal, as well as curtailment losses (gains), if any.
(2) Includes changes in provisions related to past divestitures.
(3) Includes impairment or reversal of impairment of PP&E and intangible assets, as well as provisions related to program termination or their related reversal, if any.

Adjusted EPS
Adjusted EPS is defined as the adjusted net income (loss) attributable to common equity holders of Bombardier Inc., divided by the weighted-average diluted number of common shares for the period. Management uses adjusted EPS for purposes of evaluating underlying business performance. Management believes this non-GAAP financial ratio in addition to IFRS measures provides users of our Financial Report with enhanced understanding of our results and related trends and increases the transparency and clarity of the core results of our business. Adjusted EPS excludes items that do not reflect our core performance or where their exclusion will assist users in understanding our results for the period. For these reasons, a significant number of users of the MD&A analyze our results based on this financial measure. Management believes this measure helps users of the MD&A to better analyze results, enabling better comparability of our results from one period to another and with peers.

Adjusted EBIT margin
Adjusted EBIT margin is defined as the adjusted EBIT expressed as a percentage of total revenues. Management uses adjusted EBIT margin for purposes of evaluating underlying business performance. Management believes this non-GAAP financial ratio in addition to IFRS measures provides users of our Financial Report with enhanced understanding of our results and related trends and increases the transparency and clarity of the core results of our business. Adjusted EBIT margin excludes items that do not reflect our core performance or where their exclusion will assist users in understanding our results for the period. For these reasons, a significant number of users of the MD&A analyze our results based on this financial measure. Management believes this measure helps users of the MD&A to better analyze results, enabling better comparability of our results from one period to another and with peers.

Adjusted EBITDA margin
Adjusted EBITDA margin is defined as the adjusted EBITDA expressed as a percentage of total revenues. Management uses adjusted EBITDA margin for purposes of evaluating underlying business performance. Management believes this non-GAAP financial ratio in addition to IFRS measures provides users of our Financial Report with enhanced understanding of our results and related trends and increases the transparency and clarity of the core results of our business. Adjusted EBITDA margin excludes items that do not reflect our core performance or where their exclusion will assist users in understanding our results for the period. For these reasons, a significant number of users of the MD&A analyze our results based on this financial measure. Management believes this measure helps users of the MD&A to better analyze results, enabling better comparability of our results from one period to another and with peers.

Reconciliation of adjusted EBIT to EBIT and computation of adjusted EBIT margin

	Fourth quarters ended December 31		Fiscal years ended December 31	
	2025	2024	**2025**	2024
EBIT	**$ 499**	$ 342	**$ 1,108**	$ 878
Restructuring charges (reversals)[1]	**(13)**	4	**(13)**	3
Loss (gain) related to disposal of business[2]	**(1)**	—	**(1)**	—
Impairment and program termination (reversals)[3]	**1**	3	**1**	2
Non-commercial legal claims	**—**	—	**—**	25
Pension related items[4]	**—**	7	**—**	7
Adjusted EBIT	**$ 486**	$ 356	**$ 1,095**	$ 915
Total revenues	**$ 3,694**	$ 3,108	**$ 9,551**	$ 8,665
Adjusted EBIT margin	**13.2 %**	11.5 %	**11.5 %**	10.6 %

(1) Includes severance charges or related reversal, as well as curtailment losses (gains), if any.
(2) Includes changes in provisions related to past divestitures.
(3) Includes impairment or reversal of impairment of PP&E and intangible assets, as well as provisions related to program termination or their related reversal, if any.
(4) Includes the loss related to the purchase of pension annuities. See Note 22 - Retirement benefits, to our Consolidated financial statements, for more information.

Reconciliation of adjusted EBITDA to EBIT and computation of adjusted EBITDA margin

	Fourth quarters ended December 31		Fiscal years ended December 31	
	2025	2024	**2025**	2024
EBIT	**$ 499**	$ 342	**$ 1,108**	$ 878
Amortization	**172**	157	**464**	445
Restructuring charges (reversals)[1]	**(13)**	4	**(13)**	3
Loss (gain) related to disposal of business[2]	**(1)**	—	**(1)**	—
Impairment and program termination (reversals)[3]	**1**	3	**1**	2
Non-commercial legal claims	**—**	—	**—**	25
Pension related items[4]	**—**	7	**—**	7
Adjusted EBITDA	**$ 658**	$ 513	**$ 1,559**	$ 1,360
Total revenues	**$ 3,694**	$ 3,108	**$ 9,551**	$ 8,665
Adjusted EBITDA margin	**17.8 %**	16.5 %	**16.3 %**	15.7 %

Reconciliation of adjusted net income to net income and computation of adjusted EPS

	Fourth quarters ended December 31			
	2025		2024	
		(per share)		(per share)
Net income from continuing operations	**$ 653**		$ 124	
Adjustments to EBIT related to:				
Restructuring charges (reversals)[1]	**(13)**	**(0.13)**	4	0.04
Loss (gain) related to disposal of business[2]	**(1)**	**(0.01)**	—	0.00
Impairment and program termination (reversals)[3]	**1**	**0.01**	3	0.03
Pension related items[4]	**—**	**0.00**	7	0.07
Adjustments to net financing expense related to:				
Net loss (gain) on certain financial instruments	**(171)**	**(1.70)**	165	1.64
Accretion on net retirement benefit obligations	**7**	**0.07**	8	0.07
Losses on repayments of long-term debt	**15**	**0.15**	—	0.00
Adjusted net income	**491**		311	
Preferred share dividends, including taxes	**(7)**		(8)	
Adjusted net income attributable to common equity holders of Bombardier Inc.	**$ 484**		$ 303	
Weighted-average diluted number of common shares (in thousands)	**100,695**		100,548	
Adjusted EPS (in dollars)	**$ 4.80**		$ 3.01	

(1) Includes severance charges or related reversal, as well as curtailment losses (gains), if any.
(2) Includes changes in provisions related to past divestitures.
(3) Includes impairment or reversal of impairment of PP&E and intangible assets, as well as provisions related to program termination or their related reversal, if any.
(4) Includes the loss related to the purchase of pension annuities. See Note 22 - Retirement benefits, to our Consolidated financial statements, for more information.

Reconciliation of adjusted EPS to diluted EPS (in dollars)

	Fourth quarters ended December 31	
	2025	2024
Diluted EPS from continuing operations	**$ 6.41**	$ 1.16
Impact of adjustments to EBIT related to:		
Restructuring charges (reversals)[(1)]	**(0.13)**	0.04
Loss (gain) related to disposal of business[(2)]	**(0.01)**	0.00
Impairment and program termination (reversals)[(3)]	**0.01**	0.03
Pension related items[(4)]	**0.00**	0.07
Adjustments to net financing expense related to:		
Net loss (gain) on certain financial instruments	**(1.70)**	1.64
Accretion on net retirement benefit obligations	**0.07**	0.07
Losses on repayments of long-term debt	**0.15**	0.00
Adjusted EPS	**$ 4.80**	$ 3.01

Reconciliation of adjusted net income to net income and computation of adjusted EPS

	Fiscal years ended December 31			
	2025		2024	
		(per share)		(per share)
Net income from continuing operations	**$ 975**		$ 370	
Adjustments to EBIT related to:				
Restructuring charges (reversals)[(1)]	**(13)**	**(0.13)**	3	0.03
Loss (gain) related to disposal of business[(2)]	**(1)**	**(0.01)**	—	0.00
Impairment and program termination (reversals)[(3)]	**1**	**0.01**	2	0.02
Non-commercial legal claims	**—**	**0.00**	25	0.25
Pension related items[(4)]	**—**	**0.00**	7	0.07
Adjustments to net financing expense related to:				
Net gain on certain financial instruments	**(265)**	**(2.64)**	(21)	(0.21)
Accretion on net retirement benefit obligations	**27**	**0.27**	34	0.33
Losses on repayments of long-term debt	**81**	**0.81**	127	1.27
Adjusted net income	**805**		547	
Preferred share dividends, including taxes	**(29)**		(31)	
Adjusted net income attributable to common equity holders of Bombardier Inc.	**$ 776**		$ 516	
Weighted-average diluted number of common shares (in thousands)	**100,491**		99,966	
Adjusted EPS (in dollars)	**$ 7.72**		$ 5.16	

(1) Includes severance charges or related reversal, as well as curtailment losses (gains), if any.
(2) Includes changes in provisions related to past divestitures.
(3) Includes impairment or reversal of impairment of PP&E and intangible assets, as well as provisions related to program termination or their related reversal, if any.
(4) Includes the loss related to the purchase of pension annuities. See Note 22 - Retirement benefits, to our Consolidated financial statements, for more information.

Reconciliation of adjusted EPS to diluted EPS (in dollars)

	Fiscal years ended December 31			
		2025		2024
Diluted EPS from continuing operations	**$**	**9.41**	$	3.40
Impact of adjustments to EBIT related to:				
Restructuring charges (reversals)[1]		**(0.13)**		0.03
Loss (gain) related to disposal of business[2]		**(0.01)**		0.00
Impairment and program termination (reversals)[3]		**0.01**		0.02
Non-commercial legal claims		**0.00**		0.25
Pension related items[4]		**0.00**		0.07
Adjustments to net financing expense related to:				
Net gain on certain financial instruments		**(2.64)**		(0.21)
Accretion on net retirement benefit obligations		**0.27**		0.33
Losses on repayments of long-term debt		**0.81**		1.27
Adjusted EPS	**$**	**7.72**	$	5.16

(1) Includes severance charges or related reversal, as well as curtailment losses (gains), if any.
(2) Includes changes in provisions related to past divestitures.
(3) Includes impairment or reversal of impairment of PP&E and intangible assets, as well as provisions related to program termination or their related reversal, if any.
(4) Includes the loss related to the purchase of pension annuities. See Note 22 - Retirement benefits, to our Consolidated financial statements, for more information.

Free cash flow (usage)

Free cash flow (usage) is defined as cash flows from operating activities - continuing operations less net additions to PP&E and intangible assets. Management believes that this non-GAAP cash flow measure provides investors with an important perspective on the Corporation's generation of cash available for shareholders, debt repayment, and acquisitions after making the capital investments required to support ongoing business operations and long-term value creation. This non-GAAP cash flow measure does not represent the residual cash flow available for discretionary expenditures as it excludes certain mandatory expenditures such as repayment of maturing debt. Management uses free cash flow (usage) as a measure to assess both business performance and overall liquidity generation.

Reconciliation of free cash flow (usage) to cash flows from operating activities

	Fourth quarters ended December 31				Fiscal years ended December 31			
		2025		2024		**2025**		2024
Cash flows from operating activities - continuing operations	**$**	**1,434**	$	860	**$**	**1,225**	$	405
Net additions to PP&E and intangible assets		**(46)**		(46)		**(153)**		(173)
Free cash flow	**$**	**1,388**	$	814	**$**	**1,072**	$	232

Available liquidity

Available liquidity is defined as cash and cash equivalents plus undrawn amounts under credit facilities. Management believes that this non-GAAP financial measure provides investors with an important perspective on the Corporation's ability to meet expected liquidity requirements, including the support of product development initiatives and to ensure financial flexibility. This measure does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

Reconciliation of available liquidity to cash and cash equivalents

As at	December 31, 2025		December 31, 2024	
Cash and cash equivalents	**$**	**2,175**	$	1,653
Undrawn amounts under available revolving credit facility[1]		**365**		429
Available liquidity	**$**	**2,540**	$	2,082

(1) A committed secured revolving credit facility of $450 million is available for cash drawings for the ongoing working capital needs of the Corporation and for issuance of performance letters of credit. This facility was undrawn as at December 31, 2025 and the availability as at such date was $365 million based on the collateral, which may vary from time to time.

Adjusted net debt
Adjusted net debt is defined as long-term debt less cash and cash equivalents. Management believes that this non-GAAP financial measure is a useful measure because it reflects the Corporation's ability to service its debt and other long-term obligations. This measure does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

Adjusted net debt to adjusted EBITDA ratio
Management uses adjusted net debt to adjusted EBITDA ratio as a useful credit measure for purposes of measuring the Corporation's ability to service its debt and other long-term obligations. This non-GAAP financial ratio does not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

Reconciliation of adjusted net debt to long-term debt and computation of adjusted net debt to adjusted EBITDA ratio

	Fiscal years ended December 31	
	2025	2024
Long-term debt[1]	**$ 5,154**	$ 5,545
Less: Cash and cash equivalents	**2,175**	1,653
Adjusted net debt	**$ 2,979**	$ 3,892
Adjusted EBITDA	**$ 1,559**	$ 1,360
Adjusted net debt to adjusted EBITDA ratio	**1.9**	2.9

(1) Includes current portion of long-term debt.

OTHER

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OFF-BALANCE SHEET ARRANGEMENTS

Refer to Note 36 - Commitments and contingencies and Note 14 - Trade and other receivables to the Consolidated financial statements.

RISKS AND UNCERTAINTIES

We operate in an industry segment which presents a variety of risk factors and uncertainties. The risks and uncertainties described below are those that we currently believe could materially affect our business activities, financial condition, cash flows, results of operations and reputation, but are not necessarily the only risks and uncertainties that we face. If any of these risks, or any additional risks and uncertainties presently unknown to us or that we currently consider as being not material, actually occur or become material risks, our business activities, financial condition, cash flows, results of operations and reputation could be materially adversely affected.

OPERATIONAL RISK	Operational risk is the risk of potential loss due to the nature of our operations. Sources of operational risk include development of new business and obtaining new contracts, order backlog, cost reductions and working capital improvements, development of new products and services, and the complexity of obtaining certification of products and services. Furthermore, our aircraft delivery schedules and cash flows are subject to pressures based on seasonality and cyclicality, and our business is capital intensive, which require that we regularly incur significant capital expenditures and investment over multi-year periods prior to realizing cash flows. Other sources of operational risk include our internal processes, including our ability to successfully implement our strategy, manufacturing and productivity enhancements and operational efficiencies, and actions of business partners, product performance warranty and casualty claim losses, the use of estimates and judgments in accounting, regulatory and legal conditions, environmental, health and safety issues, as well as dependence on a limited number of customers and contracts, suppliers (including supply chain management) and human resources. We are also subject to risks related to reliance on information systems, reliance on and protection of intellectual property rights, reputation risks, our sustainability and corporate social responsibility strategy and disclosures, risks of impairments and asset write-downs, acquisitions, risk management, tax matters and adequacy of insurance coverage.
FINANCING RISK	Financing risk is the risk of potential loss due to the liquidity of our financial assets including counterparty credit risk, access to capital markets, having substantial debt and interest payments (and being able to properly manage those), restrictive debt covenants, obligations under retirement benefit plans, credit risk, financing support provided for the benefit of certain customers and government support.
REGULATORY AND LEGAL RISK	Regulatory and legal risk is the risk of potential loss due to legal claims, lawsuits and investigations in connection with our business operations and contractual arrangements. It includes the risk of material losses which may be incurred following adverse judgements or findings against us, the risk of reputational harm which may put us at a disadvantage for future orders and the risk that certain litigation could have a material adverse effect on our business, financial results and cash flows.
GENERAL ECONOMIC RISK	General economic risk is the risk of potential loss due to unfavorable political conditions or economic slowdowns globally or in regions where we or our suppliers or customers operate. These factors include, but are not limited to, epidemics, pandemics, and other global health crises that could result in potential economic slowdowns or recession, and declining business confidence, which can result in slowdowns to our business, and those of our suppliers, customers and other counterparties.
BUSINESS ENVIRONMENT RISK	Business environment risk is the risk of potential loss due to external risk factors. These factors may include the financial condition of the business aircraft customers, trade policy (including new tariffs or changes to existing international trade arrangements), disruptions to normal governmental or regulatory functions as well as increased competition from other businesses including new entrants in market segments in which we compete. In addition, political instability, geopolitical tensions and force majeure events, such as acts of terrorism, global climate change (including both physical risks to our operations and properties, and transition risks of environmental regulations affecting our operations, suppliers and customers), global health risks, or the outbreak of military conflict or continued hostilities in certain regions of the world, could result in lower orders or the rescheduling or cancellation of part of the existing order backlog for some of our products, or prohibitions or impediments to expanding our business in certain regions of the world.
MARKET RISK	Market risk is the risk of potential loss due to adverse movements in market factors including foreign currency fluctuations, changing interest rates, increases in commodity prices and rising inflation.

Operational risk

Business development

Our business is dependent on obtaining new orders and customers, thus continuously replenishing our order backlog. Our results may also be negatively impacted if we are unable to effectively execute strategies to capture growth. Although we have developed and continue to develop our presence in many geographic markets, access to certain markets can prove to be difficult to secure.

In addition, fluctuating demand cycles are common in the industry in which we operate and can have a significant impact on the volume of new aircraft orders. Our estimates of future performance depend on, among other matters, whether and when we receive new orders.

Our order backlog may not be indicative of future revenues

Backlog represents management's estimate of the aggregate amount of the revenues expected to be realized in the future. The termination, modification, delay, or suspension of any one or more major contracts may have a material adverse effect on future revenues and profitability. We cannot guarantee that the revenues initially anticipated in our new orders will be realized in full, in a timely manner, or at all, or that, even if realized, such revenues will result in profits or cash generation as expected, and any shortfall may be significant. The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Deployment and execution of initiatives related to cost reductions and working capital improvement

The Corporation relies on its ability to improve cash generation, reduce costs and drive performance through continuous improvement and continued future deployment of such initiatives. As with any large, company-wide initiatives, there are inherent risks in the timing of the deployment and in the planned value to be achieved. The timing and magnitude of the specific initiatives and associated benefits, if any, could be affected by a multitude of external and internal factors including, but not limited to: the evolution of the demands and requirements of our business, variations in planned production volumes and schedules, the outcome of negotiations with suppliers and unions, changing legislation, changes in socio-economic conditions in the countries in which we operate, evolutions in the labour market for key talent, and changes in the priorities of the business. There can be no assurance that these initiatives, or other initiatives, will enable us to reach our objectives, or that any such measures will be implemented successfully or within the set time frame. A failure to successfully implement our strategy and initiatives, including as regards debt management and costs reduction, or if such measures prove insufficient, could have a material adverse impact on our business activities, financial condition, profitability and outlook.

Executing our manufacturing strategy and productivity enhancement initiatives

One of the priorities established by management consists of sustained efforts in the areas of cost reduction and productivity enhancement/operational efficiencies. This priority aims in part at leveraging the strength of our engineering and manufacturing centers of excellence. In addition, our cost reduction and operational efficiencies/productivity enhancement efforts also focus on further implementing and leveraging our standardized product and service platforms. We believe that flexible manufacturing is the key element to enable improvements in our ability to respond to customers in a cost-effective manner. Our success in implementing this is dependent on the involvement of management, production employees and suppliers. Any failure to achieve cost reduction and operational efficiencies/productivity enhancement priorities (including the anticipated levels of productivity and operational efficiencies) in our manufacturing facilities, could have a material adverse impact on our business activities, financial condition, profitability and outlook.

Developing new products and services

Changes resulting from global trends such as climate change, volatile fuel prices, the growth of developing markets, population growth and demographic factors influence customer demands. To remain competitive and meet customers' needs, we are required to anticipate these changes and must continuously develop and design new products and services, improve existing products and services and invest in and develop new technologies. Introducing new products, services or technologies, or expanding existing service offerings, requires a significant commitment to research and development, capital and other investment, including maintaining a significant level of highly skilled employees.

Furthermore, our investments in new products, services or technologies, or expanding existing service offerings, may or may not be successful. Our results may be impacted if we invest in products or services that are not accepted in the marketplace, if customer demand or preferences change, if new products are not approved by regulatory authorities (or if we fail to design or obtain certification or accreditation for new products or technologies), are not brought to market in a timely manner, in particular, as compared to our competitors, or if our products become obsolete. We may incur cost overruns in developing new products and there is the risk that our products will not meet performance specifications to which we have committed to customers.

Our results could also be negatively impacted if we fail to design or obtain accreditation for new technologies and platforms on budget and in a timely manner. Further, our long-term growth, competitiveness and continued profitability are dependent on our ability to anticipate and adapt to changes in markets and to reduce the costs of producing high-quality, new and existing products, to continue to develop our product mix and to align our global presence with worldwide market opportunities.

In a highly competitive environment, we are and will remain exposed to the risk that more innovative or more competitive products, services or technologies are developed by competitors or introduced on the market more quickly or that the products we develop or services we offer are not accepted by the market.

Certification process

We are subject to stringent certification and approval requirements, as well as to the ability of regulatory bodies to perform these assessments on a timely basis, which vary by country and can delay the certification of our products. Non-compliance with current or future regulatory requirements imposed by Transport Canada (TC), the U.S. Federal Aviation Administration (FAA), the European Aviation Safety Agency (EASA), the Transport Safety Institute in the U.S. or other regulatory authorities could result in service interruption of our products, fewer sales or slower deliveries, an unplanned build-up of inventories, reduction in inventory values or impairment of assets.

Cash flows and capital expenditures

Our business is cyclical and highly capital intensive due to its nature. In the ordinary course of our business, the structure and duration of our product development programs require us to invest significantly in engineering, development and production for many years before deliveries are made and the product begins to generate cash flow. In addition, we are regularly required to incur capital expenditures in order to, among other matters, maintain equipment, increase operating efficiency, develop and design new products, improve existing products and services, invest in and develop new technologies and maintain a significant level of highly skilled employees. Our ability to negotiate and collect customer advances and progress payments is therefore an important element of our cash flow and working capital management. Discrepancies between our disbursements and amounts received on orders placed, or even any reduction in the overall number and size of orders placed have an automatic adverse impact on the evolution in working capital requirements and results of operations. Similarly, delays in the delivery and final transfer of possession to purchasers of our aircraft may have an adverse impact on our working capital and results of operations.

Seasonality and cyclicality of aircraft deliveries and *financial results*

Our aircraft delivery schedule and cash flows are subject to periodic fluctuations, and we expect a disproportionate amount of our aircraft to be delivered to customers, and cash flows to be received or paid by us, during any given quarter. We expect this trend to continue, but our business and operations plans may be impacted by geopolitical tensions, and by governmental regulations, supply chain and/or labour disruptions, which can affect the timing of aircraft deliveries, and accordingly, our financial results during a particular fiscal quarter or year.

Additionally, flight testing of our aircraft before delivery to customers must be done within certain meteorological conditions and cannot be conducted in adverse weather (including excessively high winds, low visibility/ceilings, icing, extreme temperatures, or severe storms). If the weather conditions at our aircraft assembly centers in Canada do not allow for such flight testing for an extended period of time, final testing and delivery of aircraft to customers may be delayed into a subsequent fiscal quarter or year, and accordingly, final cash payments for the aircraft will also be delayed into the subsequent period. See also the subsection "Global climate change" in the Business environment risk section hereinafter for more information regarding the risks that weather-related events may have on our operations. Any of the above-mentioned disruptions or delays may reduce reported deliveries, revenues, profits and cash flows in an affected fiscal period and shift them to subsequent periods, and may also impact our profit margins and other financial results due to timing and operating costs.

In particular, as a result of a significant portion of our annual aircraft deliveries and cash receipts occurring in the fourth quarter, at December 31 of each year, our cash and cash equivalents balances typically reach their highest level (other than as a result of cash flows provided by or used in investing and financing activities). Our interim and annual results can be affected by these periodic fluctuations, including as a result of timing variations that could push cash flows, deliveries and related revenue recognition from one quarter to another and affect period-over-period financial results.

Business partners

The failure by a business partner to comply with applicable laws, rules or regulations, or contract requirements, could negatively impact our business and could even result in fines, penalties, suspension or even debarment being imposed on us, which could have a material adverse impact on our reputation, business, financial condition and results of operations.

Product performance warranty and casualty claim losses

The products that we manufacture are highly complex and sophisticated and may contain defects that are difficult to detect or correct. These products are subject to detailed specifications, which are listed in the individual contracts with customers, as well as to stringent certification or approval requirements. Defects may be found in products before and after they are delivered to the customer. When discovered, we may incur significant additional costs to modify and/or retrofit our products and we may not be able to correct defects in a timely manner or at all. The occurrence of defects and failures in our products could give rise to non-conformity costs, including warranty and damage claims, negatively affect our reputation and profitability and result in the loss of customers. Correcting such defects, if possible, could require significant investment.

In addition, due to the nature of our business, liability claims may arise from accidents, incidents or disasters involving products and services that we have provided, including claims for serious personal injuries or death. These accidents may be caused by climatic factors or human error. If any of our products is proven to have quality issues, fails to meet the national or industrial standards or has potential risks to the safety of human and properties, we may have to recall such products, be subject to penalties, have our operating licences or permits revoked, suspend production and sale of our products, or be ordered to take corrective measures. A product recall may also affect our reputation and brand name, result in a decreased demand for our products and lead to stricter scrutiny by regulatory agencies over our operations.

We cannot be certain that current insurance coverage will be sufficient to cover one or more substantial claims. Furthermore, there can be no assurance that we will be able to obtain or maintain insurance coverage at acceptable levels and costs or terms in the future.

Environmental, health and safety risks

Our products, as well as our manufacturing and service activities, are subject to environmental laws and regulations in each of the jurisdictions in which we operate, governing, among other things, product performance or materials content, energy use and greenhouse gas emissions, air, water and noise pollution, the use, storage, labelling, transportation and disposal or release of hazardous substances, human health and safety risks arising from the exposure to hazardous or toxic materials or defective products and the remediation of soil and groundwater contamination on or under our properties (whether or not caused by us), or on or under other properties and caused by our current or past operations, including our disposal of hazardous wastes at third party sites. These laws and regulations may cause us to incur costs, including fines, damages, criminal or civil sanctions and remediation costs, or experience interruptions in our operations, and may negatively impact our reputation and the market for our products.

Environmental, health and safety regulatory requirements, or enforcement thereof, may become more stringent in the future and we may incur additional costs to be compliant with such future requirements or enforcement. In addition, we may also face contractual or other liabilities related to environmental matters arising from business, products or properties that we have previously closed, sold or otherwise disposed of, or that we may close, sell or dispose of in the future.

Dependence on limited number of contracts and customers

In any given period, a limited number of contracts, orders or customers may account for a significant portion of our revenues and cash flows for some of our products. Although we continually seek to expand our customer base, we believe that revenues and results for any given period may continue to be significantly influenced by a limited number of contracts, orders or customers due to the nature of some of our products. Consequently, the loss of such a customer or changes to their orders, or the cancellation of all or a portion of their contract could result in reduced sales and/or a lower market share and may have a material adverse effect on our business, results, cash flows and financial position. In addition, some customers are governments or public-sector entities or operate under public contracts; as a result, our order intake may also be impacted by public-sector budgets and spending policies or changes to administrative priorities.

Supply chain risks

Our manufacturing operations are dependent on a number of suppliers, located in numerous countries around the world, for the delivery of raw materials (mainly aluminum, advanced aluminum alloy and titanium) and parts and major systems (such as engines, wings, nacelles, hardware, landing gear, avionics, flight controls and fuselages). Certain of our suppliers are specialized in what they deliver with limited options for alternative suppliers.

Widening geopolitical fractures have intensified global supply chain imbalances. Furthermore, conservative and protective behaviors from businesses and governments, such as increasing demand and hoarding, restrictions or limits on exports, as well as increased competition for critical electrical components, products and commodities, and commodity-based products, have also intensified and may hinder our ability to secure such goods and commodities in a timely fashion or at budgeted costs or both.

Our production and supply chain for many key components, parts and systems in our aircraft is integrated across Canada, the United States and Mexico. Slow-downs or shut-downs (even temporary) of land border crossings between Mexico and the United States, or between the United States and Canada, where such components, parts and systems are normally transported by vehicle could have significant impacts on our production schedules, our ability to deliver aircraft to customers within agreed to timeframes or our ability to service customers' aircraft in a timely and efficient manner. Such slow-downs or shut-downs may also require us to use alternative transportation options, increasing expenses, time and logistical complexity.

Disruptions in our supply chain may impact our ability to meet delivery schedules and support Services needs, and could negatively affect our manufacturing costs. Moreover, failure by one or more suppliers to meet performance specifications, quality standards or delivery schedules could adversely affect our ability to meet our commitments to customers, in particular if we are unable to purchase the key components and parts from those suppliers upon agreed terms or in a cost-effective manner and if we cannot find alternative suppliers on commercially acceptable terms in a timely manner. We may not be able to recover any costs or liability we incur (including liability to our customers) as a result of any such failure from the applicable supplier, which could have a material adverse effect on our financial condition, results of our operations and reputation. Delays and volatility specific to our supply chain requirements could also ultimately have an overall negative impact on our ability to compete on the market, our client relationships, and our growth.

Some of our suppliers participate in the development of products such as aircraft or platforms or newer technologies for aircraft. The advancement of many of our new product development programs also relies on the performance of these key suppliers and, therefore, supplier delays which go unmitigated could result in delays to a program as a whole. These suppliers subsequently deliver major components and own some of the intellectual property related to key components they have developed. Our contracts with these suppliers are therefore on a long-term basis. The replacement of such suppliers, if possible, could be costly and take a significant amount of time.

Our dependence on foreign suppliers and subcontractors and our global operations subjects us to a variety of risks and uncertainties. All of our direct suppliers must comply with our Supplier Code of Conduct, which formalizes our expectations with respect to suppliers' business standards, and is designed to ensure that each of our suppliers' operations are conducted in a legal, ethical, and responsible manner. Increasingly, governments around the globe are requiring that businesses produce reports on the steps they have taken to prevent and reduce the risk that forced labor or child labor is used at any step of the production of their goods, including through the entire supply chain. Our suppliers are required to flow down the requirements of the Supplier Code of Conduct to their supply chain. However, we do not control our independent suppliers or those indirect suppliers and companies with whom they do business and cannot guarantee their compliance with our Supplier Code of Conduct and with applicable laws and regulations or that violations will be reported to us in a timely manner. Any violation of applicable laws and regulations or failure to use ethical business practices by one or more third-party subcontractors or suppliers, including laws and regulations related to, among other things, labour practices, health and safety, and environmental protection, could also materially adversely affect our business and reputation and, in the case of government contracts, could result in fines, penalties, suspension or even debarment being imposed on us.

Human resources (including collective agreements)

Our senior executives have extensive experience in the industry in which we operate and with our business, suppliers, products, services and customers. The loss of management knowledge, expertise and technical proficiency as a result of the loss of one or more members of our core management team could result in a diversion of management resources or a temporary executive gap, and negatively affect our ability to develop and pursue other business strategies, which could materially adversely affect our business and financial results.

Employment market competition is fierce when it comes to hiring the highly qualified managers and specialists needed to complete the work we require, particularly in certain emerging countries. In many of our business areas we intend to expand our business activities, for which we will need highly skilled employees. The success of our development plans depends, in part, on our ability to develop skills, to retain employees, and to recruit and integrate additional managers and skilled employees. Human resource risk includes the risk of delays in the recruitment of or inability to retain and motivate highly skilled employees, including those involved in research and development and manufacturing activities that are essential to our success. There is no guarantee that we will be successful in recruiting, integrating and retaining such employees as needed to accompany our business development, in particular in emerging countries. Conversely, the measures to adapt headcount to evolution in demand may result in pressures from our workforce and social risks, which may have an adverse impact on our expected costs reductions and production capacities.

In addition, we are party to several collective agreements that are due to expire at various times in the future. An inability to renew these collective agreements on mutually agreeable terms, as they become subject to renegotiation from time to time, could result in work stoppages or other labour disturbances such as strikes, walkouts or lock-outs, and/or increased costs of labour, which could adversely affect our ability to deliver products and services in a timely manner and on budget and could adversely affect our financial condition and results.

Additionally, as a result of our continuing review of our business and processes to reduce costs, improve our manufacturing platform, and better position ourselves in the marketplace, it may be necessary to curtail production or permanently shut down facilities, leading to the transfer of employees to new production facilities and processes or to the reduction of our workforce. This could materially adversely impact our relationship with our employees, as well as result in asset write-downs at affected facilities.

Reliance on information systems

We rely on a number of technology and information systems to effectively manage all aspects of our business and operations. Like those of other large multinational companies, our technology and information systems may be vulnerable to a variety of sources of failure, interruption or misuse, including by reason of natural disasters, failure to effectively implement or transition to new systems cybersecurity threats and attacks, network communication failures, computer viruses and other security threats to the confidentiality, availability and integrity of our systems. More specifically, cybersecurity incidents may take the form of system failures and non-availability, cyber-attacks, cyber extortion (including ransomware), breaches of systems' security, electronic crime, malware, unauthorized attempts to gain access to our proprietary and sensitive information, hacking, phishing, identity theft, theft of intellectual property and confidential information, denial-of-service attacks aimed at causing network failures and services interruption, and other cybersecurity threats to our information technology infrastructure and systems. Information security incidents have increased in their magnitude and frequency in recent years due to the proliferation of new technologies, including those powered by artificial intelligence (AI), and the increased sophistication of perpetrators of cyber-attacks, which are further accentuated by increasing geopolitical tensions.

Information contained in our systems may include proprietary, sensitive and/or personal information on our customers, suppliers, partners, employees, business information, research and development activities and our intellectual property. Unauthorized third parties may be able to penetrate our network security and misappropriate or compromise our confidential information, deploy viruses, worms and other malware or phishing that would exploit any security vulnerabilities in our management information systems, create system disruptions or cause machinery or plant shutdowns. Such attacks could potentially lead to the publication, manipulation or leakage of information, including the information of our customers', employees', suppliers', shareholders' or business contacts' proprietary, confidential or personal data information, improper use of our systems, defective products, production downtimes, and supply shortages, and result in third-party claims against us, reputational harm, regulatory fines or financial loss. Misuse of (AI) tools by employees may also give rise to inappropriate disclosure of confidential information. Our partners and suppliers also face risks of disruption or unauthorized access to their information systems which may be integrated in Bombardier operations or may contain our confidential information. If they are affected, it could also adversely affect Bombardier's business, financial condition, results of operations or reputation.

The Cyber Security team, under the direction of the Chief Information Security Officer, and with support of the Executive Vice-President responsible for IT and Operational Excellence at Bombardier and the Chief Information Officer, among others, supervises and maintains technical and process controls, enforcement and comprehensive monitoring of systems and networks designed to prevent, detect and respond to unauthorized activity in our systems. We also provide employee training on safe AI practices and monitor evolving threats related to AI-driven technologies; however, despite these measures, the rapid proliferation and evolution of AI-driven tools and potential misuse by our employees, suppliers, contractors, service providers, advisors or other agents could still pose operational, legal, and cybersecurity risks to our business.

The aforementioned Executive Vice-President provides presentations to the Audit Committee of the Board on a quarterly basis regarding IT (including cybersecurity) and other technology developments at the Corporation. Considering the complexity and evolving nature of the threats, as well as the unpredictability of the timing, nature and scope of disruptions from such threats, we cannot ensure that the measures taken are or will be sufficient to counter any such unauthorized access to information systems, nor that our assessment and mitigation measures are or will be sufficient to avoid, or mitigate the impact of a system failure.

The integrity, reliability and security of information in all forms are critical to our success. Inaccurate, incomplete or unavailable information and/or inappropriate access to information could lead to incorrect financial and/or operational reporting, poor decisions, delayed reaction times to the resolution of problems, privacy breaches and/or inappropriate disclosure or leaking of sensitive information. Any system failure, excessive delays or disruptions in implementing or transitioning to new systems, cyber-attack or a breach of systems could result in disruption of activities and operational delays, information losses, significant remediation costs, increased cybersecurity costs, lost revenues due to a disruption of activities, diminished competitive advantage and/or litigation and reputational harm affecting customer and investor confidence, which could materially adversely affect our business, financial condition, and results of our operations.

Material losses may be incurred related to the foregoing beyond the limits or outside the coverage of any insurance and existing provisions for such losses may not cover, or may not be sufficient to cover, the ultimate loss or expenditure. We may also be unable to maintain insurance to cover these risks at acceptable costs or terms, and may elect not to purchase insurance coverage against certain risks. Furthermore, media or other reports of perceived security vulnerabilities of our systems, even if no breach has been attempted or had occurred, could adversely impact our brand and reputation and materially impact our business and financial results.

Reliance on and protection of intellectual property

We regularly apply for new patents and actively manage our intellectual property portfolio to secure our technological position. However, our patents and other intellectual property may not prevent competitors from independently developing, or obtaining through licensing, alternative technologies that are substantially equivalent or superior to ours, and we cannot provide assurance that the measures we have taken will be sufficient to prevent any misuse or misappropriation of our intellectual property. Furthermore, we cannot assure that all our registration applications will be successful, or our registered intellectual property rights will not be subject to any objection. We may be limited in our ability to acquire or enforce our intellectual property rights in some countries. Litigation related to our intellectual property rights could be lengthy and costly and could negatively affect our operations or financial results, whether or not we are successful in defending a claim. If the steps we have taken and the protection afforded by law do not adequately safeguard our intellectual property rights, or we are not able to register or defend our intellectual property rights, and our competitors exploit our intellectual property in the manufacture and sale of competing products in the markets we operate, such events could materially and adversely affect our business.

We could also face claims by others that we are improperly using intellectual property owned by them or otherwise infringing their rights in intellectual property. Irrespective of the validity or the successful assertion of such claims, we could incur costs in either defending or settling any intellectual property disputes alleging infringement. Adverse rulings in any litigation or proceeding could result in the loss of our proprietary rights and subject us to significant liabilities or even business disruption. Any potential intellectual property litigation against us could also force us to, among other things, cease selling the challenged products, develop non-infringing alternatives or obtain licences from the owner of the infringed intellectual property. We may not be successful in developing such alternatives or in obtaining such licences on reasonable terms or at all, which could damage our reputation and affect our financial condition and profitability.

Adverse publicity related to incidents, claims or litigation involving us or our suppliers or subcontractors may impact our reputation and brand.

Regarding third party intellectual property, as necessary, we enter into intellectual property license agreements or contracts with license clauses conferring Bombardier the necessary rights to ensure we can use the intellectual property that we need on an ongoing basis. Our supplier contracts also generally contain indemnification provisions whereby the supplier indemnifies us if the system or product provided by the supplier infringes third party intellectual property rights. However, despite these measures, we remain exposed to the risk that licenses could be terminated, indemnities may not fully cover potential claims, or suppliers may lack the financial capacity to honor indemnification obligations, which could result in costly litigation, operational disruptions, or reputational harm.

Reputation risks

Reputational risk may arise under many situations including, among others, quality or performance issues on our projects, product safety issues, a poor health and safety record, failure to maintain ethically and socially responsible operations, or alleged or proven non-compliance with laws or regulations by our employees, representatives, agents, subcontractors, suppliers and/or partners. Any negative publicity about, or significant damage to our image and reputation could have an adverse impact on customer perception and confidence and may cause the cancellation of current contracts or projects, and influence our ability to obtain future contracts or projects, which could materially adversely affect our business, results of operations and financial condition. Also, the pervasiveness and viral nature of social media could perpetuate or exacerbate any negative publicity with respect to our business practices and products.

Furthermore, any unethical conduct by a supplier or subcontractor or any allegations, whether or not founded, of unfair or illegal business practices by a supplier or subcontractor, including production methods, labour practices, health and safety and environmental protection, could also reflect negatively on us and materially adversely affect our image and reputation, which could in turn materially adversely affect our business and financial results. See also the subsection “*Supply chain risks*” herein above of this Operational Risks section for more information regarding the risks related to the conduct of our suppliers.

Scrutiny and perception gaps regarding sustainability matters and climate change

Evolving stakeholder expectations with respect to environmental, social and governance considerations (collectively, “Sustainability”), as well as the impact of climate change may pose risks to our brand and reputation, ability to attract and retain talent, financial outlook, cost of capital, global supply chain and business continuity, which may impact our ability to achieve long-term business objectives. We may fail to adequately monitor and mitigate emerging risks in a rapidly changing ecosystem and to sufficiently address evolving expectations related to Sustainability topics, which could affect corporate profitability and reputation.

Additional Sustainability and climate-regulations, such as new anti-“greenwashing’’ legislation, mandatory reporting on climate, labour practices and modern slavery within production and supply chains, and other similar legislation, create new and evolving compliance risks and potential for legal action by activist groups or unflattering media reports. While management is actively monitoring these regulatory developments, and is committed to comply with all applicable laws, we may not always be able to properly meet these continually changing obligations, which vary between jurisdictions. Gaps in perception and acceptability of how Sustainability and climate factor into shareholder value require vigilance and consideration when it comes to reporting and communication. As Sustainability performance is assessed by proxy advisory agencies and certain institutional investors, we could face governance issues or stakeholder criticism if we do not meet their expectations.

Adequacy of insurance coverage for our business, products and properties

We maintain insurance policies in accordance with the needs of our business. However, we cannot guarantee that our insurance policies will provide adequate coverage should we face extraordinary occurrences that result in losses. We may not obtain certain insurance coverage, may experience difficulties in obtaining or maintaining the insurance coverage we need at acceptable levels, costs or terms, and may elect not to purchase insurance coverage against some risks, which could materially and adversely affect our business, financial condition and results of operations.

Accidents or natural disasters may also result in significant property damage, disruption of our operations and personal injuries or fatalities, and our insurance coverage may be inadequate to cover such losses. In the event of an uninsured loss or a loss in excess of our insured limits, we could suffer damage to our reputation and/or lose all or a portion of our production capacity as well as future revenues expected to be generated by the relevant facilities. Any material loss not covered by our insurance could adversely affect our business, financial condition and results of operations. Moreover, any accident, failure of, or defect in our products or services, even if fully indemnified or insured, could significantly impact the cost and availability of adequate insurance in the future.

Risk management policies, procedures and strategies

We have devoted significant resources to develop our risk management policies, procedures and strategies and will continue to do so in the future. Nonetheless, our policies, procedures and strategies may not be sufficiently comprehensive. Many of our methods for identifying, analyzing and managing risk and exposures are based upon risk management processes that are embedded in governance and our business activities, focusing on all stages of the product development and manufacturing process. Risk management methods depend upon the evaluation and/or reporting of information regarding product development, manufacturing and management, industry outlooks, markets, customers, project execution, catastrophe occurrence or other matters publicly available or otherwise accessible to us. This information may not always be accurate, complete, up-to-date or properly evaluated or reported. Failure to properly identify risks, or to development adequate policies, procedures or strategies to mitigate risks, could negatively impact our business plans and operations, and in turn have a material adverse affect on our business, outlook, financial condition and results of operations.

Acquisitions

We may acquire businesses for strategic or other purposes. Achieving anticipated benefits and synergies of an acquisition will depend in part on whether the operations, systems, management and cultures of our Corporation and the acquired business can be integrated in an efficient and effective manner and whether the presumed bases or sources of synergies produce the benefits anticipated. We may not be able to achieve anticipated synergies and benefits for an acquisition for many reasons, including contractual constraints, an inability to take advantage of expected synergistic savings and increased operating efficiencies, loss of key employees, or changes in tax laws and regulations. The process of integrating an acquired business may lead to greater than expected operating costs, significant one-time write-offs or restructuring charges, distraction for management and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, or suppliers). Failure to successfully integrate an acquired business could have a material adverse impact on our business activities, financial condition, profitability and outlook.

Additionally, acquisitions are subject to a range of inherent risks, including the assumption of incremental regulatory/compliance, pricing, supply chain, commodities, labour relations, litigation, environmental, pensions, IT, tax, or other risks. While due diligence on an acquisition target is intended to mitigate such risks, these efforts may not always prove to be sufficient in identifying all risks and liabilities related to the acquisition for various reasons. Moreover, we may identify risks and liabilities that we are not able to sufficiently mitigate through appropriate contractual indemnities or other protections. The realization of any such risks could have a material adverse impact on our business activities, financial condition, profitability and outlook.

Tax matters and changes in tax laws

As a multinational company conducting operations through subsidiaries in multiple jurisdictions, we are subject to income and other taxes, tax laws and fiscal policies in numerous jurisdictions. Our effective income tax rate in the future could be adversely affected as a result of a number of factors, including changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws, (including based on the Organization for Economic Cooperation and Development’s Pillar Two Global Minimum Tax regime), treaties or regulations or their interpretation, and the outcome of income tax audits in various jurisdictions around the world.

We regularly assess all of these matters to determine the adequacy of our tax liabilities. In determining our provisions for income taxes and our accounting for tax-related matters in general, we are required to exercise judgment. We regularly make estimates where the ultimate tax determination is uncertain. There can be no assurance that the final determination of any tax audit, appeal of the decision of a taxing authority, tax litigation or similar proceedings will not be materially different from that reflected in our historical financial statements. The assessment of additional taxes, interest and penalties could be materially adverse to our current and future results of operations and financial conditions.

Our Canadian and foreign entities undertake certain operations with other currently existing or new subsidiaries in different jurisdictions around the world. The tax laws of these jurisdictions, including Canada, have detailed transfer pricing rules that require that all transactions with non-resident related parties be priced using arm's length pricing principles. The taxation authorities in the jurisdictions where we carry on business could challenge our arm's length-related party transfer pricing policies. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment. If any of these taxation authorities were to successfully challenge our transfer pricing policies, our income tax expense may be adversely affected, and we could also be subjected to interest and penalties. Any such increase in our income tax expense and related interest and penalties could have a material adverse effect on our business, results of operations or financial condition.

Financing risk

Liquidity and access to capital markets

Our business is cyclical and highly capital-intensive. In the ordinary course of our business, we rely on cash and cash equivalents, cash flows generated by operations, capital market resources such as debt and equity and other financing arrangements, and certain working capital financing initiatives such as the sale of receivables, arrangements for advances from third parties and the negotiation of extended payment terms with certain suppliers to satisfy our financing needs. There can be no assurance that such working capital cash sources will be available to us in the future on acceptable terms or at all.

Our ability to achieve our business and cash generation plans is based on a number of assumptions which involve significant judgments and estimates of future performance, borrowing capacity and credit availability, which cannot at all times be assured.

The Corporation also routinely reviews its debt profile with a view to managing or extending maturities and/or negotiating more favorable terms and conditions with respect to its financing arrangements.

From time to time, we undertake various financing initiatives to solidify our liquidity position. There are no assurances that we will be able to implement these or any other strategic options on favorable terms and timing or at all, and, if implemented, that such actions would have the planned results.

There can be no assurance that our expected cash flows from operating activities, combined with available liquidity will be sufficient to enable the development of new products to enhance competitiveness and support growth and will enable us to meet all other expected financial requirements or plans in the foreseeable future.

If our cash flows and other capital resources are insufficient to fund the required work on our ongoing contracts, programs and projects, as well as our capital expenditures and debt service obligations, we could be forced to reduce or delay deliveries, investments and capital expenditures or to seek additional debt or equity capital. We may not be able to obtain alternative capital resources, if necessary, on favorable terms or at all.

A decline in credit ratings, a significant reduction in the surety or financing market global capacity, widening credit spreads, changes in our outlook or guidance, significant changes in market interest rates or general economic conditions or an adverse perception by banks and capital markets of our financial condition or prospects could all significantly increase our cost of financing or impede our ability to access financial markets. Our credit ratings may be impacted by many factors, including factors outside of our control relating to our industry or countries and regions in which we operate, and, accordingly, no assurance can be given that our credit ratings may not be downgraded in the future. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, may increase our cost of financing.

Our right to convert into cash certain deposits or investments, held in financing structures to guarantee our obligations, may be subject to restrictions. Our right to access and use cash or other deposits, held in trust or in escrow arrangements to guarantee certain obligations, may be challenged or subject to restrictions. Additionally, in some countries, cash generated by operations may be subject to restrictions on the right to convert and/or repatriate money and may thus not be available for immediate use.

Substantial debt and significant interest payment requirements

We currently have, and expect to continue to have, a substantial amount of debt, and significant interest payment requirements. Our level of indebtedness could have significant consequences, including the following:

- it may be more difficult to satisfy our obligations with respect to our indebtedness;
- our vulnerability to general adverse economic and industry conditions may be increased;
- we may be required to dedicate a substantial portion of our cash flows from operations to interest and principal repayments on our indebtedness, reducing the availability of cash flows to fund capital expenditures, working capital, acquisitions, new business initiatives and other general corporate purposes;
- our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate may be limited;
- we may be placed at a disadvantage compared to our competitors that have less debt or greater financial resources;
- it may limit, along with other covenants to which we are subject, among other things, our ability to borrow additional funds on commercially reasonable terms, or at all;
- we may be required to monetize assets on terms that are unfavorable to us; and
- we may be required to offer debt or equity securities on terms that are not favorable to us or our shareholders.

We have various debt maturities ranging between 2026 and 2034, and we cannot provide assurance that this indebtedness will be refinanced on favorable terms or at all.

For more information regarding our long-term debt, see Note 27 - Long-term debt, to our Consolidated financial statements.

Restrictive and financial debt covenants

Restrictive covenants in certain agreements and instruments governing our indebtedness, including our outstanding senior notes and certain credit facilities, may materially restrict our financial flexibility or may have other material adverse effects on our business, results of operations, financial condition, liquidity, and cash flows. We are, and may be increasingly in the future, party to certain credit facilities and other asset-based and asset-backed financing arrangements which contain covenants that, among other things, restrict our and our subsidiaries' ability to: (i) dispose or acquire assets or enter into mergers; (ii) incur additional indebtedness; (iii) incur guarantee obligations; (iv) declare dividends and distributions, prepay indebtedness, or amend certain financing arrangements; (v) create liens; (vi) make certain investments, loans, advances or capital expenditures; (vii) make changes to our business; and (viii) engage in certain transactions with affiliates. In addition, certain of these agreements and instruments may from time to time also include financial covenants which may be required to be met at all times or under specified circumstances. The breach of any of these restrictive covenants or financial covenants could result in draw limitations or default under the relevant agreement, which could, in turn, cause cross-acceleration or cross-defaults under our other financing arrangements. In such event, we may be unable to borrow under our financing arrangements and may not be able to repay the amounts due under such arrangements, which could have a material adverse effect on our business, results of operations, financial condition, liquidity, and cash flows.

Our ability to comply with these covenants may also be affected by events beyond our control. A breach of any of these agreements or our inability to comply with these covenants could result in a default under these financing arrangements, which would permit our banks to request immediate defeasance or cash cover of all outstanding letters of credit, and our bondholders and other lenders to declare amounts owed to them to be immediately payable. If any of these financing arrangements is accelerated, or we are subject to significant cash cover obligations, we may not be able to refinance such facilities on terms acceptable to us or at all. There can be no assurance that we would be able to obtain waivers or amendments of any such breaches or defaults or be able to cash cover or refinance such arrangements, on terms acceptable to us or at all.

Although the terms of our credit facilities and certain of our other debt instruments contain or may from time-to-time contain restrictions on the incurrence of additional debt, including secured debt, or to enter into new senior secured facilities, these restrictions are subject to a number of exceptions provided certain conditions are met. If we incur additional debt in the future, we may be subject to additional or more restrictive covenants than those to which we are subject now.

Retirement benefit plan risk

We are required to make contributions to a number of pension plans, some of which are presently in a deficit position. Pension funding requirements are dependent on regulatory requirements and on the valuations of plan assets and liabilities, which are subject to a number of factors, including expected returns on plan assets, long-term interest rates, as well as applicable actuarial practices and various other assumptions. The potential requirement to make additional contributions as a result of changes to regulations, actuarial assumptions or other factors may reduce the amount of funds available for operating purposes, thus limiting our financial flexibility and weakening our financial condition.

There is no assurance that retirement benefit plan assets will earn the expected rates of return. The ability of our retirement benefit plan assets to earn these expected rates of return depends in large part on the performance of capital markets. Market conditions also affect the discount rates used to calculate our net retirement benefit liabilities and could also impact our retirement benefit costs, cash funding requirements and liquidity position.

The net retirement benefit liability is highly sensitive to variations to the underlying discount rate, which represents the market rate for high-quality corporate fixed-income investments at the end of each reporting period consistent with the currency and estimated term of the benefit obligations. As a result, the discount rates change is based on market conditions.

Credit risk

We are exposed to credit risk through our derivative financial instruments and other investing activities carried out as part of our normal treasury activities, as well as through our trade receivables arising from normal commercial activities.

We also have exposure to banks in the form of periodically placed deposits and credit commitments. In the event the banks with which we transact are unable to withstand regulatory or liquidity pressures, financing arrangements, including letter of credit facilities, may become unavailable or we may not be able to extend such arrangements upon their maturity.

Government support

From time to time, we have or may receive various types of government financial support. The level of government support reflects government policy and depends on fiscal spending levels and other political and economic factors. We cannot predict if future government-sponsored support will be available. The loss of or any substantial reduction in the availability of government support could negatively impact our assumptions related to the development of aircraft products and services. In addition, any future government support received by our competitors could have a negative impact on our competitiveness, sales and market share. While most governmental support is permissible, under international law, if challenged, a government support could be determined as either prohibited subsidies or actionable subsidies that cause adverse effects to others and may result in the application of remedies including the imposition of import duties.

Regulatory and legal risk

We are subject to numerous risks relating to current and future regulations, as well as legal proceedings, both present or that may arise in the future.

Given our size, and current and historical operations, including in respect of the Transportation business which was divested in January 2021, we are, and may become, in the normal course of business, party to lawsuits, investigations and claims seeking damages and other relief, including those involving allegations of late deliveries of goods or services, product liability, product defects, quality problems, intellectual property infringement, claims arising from divestiture or acquisition transactions, claims arising due to supply chain challenges and pressure on supply costs, obligations under our financing arrangements, obligations to current or former employees, and general liability arising from applicable laws and regulations (see below for more details). In addition, while clients and subcontractors may agree under various contractual arrangements to indemnify us against certain liabilities, such third parties may refuse or be unable to pay. These matters may also divert financial and management resources that would otherwise be used to benefit our operations, and the cost to pursue or defend litigation or address investigations may be significant.

Due to the inherent uncertainties of litigation and investigations, it is not possible to (a) predict the final outcome of these and other related proceedings generally or (b) determine the amount of potential losses, if any, that may be incurred in connection with any final judgment or decision on these matters. In connection with the settlement of litigations and investigations, a number of conditions may be imposed on Bombardier, and we may be required to undergo certain changes to our business practices which could impose additional costs and adversely affect our ability to pursue business opportunities.

While we maintain insurance coverage for various aspects of our business and operations, our insurance programs have varying coverage limits and exceptions. Material losses may be incurred related to litigation beyond the limits or outside the coverage of current insurance and existing provisions for litigation-related losses may not be sufficient to cover the ultimate loss or expenditure. Moreover, legal proceedings resulting in judgments or findings against us may harm our reputation and place us at a disadvantage for future orders or contract awards. There may also be adverse publicity associated with investigations and litigation, including, without limitation, litigation related to product safety, which could negatively affect our clients and our ability to attract new clients, the public perception of our business or our reputation, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, these could materially adversely affect our business and financial results.

In addition, as part of the regulatory and legal environments in which we operate, we are subject to and we face risks relating to non-compliance with local and foreign laws, regulations, rules and other current, new or changing legal requirements enforced by governments or other authorities, including with respect to trade controls, tariffs, embargoes, international sanctions and other trade restrictions, lobbying or similar activities, securities, antitrust, data privacy, domestic and international taxes, environmental and labour relations, as well as laws related to corruption, anti-competitive acts, bribery, and ethics-related issues, which could have a significant adverse impact on our business. Notably, sales to customers are subject to such laws and regulations. Under some of these, a company may be found liable for violations resulting not only from actions of certain of its employees, but also in certain circumstances from actions of its contractors and third-party representatives or agents.

Our Code of Ethics and other corporate policies mandate compliance with laws and regulations regarding anti-bribery and anti-corruption, insider trading and tipping, fraud, money-laundering, competition and anti-trust, sanctions and trade controls, lobbying and others, and we have implemented training programs, internal monitoring and controls, and reviews and audits to promote compliance with such laws. However, there can be no assurance that our internal control policies and procedures will allow us to timely detect and protect us from recklessness, fraudulent behaviour, dishonesty or other inappropriate behaviour on the part of our employees, contractors, suppliers, affiliates, consultants, representatives, agents, and/or partners. Misconduct or failure by our employees, contractors, suppliers, affiliates, consultants, representatives, agents, and/or partners to comply with applicable laws and regulations, and notably anti-bribery and anti-corruption laws, could impact Bombardier in various ways that include, but are not limited to, criminal, civil and administrative legal sanctions, debarment from bidding for or performing government contracts, and negative publicity, and could have a significant negative effect on our business, results of operations, profitability, share price, financial condition, the public perception of our business, reputation, expansion efforts, and ability to attract and retain employees and clients. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny of and punishment to companies convicted of violating anti-corruption and anti-bribery laws. See also the subsection “Operational Risks - Supply chain risks” hereinabove.

Also refer to our Risk Factor on “Financing Risks” and our Note 36 - Commitments and contingencies, to our Consolidated financial statements.

General Economic Risk

The markets in which we operate may from time to time be affected by a number of local, regional and global factors. Since our sales and operations are undertaken around the world, we may be directly or indirectly affected by unfavorable political conditions or economic slowdowns occurring within these geographic zones and our business may be exposed to a number of related risks.

Should uncertain global economic situations persist over time or deteriorate, should economic headwinds in certain countries, regions or key markets intensify or spread to other countries, or should the global economic environment deteriorate or fall into recession, this could, in particular, result in potential buyers postponing the purchase of our products or services, lower order intake, order cancellations or deferral of deliveries, lower availability of customer financing, an increase in our involvement in customer financing, downward pressure on selling prices, increased inventory levels, decreased level of customer advances, slower collection of receivables, reduction in production activities, paused or discontinued production of certain products, termination of employees or adverse impacts on suppliers.

Epidemics, Pandemics, and Other Global Health Crises

Since the COVID-19 pandemic, there have been lasting changes to the global economy and markets, including global supply chain pressures, significantly increased inflation, and workforce availability and demands. The emergence of any new significant outbreak, epidemic or pandemic of contagious diseases in any geographic area in which we operate could cause some governments to reinstate the types of emergency measures that were enacted at the height of the COVID-19 pandemic to contain the spread of the virus, including the implementation of travel bans, self-imposed quarantine periods, self-isolation, physical and social distancing and the closure of non-essential businesses, which would similarly significantly disrupt global health, economic, market and labour conditions, and create varying degrees of slowdowns in the global economy and recessions.

Any of the foregoing could bring about new or exacerbate existing pressures on global supply chains, workforce availability and markets in Canada and globally, resulting in uncertainty and a challenging economic environment, which could in turn have a material negative impact on the Corporation’s business activities, financial condition, cash flows, profitability, prospects and results of operations in future periods. A global health crisis of a similar scale or scope as the COVID-19 pandemic may also have the effect of heightening other risks and uncertainties disclosed and described below in this MD&A.

Counterparty risks

Uncertainties in the global economy have an adverse effect on the economies and financial markets of many countries, which increases the risk of defaults from our suppliers, customers and other counterparties, delays in deliveries of goods or services or payments by such counterparties, and difficulties in enforcing our agreements and collecting receivables. In such an economic environment, our suppliers, customers and other counterparties may seek to terminate or to amend their agreements for the supply or purchase of products or services as a result of distress on their operational or financial situation (including bankruptcy, operational shutdowns or failures, lack of liquidity or funding, or other reasons).

If we or any of the third parties with whom we engage, including suppliers, service providers, customers and other third parties with whom we conduct business, were to experience long-term effects such as prolonged or permanent shutdowns or other business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively impacted, including the impairment of our product development activities for a period of time, which could also lead to loss of customers, as well as reputational, competitive, or business harm.

Heightened impact of other risks

Several of the other risks and uncertainties disclosed in this Financial Report for the fiscal year ended December 31, 2025 could be particularly exacerbated by extraordinary externalities, including, but not limited to, risks described under “Our order backlog may not be indicative of future revenues”, “Cash flows and capital expenditures", "Seasonality and cyclicality of financial results", "Environmental, health and safety risks", "Dependence on limited number of contracts and customers", "Supply chain risks", "Liquidity and access to capital markets", "Credit risk", "Substantial debt and significant interest payment requirements", "General economic risk", "Business environment risk", and "Market Risk".

Mitigation measures

While we make efforts to manage and mitigate existing or reasonably foreseeable risks to the markets in which we operate, the effectiveness of these efforts and the extent to which economic slowdowns, global health or geopolitical or military events in various parts of the world affects the Corporation's business will depend on factors beyond our control. The Corporation may experience material adverse effects to its business, operations, financial condition, cash flows, margins, prospects and results of operations as a result of prolonged or new disruptions in the global economy and any resulting recession.

Business environment risk

Financial condition of business aircraft customers

The purchase of aviation products and services may represent a significant investment for a corporation, an individual or a government. When economic or business conditions are unfavorable, potential buyers may delay the purchase of our aviation products and services. The availability of financing is also an important factor and credit scarcity can cause customers to either defer deliveries or cancel orders.

An increased supply of used aircraft as companies restructure, downsize or discontinue operations could also add downward pressure on the selling price of new and used business and commercial aircraft. We could then be faced with the challenge of finding ways to further reduce costs and improve productivity to sustain a favorable market position at acceptable profit margins. The loss of any major fractional ownership or charter operator as a customer or the termination of a contract could significantly impact our financial results.

Trade policy

As a globally operating organization, our business is subject to government policies related to import and trade restrictions and business acquisitions, support for export sales, and world trade policies including specific regional trade practices. As a result, we are exposed to risks associated with changing priorities by government and supranational agencies.

In addition, protectionist trade policies and changes in the political and regulatory environment in the markets in which we operate, such as foreign exchange import and trade controls, tariffs and other trade barriers, "buy local" government initiatives, price or exchange controls, retaliations to any such trade protection policies or measures, as well as potential changes to free trade arrangements (including the scheduled 2026 joint review of the United States-Mexico-Canada Agreement (USMCA)) could affect our business in several national markets, disrupt our supply chain, impact our sales and profitability and make the repatriation of profits difficult, and may expose us to penalties, sanctions and reputational damage.

In particular, the executive orders signed by the President of the United States on February 1, 2025 directing the United States to impose new tariffs on imports originating from Canada, Mexico and China (and any new tariffs, retaliatory tariffs or other trade protectionist measures implemented in connection therewith), as well as the withdrawal, early termination or significant amendments to the USMCA, could have material negative impacts on sales of our aircraft to customers in the United States, and could be highly disruptive and costly to our production and supply chain which is integrated across Canada, the United States and Mexico for many key components, parts and systems in our aircraft (see also "*Supply chain risks*" under the Operation Risks section of these Risks and Uncertainties). We are closely following developments and are working collaboratively with key government and trade representatives in Canada, the United States and Mexico to find acceptable and workable solutions that will avoid or mitigate such tariffs or major disruptions to existing trade arrangements under the USMCA that could impact our sales and operations. However, there can be no guarantee that: (i) existing tariffs will be lifted; (ii) new tariffs or changes to existing trade agreements would not be implemented; and (iii) we will be able to avoid or mitigate the impact of such tariffs or changes to trade agreements. Such changes, even if temporary, could result in the Corporation absorbing some or all of new tariffs, as well as delays or the cancellations of existing aircraft orders and the return of pre-delivery payments less liquidated damages, reduced new orders for our aircraft impacting our backlog and cash flows, and potentially lower profitability from reduced sales and/or increased costs. The materialization of any of the foregoing could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Governmental disruptions

Disruptions in the normal functioning of governments in countries or regions in which we operate or have suppliers or customers, such as failures to form a governing party or lapses in the continued funding of governmental or regulatory operations, could result in: disruptions or delays in government functions necessary for certification, registration, licensing, or import or export of aircraft, aircraft parts and other activities of our business; interruptions in a government’s ability to conclude transactions, fund its activities or pay its obligations; and other potential disruptions to our business or operations. The materialization of any of the foregoing could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Increased competition from other businesses

We face intense competition in the markets and geographies in which we operate. We face competition from strong competitors, some of which are larger and may have greater resources in a given business or region, as well as competitors from emerging markets and new entrants, which may have a better cost structure. In the markets and geographies in which we compete, competitors are developing numerous aircraft programs, with entries-into-service expected throughout the next decade. We face the risk that market share may be eroded if potential customers opt for competitors’ products. We may also be negatively impacted if we are not able to meet product support expectations or provide an adequate international presence for our diverse customer base.

Political instability and geopolitical tension

Political instability, which may result from various factors, including social or economic factors, in certain regions of the world may be prolonged and unpredictable. Geopolitical tensions, including between nations in which we operate, do business or seek to do business, or where our clients or potential clients reside, have been rising globally and can arise suddenly and with limited foreseeability. In some parts of the world, political instability has become more pronounced, protracted and unpredictable. Any new or increased geopolitical tensions, or prolonged political instability, in regions or markets in which we participate could lead to delays or cancellation of orders for our products or services, or prohibit or impede our ability to expand our business in such regions. It is possible that in the markets we serve, unanticipated political instability could impact our operating results and financial position.

Geopolitical and economic risks, including from existing or threatened military conflicts, such as conflicts in the Middle East, or Russia and Ukraine, or other geopolitical conflicts, and volatility in the energy markets, have raised concerns in international economies. Depending on geopolitical factors, including national security and foreign policy, new sanctions could be introduced or existing ones expanded at any time, potentially adversely affecting our business activities. Beyond any immediate impact, these developments may also negatively affect the evolution of the global economy.

We continue to monitor all relevant developments, analyze any new risks that arise, and assess the impacts that they may have on our organization.

Global climate change

Global climate change and the transition to a lower carbon economy could exacerbate certain of the threats facing our business which can be categorized as physical risks or transition risks.

- Physical risks:
  Physical risks include the increase in frequency and severity of weather-related events, which can disrupt our operations, damage our infrastructure or properties, create financial risk to our business or otherwise affect our results of operations, financial position or liquidity. These may result in substantial costs to respond during and after the event, to recover from the event and possibly to modify infrastructure to prevent recurrence. Climate changes could also disrupt operations by impacting the availability of materials needed for manufacturing and could increase insurance and other operating costs.

  The potential physical impacts of climate change on our operations are highly uncertain, could be more frequent and could be particular to the geographic circumstances in areas in which we operate. It may include changes in rainfall and storm patterns and intensities, water shortages, rising water levels and changing temperatures. These factors may impact our decisions to construct new facilities or maintain existing facilities in areas most prone to climate risks. We could also face indirect financial risks passed through the supply chain and process disruptions due to climate changes, which could result in price modifications for our products and the resources needed to produce them. These impacts may adversely impact the cost, production, and financial performance of our operations.

- Transition risks:
  Concerns about the environmental and climate impacts of air travel and tendencies towards alternative travel options, and in particular social media movements drawing negative attention to business jet travel by activist groups, have contributed to higher scrutiny regarding business jet emissions which could reduce demand for air travel and adversely impact our business and reputation.

- Global climate change also results in regulatory risks which vary by jurisdiction. Our products and our manufacturing and services activities are subject to environmental regulations by federal, provincial and local authorities in Canada and applicable local regulatory authorities for our operations outside of Canada. There continues to be a lack of consistency and volatility in climate legislation, which creates economic and regulatory uncertainty. Most countries where we carry out manufacturing or services activities are at various stages of developing or removing emission allocations and trading schemes or implementing a carbon tax. In 2025, our regulatory risks associated with climate change mainly fell under our obligations to the European Union Emission Trading Scheme, the United Kingdom Climate Change Agreement, the United Kingdom's Carbon Reduction Commitment energy efficiency scheme (launched in April 2010), the Energy Savings Opportunity Scheme and the Québec-California trading scheme as part of the Western Climate Initiative. Increased public awareness and concern regarding global climate change may result in more legislative and/or regulatory requirements to reduce or mitigate the effects of greenhouse gas emissions. Moreover, the business aviation industry, including Bombardier, relies heavily on the use of Sustainable Aviation Fuel (SAF) to meet the industry net-zero emission target, and a slower ramp-up of SAF could translate into an increased industry exposure. The impact to us and our industry from legislation and increased regulation regarding climate change is likely to be adverse and could be significant. Such measures could result in significant costs on us, on our customers and on our suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting, and other compliance costs that could adversely affect our business, financial condition, operating performance, and ability to compete. In addition, such regulatory changes could necessitate us to develop new technologies, requiring significant investments of capital and resources.

Force majeure

Force majeure events are unpredictable and may have significant adverse results such as: personal injury or fatality; damage to or destruction of ongoing projects, facilities or equipment; environmental damage; delays or cancellations of orders and deliveries; delays in the receipt of materials from our suppliers; delays in projects; or legal liability.

Market risk

Foreign exchange risk

Our financial results are reported in U.S. dollars and a significant portion of our sales and operating costs are transacted in currencies other than U.S. dollars, most often Canadian dollars, Mexican pesos, Singapore dollars and euros.

We have adopted a progressive hedging strategy to limit the effect of currency movements on our results. Such contracts hedge foreign-currency-denominated transactions and any change in the fair value of the contracts could be offset by changes in the underlying value of the transactions being hedged. The use of forward foreign exchange contracts also contains an inherent credit risk related to default on obligations by the counterparties to such contracts.

Although we aim to have foreign-exchange hedging contracts with respect to all currencies in which we do business, there may be situations where we do not have hedging contracts or are not fully hedged for various reasons, including regulation, and market availability and accessibility.

As a result, there can be no assurance that our approach to managing our exposure to foreign-exchange rate fluctuations will be effective in the future or that we will be able to enter foreign-exchange hedging contracts as deemed necessary on satisfactory terms.

In situations where we are not fully hedged, our results of operations are affected by movements in these currencies against the U.S. dollar. Significant fluctuations in relative currency values against the U.S. dollar could thus have a significant impact on our future profitability. Additionally, the settlement timing of foreign currency derivatives could significantly impact our liquidity.

Fluctuations in foreign currency exchange rates could also have a material adverse effect on the relative competitive position of our products in markets where they face competition from competitors that are less affected by such fluctuations.

Interest rate risk

We are exposed to gains and losses arising from changes in interest rates, which include marketability risks, through our financial instruments carried at fair value. These financial instruments include certain derivative financial instruments.

Commodity price risk

We are exposed to commodity price risk relating principally to fluctuations in the cost of materials used in our supply chain, such as aluminum, advanced aluminum alloys, titanium, steel and other materials that we use to manufacture our products, and which represent a significant portion of our cost of sales. We do not maintain significant inventories of raw materials and components and parts. The prices and availability of raw materials and components and parts may vary significantly from period to period due to factors such as, without limitation, consumer demand, supply, market conditions, geopolitical factors, climate change and costs of raw materials. In particular, raw materials required for our operations, may be subject to pricing cyclicality and periodic shortages from time to time. We cannot guarantee that corresponding variations in cost will be fully reflected in contract prices, and we may be unable to recoup these raw material price increases, which could affect the profitability of such contracts. See also "*Supply chain risks*" under the Operation Risks section and "*Trade Policy*" under Business environment risk of these Risks and Uncertainties.

Inflation risk

Global economies in which we and our suppliers operate, and in which our customers reside, have experienced broad significant inflationary pressures over the past two years, and future inflationary pressures remain fluid and uncertain. Our business is exposed to inflation risk relating to fluctuations in costs and revenue for aircraft orders received but for which the delivery will take place several years in the future. Revenues for these orders are adjusted for price escalation clauses linked to inflation. Fluctuations in inflation rates could nevertheless have a significant impact on our future profitability if the inflation rate assumption used differs from the actual inflation rate, and this is a particularly acute risk in respect of large long-term contracts which may have an impact on our results for several years. Our inability to recover, in whole or in part, the increase in costs from inflationary pressures may have a material adverse impact on our business, financial condition and results of operations.

FUTURE CHANGES IN ACCOUNTING POLICIES

Presentation and disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18 - *Presentation and disclosure in Financial Statements*, which replaces IAS 1 - *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified “roles” of the primary financial statements and the notes.

Narrow scope amendments have been made to IAS 7 - *Statement of Cash Flows*, and some requirements previously included within IAS 1 have been moved to IAS 8 - *Accounting policies, changes in accounting estimates and errors*, which has been renamed IAS 8 - *Basis of preparation of Financial Statements*.

IFRS 18 and all consequential amendments are effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required. The Corporation is assessing the impact of adopting IFRS 18 on its consolidated financial statements.

Refer to Note 3 - Future changes in accounting policies, to our Consolidated financial statements.

FINANCIAL INSTRUMENTS

An important portion of the consolidated balance sheet is composed of financial instruments. Financial assets of the Corporation include cash and cash equivalents, trade and other receivables, investments in securities, receivable from ACLP, restricted cash and derivative financial instruments with a positive fair value. Financial liabilities of the Corporation include trade and other payables, long-term debt, lease liabilities, government refundable advances and derivative financial instruments with a negative fair value. Derivative financial instruments are mainly used to manage the Corporation’s exposure to foreign exchange market risks, generally through forward foreign exchange contracts. Derivative financial instruments include derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts.

The use of financial instruments exposes us primarily to credit, liquidity and market risks, including foreign exchange and interest rate risks. A description on how we manage these risks is included in the Risk management section of Overview and in Note 33 - Financial risk management, to the Consolidated financial statements.

Fair value of financial instruments

Financial instruments are recognized in the consolidated statement of financial position when the Corporation becomes a party to the contractual obligations of the instrument. On initial recognition, financial instruments are recognized at their fair value plus, in the case of financial instruments not at FVTP&L, transaction costs that are directly attributable to the acquisition or issuance of financial instruments. Subsequent to initial recognition, financial instruments are measured according to the category to which they are classified, which are: a) financial instruments classified as FVTP&L, b) financial instruments designated as FVTP&L, c) FVOCI financial assets, or d) amortized cost. Financial instruments are subsequently measured at amortized cost, unless they are classified as FVOCI or FVTP&L or designated as FVTP&L, in which case they are subsequently measured at fair value. The classification of financial instruments as well as the revenues, expenses, gains and losses associated with these instruments are provided in Note 2 - Summary of material accounting policies and in Note 12 - Financial instruments, to the Consolidated financial statements.

Note 34 - Fair value of financial instruments, to the Consolidated financial statements, provides a detailed description of the methods and assumptions used to determine the fair values of financial instruments. These values are point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Fair value is determined by reference to quoted prices in the principal market for that instrument to which we have immediate access. However, there is no active market for most of our financial instruments. In the absence of an active market, we determine fair value based on internal or external valuation models, such as discounted cash flow models. Fair value determined using valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, discount rates, the creditworthiness of the borrower, default probability, generic industrial bond spreads and marketability risk. In determining these assumptions, we use primarily external, readily observable market inputs, including factors such as interest rates, credit ratings, credit spreads, default probabilities, currency rates, and price and rate volatilities, as applicable. Assumptions or inputs that are not based on observable market data are used when external data are unavailable. These calculations represent management's best estimates. Since they are based on estimates, the fair values may not be realized in an actual sale or immediate settlement of the instruments.

Note 34 - Fair value of financial instruments, to the Consolidated financial statements, also provides a three-level fair value hierarchy, categorizing financial instruments by the inputs used to measure their fair value. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). In cases where the inputs used to measure fair value are categorized within different levels of hierarchy, the fair value measurement is reported at the lowest level of the input that is significant to the entire measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, taking into account factors specific to the asset or liability. The fair value hierarchy is not meant to provide insight on the liquidity characteristics of a particular asset or on the degree of sensitivity of an asset or liability to other market inputs or factors.

We consider gains and losses arising from certain changes in fair value of financial instruments incidental to our core performance, such as those arising from changes in market yields, as our intention is to continue to hold these instruments for the foreseeable future. These gains and losses are excluded from adjusted net income (loss) and adjusted EPS to provide users of the financial statements a better understanding of the core results of our business and enable better comparability of results from one period to another and with peers.

In connection with the sale of commercial aircraft, we hold a financial asset and have incurred a financial liability, measured at fair value, which is reported as a Level 3 financial instruments, which represents a receivable from ACLP and certain government refundable advance. The fair values of these financial instruments are determined using various assumptions, with the assumption on marketability risk being the most likely to change the fair value significantly from period to period. These assumptions, not derived from an observable market, are established by management using estimates and judgments that can have a significant effect on revenues, expenses, assets and liabilities.

Sensitivity analysis
Our main exposures to changes in fair value of financial instruments are related to changes in foreign exchange, and interest rates. Note 33 - Financial risk management, to the Consolidated financial statements, presents sensitivity analyses assuming variations in foreign exchange and interest rates.

RELATED PARTY TRANSACTIONS

Related parties, as defined by IFRS, are our joint ventures, associates and key management personnel. A description of our transactions with these related parties is included in Note 35 - Transactions with related parties, to the Consolidated financial statements.

CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

Our material accounting policies and use of estimates and judgment are described in Note 2 - Summary of material accounting policies and Note 4 - Use of estimates and judgment, to our Consolidated financial statements. The preparation of financial statements in conformity with IFRS requires the use of estimates and judgment. Critical accounting estimates, which are evaluated on a regular ongoing basis and can change from period to period, are described in this section. An accounting estimate and judgment is considered critical if:

- the estimate requires us to make assumptions about matters that are highly uncertain at the time the estimate is made; and
- we could have reasonably used different estimates in the current period, or changes in the estimate are reasonably likely to occur from period to period that would have a material impact on our financial condition, our changes in financial condition or our results of operations.

Management's best estimates regarding the future are based on the facts and circumstances available at the time estimates are made. Management uses historical experience, general economic conditions and trends, as well as assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically and the effects of any changes are recognized immediately. Actual results could differ from the estimates used, and such differences could be material.

Management's budget and strategic plan cover a five-year period and are fundamental information used as a basis for many estimates necessary to prepare financial information. Management prepares a budget and a strategic plan covering a five-year period, on an annual basis, using a process whereby a detailed one-year budget and four-year strategic plan are prepared and then consolidated. Cash flows and profitability included in the budget and strategic plan are based on existing and future contracts and orders, general market conditions, current cost structures, anticipated cost variations and in-force collective agreements. The budget and strategic plan are subject to approval at various levels, including senior management and the Board of Directors. Management uses the budget and strategic plan, as well as additional projections or assumptions, to derive the expected results for periods thereafter. Management then tracks performance as compared to the budget and strategic plan at various levels within the Corporation. Significant variances in actual performance are a key trigger to assess whether certain estimates used in the preparation of financial information must be revised.

The following areas require management's most critical estimates and judgments. The sensitivity analyses below should be used with caution as the changes are hypothetical and the impact of changes in each key assumption may not be linear.

Aerospace program tooling

The Corporation assesses at each reporting date whether there are any indicators that aerospace program tooling may be impaired. If any indicators of impairment exist, the Corporation estimates the recoverable amount of the relevant CGU. The assessment of indicators of impairment, and the calculation of recoverable amounts, when indicators exist, requires judgments, which are reviewed in detail as part of the budget and strategic plan process during the fourth quarter of 2025. For purposes of impairment testing, management also exercises judgment to identify independent cash inflows to identify CGUs by family of aircraft. In addition, estimation is required in the determination of the amortization of the aerospace program tooling.

Internal and external factors are considered in assessing whether indicators of impairment exist. If indicators of impairment exist, the recoverable amounts of the relevant CGUs are determined on fair value less costs of disposal, which are determined using forecasted future cash flows. The fair value measurements are categorized within Level 3 of the fair value hierarchy since the inputs used in the discounted cash flow model are Level 3 inputs (inputs that are not based on observable market data). The estimated future cash flows for the first five years are based on the budget and strategic plan. After the initial five years, long-range forecasts prepared by management are used.

Internal and external factors are considered by management in exercising judgment in assessing whether indicators of impairment are present that would necessitate a quantitative impairment test. Factors include management's best estimate of future sales under existing firm orders, expected future orders, timing of payments based on expected delivery schedules, revenues from related aftermarket activities, procurement costs based on existing contracts with suppliers, future labor costs, general market conditions, foreign exchange rates, costs to complete the development activities, if any, potential upgrades and derivatives expected over the life of the program based on past experience with previous programs, and applicable long-range forecast income tax rates and a post-tax discount rate based on a weighted average cost of capital calculated using market-based inputs, available directly from financial markets or based on a benchmark sampling of representative publicly-traded companies in the aerospace sector. The same factors are used to determine the recoverable amount, when there are indicators of impairment.

The Corporation assessed whether there were any indicators of impairment for the *Global 7500* in the fourth quarter of 2025. Following this assessment, the Corporation concluded there were no indicators of impairment as at December 31, 2025.

Valuation of deferred income tax assets

To determine the extent to which deferred income tax assets can be recognized, management estimates the amount of probable future taxable profits that will be available against which deductible temporary differences and unused tax losses can be utilized. Such estimates are made as part of the budget and strategic plan by tax jurisdiction on an undiscounted basis and are reviewed on a quarterly basis. Management exercises judgment to determine the extent to which realization of future taxable benefits is probable, considering factors such as the number of years to include in the forecast period, the history of profits and availability of prudent tax planning strategies. See Note 10 - Income taxes, to our Consolidated financial statements, for more details.

Tax contingencies

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense or recovery already recorded. The Corporation establishes tax provisions for possible consequences of audits by the tax authorities of each country in which it operates. The amount of such provisions is based on various factors, such as experience from previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the domicile of each legal entity.

Litigation provisions

The Corporation exercises significant judgment in assessing its exposure to ongoing legal and regulatory proceedings. This includes determining whether a present obligation exists, whether an outflow of resources required to settle the obligation is probable, and whether the potential financial impact can be reliably estimated.

Given the Corporation's size and the nature of its current and historical operations, including in respect of the Transportation business divested in January 2021, we are, in the normal course of business, subject to lawsuits, investigations, and claims seeking damages or other remedies. Certain legal proceedings are considered contingent liabilities as either the likelihood of an outflow is not probable, or the amount cannot be reliably estimated. Management applies significant judgment in assessing whether an obligation exists and whether an outflow of resources is probable by taking into account of all available evidence, including the opinion of legal experts. Where an obligation is assessed as both probable and measurable, a provision is recorded based on management's best estimate. These estimates involve significant uncertainty due to the evolving status of legal proceedings and the complexity of underlying issues.

Due to the inherent uncertainty associated with legal proceedings, it is not possible to predict the final outcomes of these matters or to determine the amount of potential losses, if any, that may result from final judgments or regulatory decisions.

See Note 36 - Commitments and Contingencies, to the Consolidated financial statements, for further information with respect to ongoing legal proceedings.

Retirement and other long-term employee benefits

The actuarial valuation process used to measure pension and other post-employment benefit costs, assets and obligations is dependent on assumptions such as discount rates, compensation and pre-retirement benefit increases, inflation rates, health-care cost trends, as well as demographic factors such as employee turnover, retirement and mortality rates. The impacts from changes in discount rates and, when significant, from key events and other circumstances, are recorded quarterly.

Discount rates are used to determine the present value of the expected future benefit payments and represent the market rates for high-quality corporate fixed-income investments consistent with the currency and the estimated term of the retirement benefit liabilities.

As the Canadian high-quality corporate bond market, as defined under IFRS, includes relatively few medium-term and long-term maturity bonds, the discount rate for the Corporation’s Canadian pension and other post-employment plans is established by constructing a yield curve using three maturity ranges. The first maturity range of the curve is based on observed market rates for AA-rated corporate bonds with maturities of less than five years. In the longer maturity ranges, due to the smaller number of high-quality bonds available, the curve is derived using market observations and extrapolated data. The extrapolated data points were created by adding a term-based yield spread over long-term provincial bond yields. This term-based spread is extrapolated between a base spread and a long spread. The base spread is based on the observed spreads between AA-rated corporate bonds and AA-rated provincial bonds for the 4 to 10 years to maturity range. The long spread is determined as the spread required at the point of average maturity of AA-rated provincial bonds in the 11 to 30 years to maturity range such that the average AA-rated corporate bond spread above AA-rated provincial bonds is equal to the extrapolated spread derived by applying the ratio of the observed spreads between A-rated corporate bonds and AA-rated provincial bonds for the 11 to 30 years to maturity range over the 4 to 10 years to maturity range, to the base spread. For maturities longer than the average maturity of AA-rated provincial bonds in the 11 to 30 years to maturity range, the spread is assumed to remain constant at the level of the long spread.

Expected rates of compensation increases are determined considering the current salary structure, as well as historical and anticipated wage increases, in the context of current economic conditions.

See Note 22 - Retirement benefits, to the Consolidated financial statements, for further details regarding assumptions used and sensitivity analysis to changes in critical actuarial assumptions.

CONTROLS AND PROCEDURES

In compliance with the Canadian Securities Administrators' Regulation 52-109, we have filed certificates signed by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") that, among other things, report on the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

Disclosure controls and procedures

The CEO and the CFO have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:
- material information relating to the Corporation has been made known to them; and
- information required to be disclosed in the Corporation's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and effectiveness of our disclosure controls and procedures. Based on this evaluation, the CEO and the CFO concluded that the disclosure controls and procedures are effective.

Internal controls over financial reporting

The CEO and the CFO have also designed internal controls over financial reporting, or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and effectiveness of our internal controls over financial reporting. Based on this evaluation, the CEO and the CFO concluded that the internal controls over financial reporting are effective, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 Framework).

Changes in internal controls over financial reporting

No changes were made to our internal controls over financial reporting that occurred during the quarter and fiscal year ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

OTHER

On April 1, 2025, the Corporation confirmed that it had received approval from the Toronto Stock Exchange for its new Normal Course Issuer Bid (NCIB) to purchase, from April 3, 2025 to April 2, 2026, up to 600,000 Class A Shares (multiple voting) and up to 4,300,000 Class B Shares (subordinate voting). Shares purchased under the NCIB will either be (a) cancelled to mitigate the dilutive effect of granting stock options under the Corporation's stock option plan, (b) made for the account, and on behalf, of Computershare Trust Company of Canada, as trustee for an employee benefit plans trust account, and eventually be used to settle the Corporation's obligations under certain of its employee share-based incentive plans, including its PSU and RSU plans, or (c) cancelled in order to manage the Corporation's capital position while generating value for its shareholders.

For more details, refer to Consolidated statements of changes in equity and Note 28 - Share Capital, to our Consolidated financial statements.

FOREIGN EXCHANGE RATES

We are subject to currency fluctuations from the translation of revenues, expenses, assets and liabilities of foreign operations with non-U.S. dollar functional currencies, mainly the Euro, and from transactions denominated in foreign currencies, mainly the Canadian dollar.

The foreign exchange rates used to translate assets and liabilities into U.S. dollars were as follows, as at:

	December 31, 2025	December 31, 2024	Increase
Euro	**1.1746**	1.0354	13%
Canadian dollar	**0.7286**	0.6952	5%

The average foreign exchange rates used to translate revenues and expenses into U.S. dollars were as follows, for the fourth quarters ended:

	December 31, 2025	December 31, 2024	Increase
Euro	**1.1641**	1.0671	9%
Canadian dollar	**0.7173**	0.7149	—%

The average foreign exchange rates used to translate revenues and expenses into U.S. dollars were as follows, for the fiscal years ended:

	December 31, 2025	December 31, 2024	Increase (Decrease)
Euro	**1.1295**	1.0821	4%
Canadian dollar	**0.7157**	0.7302	(2%)

SHAREHOLDER INFORMATION

Authorized, issued and outstanding share data as at February 10, 2026

	Authorized	Issued and outstanding
Class A Shares (multiple voting)(1)	143,680,000	12,132,215
Class B Shares (subordinate voting)(2)	143,680,000	86,860,680 (3)
Series 2 Cumulative Redeemable Preferred Shares	12,000,000	2,684,527
Series 3 Cumulative Redeemable Preferred Shares	12,000,000	9,315,473
Series 4 Cumulative Redeemable Preferred Shares	9,400,000	9,400,000

(1) Ten votes each, convertible at the option of the holder into one Class B Share (subordinate voting).
(2) Convertible at the option of the holder into one Class A Share (multiple voting) under certain conditions.
(3) Net of 1,192,537 Class B Shares (subordinate voting) purchased and held in trust in connection with the PSU and RSU plans.

Share option, PSU, DSU, RSU, data as at December 31, 2025

Options issued and outstanding under the share option plans	256,980
PSUs, DSUs and RSUs issued and outstanding under the PSU, DSU and RSU plans	1,160,306
Class B Shares (subordinate voting) held in trust to satisfy PSU and RSU obligations	1,085,047

Information

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Additional information relating to the Corporation, including the Financial Report and annual information form, are available on SEDAR+ at sedarplus.ca or on Bombardier's dedicated investor relations website at ir.bombardier.com.

Bombardier's *Global 8000* was awarded Transport Canada Type Certification on November 5, 2025 with certification from the Federal Aviation Administration (FAA) following on December 19, 2025 and certification from the European Union Aviation Safety Agency (EASA) on January 23, 2026. The aircraft's entry-into-service took place in December, 2025.

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Un exemplaire en français est disponible sur demande adressée auprès du service des Relations avec les investisseurs ou sur le site Internet de la Société dédié aux relations avec les investisseurs, à l'adresse ri.bombardier.com.

SELECTED FINANCIAL INFORMATION

The following selected financial information has been derived from, and should be read in conjunction with, the consolidated financial statements for fiscal years ended December 31, 2025, 2024 and 2023.

The following table provides selected financial information for the last three fiscal years.

Fiscal years ended December 31	2025	2024	2023
Revenues	**$ 9,551**	$ 8,665	$ 8,046
Net income (loss) attributable to equity holders of Bombardier Inc.			
Continuing operations	**$ 975**	$ 370	$ 490
Discontinued operations[1]	**(47)**	—	(45)
Total	**$ 928**	$ 370	$ 445
EPS (in dollars)			
Continuing operations - basic	**$ 9.57**	$ 3.45	$ 4.81
Continuing operations - diluted	**$ 9.41**	$ 3.40	$ 4.70
Discontinued operations - basic[1]	**$ (0.48)**	$ 0.00	$ (0.47)
Discontinued operations - diluted[1]	**$ (0.48)**	$ 0.00	$ (0.46)
Total basic	**$ 9.09**	$ 3.45	$ 4.34
Total diluted	**$ 8.95**	$ 3.40	$ 4.24
Cash dividends declared per share (in Canadian dollars)			
Class A Shares (multiple voting)	**$ 0.00**	$ 0.00	$ 0.00
Class B Shares (subordinate voting)	**$ 0.00**	$ 0.00	$ 0.00
Series 2 Preferred Shares	**$ 1.23**	$ 1.69	$ 1.74
Series 3 Preferred Shares	**$ 1.15**	$ 1.15	$ 1.15
Series 4 Preferred Shares	**$ 1.56**	$ 1.56	$ 1.56

As at December 31	2025	2024	2023
Total assets	**$ 13,565**	$ 12,668	$ 12,458
Non-current financial liabilities	**$ 5,331**	$ 6,127	$ 6,579

[1] Discontinued operations are related to the sale of the Transportation business. The expenses recorded in discontinued operations for fiscal years 2025 and 2023 principally relate to change in estimates of a provision for professional fees.

The quarterly data table is shown hereafter.

This MD&A for the three- and twelve-month periods ended December 31, 2025 was authorized for issuance by the Board of Directors on February 11, 2026.

BOMBARDIER INC.
QUARTERLY DATA (UNAUDITED)
(the quarterly data has been prepared in accordance with IAS 34, Interim financial reporting, except market price ranges)
(in millions of U.S. dollars, except per share amounts)

Fiscal years					2025					2024
	Total	**Fourth quarter**	**Third quarter**	**Second quarter**	**First quarter**	Total	Fourth quarter	Third quarter	Second quarter	First quarter
Revenues	**$ 9,551**	**$ 3,694**	**$ 2,307**	**$ 2,028**	**$ 1,522**	$ 8,665	$ 3,108	$ 2,073	$ 2,203	$ 1,281
EBIT	**$ 1,108**	**$ 499**	**$ 227**	**$ 205**	**$ 177**	$ 878	$ 342	$ 201	$ 191	$ 144
Financing expense(1)	**564**	**133**	**159**	**166**	**144**	677	297	138	271	136
Financing income(1)	**(291)**	**(177)**	**(6)**	**(134)**	**(12)**	(55)	(6)	(51)	(77)	(86)
EBT	**835**	**543**	**74**	**173**	**45**	256	51	114	(3)	94
Income taxes (recovery)	**(140)**	**(110)**	**(11)**	**(20)**	**1**	(114)	(73)	(3)	(22)	(16)
Net income (loss)										
Continuing operations	**975**	**653**	**85**	**193**	**44**	370	124	117	19	110
Discontinued operations(2)	**(47)**	**—**	**(32)**	**(15)**	**—**	—	—	—	—	—
Total	**$ 928**	**$ 653**	**$ 53**	**$ 178**	**$ 44**	$ 370	$ 124	$ 117	$ 19	$ 110
EPS (in dollars)(3)										
Continuing operations - basic	**$ 9.57**	**$ 6.51**	**$ 0.78**	**$ 1.88**	**$ 0.37**	$ 3.45	$ 1.18	$ 1.11	$ 0.12	$ 1.04
Continuing operations - diluted	**$ 9.41**	**$ 6.41**	**$ 0.77**	**$ 1.87**	**$ 0.37**	$ 3.40	$ 1.16	$ 1.09	$ 0.12	$ 1.02
Discontinued operations - basic(2)	**$ (0.48)**	**$ 0.00**	**$ (0.32)**	**$ (0.15)**	**$ 0.00**	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Discontinued operations - diluted(2)	**$ (0.48)**	**$ 0.00**	**$ (0.32)**	**$ (0.15)**	**$ 0.00**	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Market price range of Class B Subordinate Voting Shares (in Canadian dollars)										
High	**$ 245.61**	**$ 245.61**	**$ 197.50**	**$ 121.50**	**$ 103.41**	$ 113.60	$ 113.60	$ 103.00	$ 94.24	$ 60.49
Low	**$ 71.79**	**$ 186.72**	**$ 125.25**	**$ 71.79**	**$ 73.70**	$ 44.29	$ 88.90	$ 77.50	$ 54.04	$ 44.29

(1) The amounts presented on a yearly basis may not correspond to the sum of the four quarters as certain reclassifications to quarterly figures to or from financing income and financing expense may be required on a cumulative basis.
(2) Discontinued operations are related to the sale of the Transportation business. The expenses recorded in discontinued operations for fiscal year 2025 principally relate to change in estimates of a provision for professional fees.
(3) The amounts presented on a yearly basis may not correspond to the sum of the four quarters as certain share repurchases and dilutive potential shares on an interim basis may not be applicable on an annual basis.

BOMBARDIER INC.
HISTORICAL FINANCIAL SUMMARY
(in millions of U.S. dollars, except per share amounts and number of common shares)

For the fiscal years ended December 31	2025	2024	2023	2022	2021
Revenues	**$ 9,551**	$ 8,665	$ 8,046	$ 6,913	$ 6,085
EBIT	**1,108**	878	793	538	241
Financing expense	**564**	677	594	817	936
Financing income	**(291)**	(55)	(202)	(33)	(324)
EBT	**835**	256	401	(246)	(371)
Income taxes (recovery)	**(140)**	(114)	(89)	(118)	(122)
Net income (loss) from continuing operations	**975**	370	490	(128)	(249)
Net income (loss) from discontinued operations[1]	**(47)**	—	(45)	(20)	5,319
Net income (loss)	**$ 928**	$ 370	$ 445	$ (148)	$ 5,070
Attributable to					
Equity holders of Bombardier Inc.	**$ 928**	$ 370	$ 445	$ (148)	$ 5,041
NCI	**$ —**	$ —	$ —	$ —	$ 29
Adjusted EBIT[2]	**$ 1,095**	$ 915	$ 799	$ 515	$ 222
Adjusted net income (loss) from continuing operations[2]	**$ 805**	$ 547	$ 416	$ 104	$ (327)
EPS (in dollars)					
Continuing operations - basic	**$ 9.57**	$ 3.45	$ 4.81	$ (1.67)	$ (2.87)
Continuing operations - diluted	**$ 9.41**	$ 3.40	$ 4.70	$ (1.67)	$ (2.87)
Discontinued operations - basic[1]	**$ (0.48)**	$ 0.00	$ (0.47)	$ (0.21)	$ 54.92
Discontinued operations - diluted[1]	**$ (0.48)**	$ 0.00	$ (0.46)	$ (0.21)	$ 53.41
Continuing operations - adjusted[3]	**$ 7.72**	$ 5.16	$ 3.94	$ 0.77	$ (3.67)
General information					
Export revenues from Canada	**$ 7,344**	$ 6,856	$ 6,160	$ 5,256	$ 4,575
Net additions to PP&E and intangible assets[4]	**$ 153**	$ 173	$ 366	$ 337	$ 232
Amortization	**$ 464**	$ 445	$ 431	$ 415	$ 417
Impairment charges (reversals) on PP&E and intangible assets	**$ (7)**	$ 2	$ 73	$ 3	$ 3
Dividend per common share (in Canadian dollars)					
Class A	**$ 0.00**	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Class B Subordinate Voting	**$ 0.00**	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Dividend per preferred share (in Canadian dollars)					
Series 2	**$ 1.23**	$ 1.69	$ 1.74	$ 1.03	$ 0.61
Series 3	**$ 1.15**	$ 1.15	$ 1.15	$ 1.07	$ 1.00
Series 4	**$ 1.56**	$ 1.56	$ 1.56	$ 1.56	$ 1.56
Market price ranges (in Canadian dollars)					
Class A Shares					
High	**$ 245.00**	$ 113.31	$ 74.99	$ 56.03	$ 58.25
Low	**$ 72.00**	$ 44.50	$ 40.44	$ 21.46	$ 19.00
Close	**$ 232.81**	$ 96.82	$ 53.43	$ 52.92	$ 43.25
Class B Subordinate Voting Shares					
High	**$ 245.61**	$ 113.60	$ 74.43	$ 55.50	$ 57.00
Low	**$ 71.79**	$ 44.29	$ 39.87	$ 18.30	$ 11.50
Close	**$ 233.50**	$ 97.75	$ 53.21	$ 52.27	$ 42.00
As at December 31					
Number of common shares (in millions)	**99**	99	98	94	96
Book value per common share (in dollars)	**$ (12.47)**	$ (23.70)	$ (28.17)	$ (33.16)	$ (36.09)

(1) Transportation was classified as discontinued operations as of December 31, 2020. On January 29, 2021, the Corporation closed the sale of the Transportation business to Alstom. The expenses recorded in discontinued operations for fiscal years 2025, 2023 and 2022 principally relate to change in estimates of a provision for professional fees.

(2) Non-GAAP financial measure. A non-GAAP financial measure is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.

(3) Non-GAAP financial ratio. A non-GAAP financial ratio is not a standardized financial measure under the financial reporting framework used to prepare our financial statements and might not be comparable to similar financial measures used by other issuers. Refer to the Non-GAAP and other financial measures section of this MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.

(4) As per the consolidated statement of cash flows of our Consolidated financial statements.

BOMBARDIER INC.
HISTORICAL FINANCIAL SUMMARY (CONTINUED)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31	2025	2024	2023	2022	2021
Assets					
Cash and cash equivalents	**$ 2,175**	$ 1,653	$ 1,594	$ 1,291	$ 1,675
Trade and other receivables	**427**	334	258	252	269
Contract assets	**157**	138	84	67	55
Inventories	**4,104**	4,045	3,768	3,322	3,242
Other financial assets	**80**	30	97	472	76
Other assets	**173**	177	133	181	164
Current assets	**7,116**	6,377	5,934	5,585	5,481
PP&E	**1,355**	1,353	1,375	1,214	837
Aerospace program tooling	**3,066**	3,324	3,566	3,873	4,129
Deferred income taxes	**861**	680	455	381	250
Other financial assets	**752**	573	757	899	1,680
Other assets	**415**	361	371	372	387
Non-current assets	**6,449**	6,291	6,524	6,739	7,283
	$ 13,565	$ 12,668	$ 12,458	$ 12,324	$ 12,764
Liabilities					
Trade and other payables	**$ 1,597**	$ 1,792	$ 1,820	$ 1,286	$ 1,164
Provisions	**47**	49	78	82	101
Contract liabilities	**3,442**	2,964	3,455	3,290	2,853
Current portion of long-term debt	**607**	299	—	—	—
Other financial liabilities	**149**	204	148	345	216
Other liabilities	**549**	465	437	434	434
Current liabilities	**6,391**	5,773	5,938	5,437	4,768
Provisions	**83**	98	90	152	229
Contract liabilities	**1,448**	1,347	1,209	1,444	1,156
Long-term debt	**4,547**	5,246	5,607	5,980	7,047
Retirement benefits	**523**	624	803	598	1,100
Other financial liabilities	**784**	881	972	1,207	1,252
Other liabilities	**678**	690	243	268	301
Non-current liabilities	**8,063**	8,886	8,924	9,649	11,085
	14,454	14,659	14,862	15,086	15,853
Equity (deficit)					
Attributable to equity holders of Bombardier Inc.	**(889)**	(1,991)	(2,404)	(2,762)	(3,089)
	$ 13,565	$ 12,668	$ 12,458	$ 12,324	$ 12,764

BOMBARDIER INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended
December 31, 2025 and 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements and MD&A of Bombardier Inc. and all other information in the Financial Report are the responsibility of management and have been reviewed and approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with IFRS as issued by the International Accounting Standards Board. The MD&A has been prepared in accordance with the requirements of Canadian Securities Administrators. The financial statements and MD&A include items that are based on best estimates and judgments of the expected effects of current events and transactions. Management has determined such items on a reasonable basis in order to ensure that the financial statements and MD&A are presented fairly in all material respects. Financial information presented in the MD&A is consistent with that in the consolidated financial statements.

Bombardier Inc.'s Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have designed disclosure controls and procedures and internal controls over financial reporting, or have caused them to be designed under their supervision, to provide reasonable assurance that material information relating to Bombardier Inc. has been made known to them; and information required to be disclosed in Bombardier Inc.'s filings is recorded, processed, summarized and reported within the time periods specified in Canadian securities legislation.

Bombardier Inc.'s CEO and CFO have also evaluated the effectiveness of Bombardier Inc.'s disclosure controls and procedures and internal controls over financial reporting as of the end of the fiscal year 2025. Based on this evaluation, the CEO and the CFO concluded that the disclosure controls and procedures and internal controls over financial reporting were effective as of that date, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 framework). In addition, based on this assessment, they determined that there were no material weaknesses in internal control over financial reporting as of the end of the fiscal year 2025. In compliance with the Canadian Securities Administrators' National Instrument 52-109, Bombardier Inc.'s CEO and CFO have provided a certification related to Bombardier Inc.'s annual disclosure to the Canadian Securities Administrators, including the consolidated financial statements and MD&A.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and is comprised entirely of independent and financially literate directors. The Audit Committee meets periodically with management, as well as with the internal and independent auditors, to review the consolidated financial statements, independent auditors' report, MD&A, auditing matters and financial reporting issues, to discuss internal controls over the financial reporting process, and to satisfy itself that each party is properly discharging its responsibilities. In addition, the Audit Committee has the duty to review the appropriateness of the accounting policies and significant estimates and judgments underlying the consolidated financial statements as presented by management, to approve the fees of the independent auditors and to review and make recommendations to the Board of Directors with respect to the independence of the independent auditors. The Audit Committee reports its findings to the Board of Directors for its consideration when it approves the consolidated financial statements and MD&A for issuance to shareholders.

The consolidated financial statements have been audited by Ernst & Young LLP, the independent auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. The independent auditors have full and free access to the Audit Committee to discuss their audit and related matters.

Eric Martel
President and Chief Executive Officer

Bart Demosky
Executive Vice President and Chief Financial Officer

February 11, 2026

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BOMBARDIER INC.

Opinion

We have audited the consolidated financial statements of Bombardier Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Assessing indicators of impairment of Global 7500 aircraft program tooling	
As at December 31, 2025, the net carrying value of aerospace program tooling amounted to $3,066 million, of which a significant portion related to the Global 7500 CGU. As stated in Note 4 of the notes to the consolidated financial statements, the Corporation assesses at each reporting date whether there are any indicators that Aerospace program tooling may be impaired. If any indicators of impairment exist, the Corporation estimates the recoverable amount, defined as fair value less costs of disposal. We believe that determining if there are any indicators of impairment for Global 7500 aircraft program tooling is a key audit matter given management's estimates and judgments required in making this determination. Internal and external factors are considered by management in assessing whether indicators of impairment are present that would necessitate a quantitative impairment test. Factors include management's best estimate of future sales under existing firm orders, expected future orders, timing of payments based on expected delivery schedules, revenues from related aftermarket services, procurement costs based on existing contracts with suppliers, future labour costs, potential upgrades and post-tax discount rate.	To evaluate the Corporation's assessment of potential indicators of impairment of the Global 7500 aircraft program tooling, our audit procedures included the following, among others: • Obtaining an understanding of management's impairment assessment process; • Assessing the completeness of internal or external factors identified by management that could be considered as indicators of impairment on the Global 7500 aircraft program tooling; • Assessing whether there are relevant changes in assumptions underlying the factors used by management to determine indicators of impairment; • Comparing actual results for the year ended December 31, 2025 to the assumptions used in the impairment test performed during the year ended December 31, 2023; • With the assistance of our valuation specialists, evaluating whether there are relevant changes in the post-tax discount rate assumption used by management in the impairment test performed during the year ended December 31, 2023; • Assessing the adequacy of the disclosures presented in Note 4 of the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the 2025 Financial Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the 2025 Financial Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Georgia Tournas.

Ernst & Young LLP [1]

Ernst & Young LLP
Montréal, Canada
February 11, 2026
[1] CPA auditor, public accountancy permit no. A123806

CONSOLIDATED FINANCIAL STATEMENTS

For fiscal years 2025 and 2024
(Tabular figures are in millions of U.S. dollars, unless otherwise indicated)

The following table shows the abbreviations used in the consolidated financial statements.

Term	Description	Term	Description
ACLP	Airbus Canada Limited Partnership	FVOCI	Fair value through other comprehensive income
CCTD	Cumulative currency translation difference	FVTP&L	Fair value through profit and loss
CGU	Cash generating unit	IAS	International Accounting Standard(s)
DB	Defined benefit	IASB	International Accounting Standards Board
DC	Defined contribution	IFRS	International Financial Reporting Standard(s)
DDHR	Derivative designated in a hedge relationship	n/a	Not applicable
DSU	Deferred share unit	OCI	Other comprehensive income
EBIT	Earnings (loss) before financing expense, financing income and income taxes	PP&E	Property, plant and equipment
		PSU	Performance share unit
EBITDA	Earnings (loss) before financing expense, financing income, income taxes, amortization and impairment charges on PP&E and intangible assets	R&D	Research and development
		RSU	Restricted share unit
		SG&A	Selling, general and administrative
EBT	Earnings (loss) before income taxes	SOFR	Secured Overnight Financing Rate
EPS	Earnings (loss) per share attributable to equity holders of Bombardier Inc.	U.K.	United Kingdom
		U.S.	United States of America

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF INCOME
For the fiscal years ended December 31
(in millions of U.S. dollars, except per share amounts)

	Notes		2025		2024
Revenues	5,17	$	**9,551**	$	8,665
Cost of sales	16		**7,640**		6,880
Gross margin			**1,911**		1,785
SG&A			**506**		478
R&D	6		**271**		361
Other expense (income)	7		**39**		63
Restructuring charges (reversals)[1]			**(13)**		3
Loss (gain) related to disposal of business[2]			**(1)**		—
Impairment and program termination (reversals)[3]			**1**		2
EBIT			**1,108**		878
Financing expense	8		**564**		677
Financing income	8		**(291)**		(55)
EBT			**835**		256
Income taxes (recovery)	10		**(140)**		(114)
Net income (loss) from continuing operations			**975**		370
Net income (loss) from discontinued operations[4]			**(47)**		—
Net income		**$**	**928**	$	370
EPS (in dollars)	11				
Continuing operations - basic		**$**	**9.57**	$	3.45
Continuing operations - diluted		**$**	**9.41**	$	3.40
Discontinued operations - basic[4]		**$**	**(0.48)**	$	0.00
Discontinued operations - diluted[4]		**$**	**(0.48)**	$	0.00
Total basic		**$**	**9.09**	$	3.45
Total diluted		**$**	**8.95**	$	3.40

[1] Includes severance charges or related reversal, as well as curtailment losses (gains), if any.
[2] Includes changes in provisions related to past divestitures.
[3] Includes impairment or reversal of impairment of PP&E and intangible assets, as well as provisions related to program termination or their related reversal, if any.
[4] Discontinued operations are related to the sale of the Transportation business. The expenses recorded in discontinued operations for fiscal year 2025 principally relate to change in estimates of a provision for professional fees.

The notes are an integral part of these consolidated financial statements.

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the fiscal years ended December 31
(in millions of U.S. dollars)

	Notes		**2025**		2024
Net income		**$**	**928**	$	370
OCI					
Items that may be reclassified to net income					
Net change in cash flow hedges					
Net gain (loss) on derivative financial instruments			**105**		(217)
Reclassification to income or to the related non-financial asset(1)(2)			**34**		44
Income taxes recovery (expense)	10		**(37)**		46
			102		(127)
FVOCI financial assets					
Net unrealized gain (loss)			**—**		1
Items that are never reclassified to net income					
Retirement benefits					
Remeasurement of defined benefit plans	22		**125**		183
Income taxes recovery	10		**1**		—
			126		183
Total OCI			**228**		57
Total comprehensive income (loss)		**$**	**1,156**	$	427
Total comprehensive income (loss)					
Continuing operations		**$**	**1,203**	$	427
Discontinued operations(3)			**(47)**		—
		$	**1,156**	$	427

(1) Includes $18 million of loss reclassified to the related non-financial asset for fiscal year 2025 ($20 million of loss for fiscal year 2024).
(2) Includes $7 million of net deferred gain that is expected to be reclassified from OCI to the carrying amount of the related non-financial asset or to expense during fiscal year 2026.
(3) Discontinued operations are related to the sale of the Transportation business. The expenses recorded in discontinued operations for fiscal year 2025 principally relate to change in estimates of a provision for professional fees.

The notes are an integral part of these consolidated financial statements.

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at
(in millions of U.S. dollars)

	Notes	**December 31 2025**	December 31 2024
Assets			
Cash and cash equivalents	13	**$ 2,175**	$ 1,653
Trade and other receivables	14	**427**	334
Contract assets	15	**157**	138
Inventories	16	**4,104**	4,045
Other financial assets	18	**80**	30
Other assets	19	**173**	177
Current assets		**7,116**	6,377
PP&E	20	**1,355**	1,353
Aerospace program tooling	21	**3,066**	3,324
Deferred income taxes	10	**861**	680
Other financial assets	18	**752**	573
Other assets	19	**415**	361
Non-current assets		**6,449**	6,291
		$ 13,565	$ 12,668
Liabilities			
Trade and other payables	23	**$ 1,597**	$ 1,792
Provisions	24	**47**	49
Contract liabilities	15	**3,442**	2,964
Current portion of long-term debt	27	**607**	299
Other financial liabilities	25	**149**	204
Other liabilities	26	**549**	465
Current liabilities		**6,391**	5,773
Provisions	24	**83**	98
Contract liabilities	15	**1,448**	1,347
Long-term debt	27	**4,547**	5,246
Retirement benefits	22	**523**	624
Other financial liabilities	25	**784**	881
Other liabilities	26	**678**	690
Non-current liabilities		**8,063**	8,886
		14,454	14,659
Equity (deficit)			
Attributable to equity holders of Bombardier Inc.		**(889)**	(1,991)
		$ 13,565	$ 12,668
Commitments and contingencies	36		

The notes are an integral part of these consolidated financial statements.

On behalf of the Board of Directors

Pierre Beaudoin
Director

Diane Giard
Director

BOMBARDIER INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the fiscal years ended

(in millions of U.S. dollars)

	Attributable to equity holders of Bombardier Inc.								
	Share capital		Retained earnings (deficit)			Accumulated OCI			
	Preferred shares	Common shares	Other retained earnings (deficit)	Remea-surement gains (losses)	Contributed surplus	FVOCI	Cash flow hedges	CCTD	Total equity (deficit)
As at January 1, 2024	$ 347	$ 2,707	$ (3,747)	$ (2,219)	$ 479	$ 5	$ 39	$ (15)	$ (2,404)
Total comprehensive income (loss)									
Net income	—	—	370	—	—	—	—	—	370
OCI	—	—	—	183	—	1	(127)	—	57
	—	—	370	183	—	1	(127)	—	427
Dividends - preferred shares, including taxes	—	—	(31)	—	—	—	—	—	(31)
Shares purchased - PSU/RSU plans(1)	—	(16)	—	—	—	—	—	—	(16)
Shares distributed - PSU/RSU plans	—	19	—	—	(19)	—	—	—	—
Cancellation of Class B shares	—	(3)	—	—	(3)	—	—	—	(6)
Options exercised	—	25	—	—	(9)	—	—	—	16
Share-based expense	—	—	—	—	23	—	—	—	23
As at December 31, 2024	$ 347	$ 2,732	$ (3,408)	$ (2,036)	$ 471	$ 6	$ (88)	$ (15)	$ (1,991)
Total comprehensive income									
Net income	—	—	928	—	—	—	—	—	928
OCI	—	—	—	126	—	—	102	—	228
	—	—	928	126	—	—	102	—	1,156
Dividends - preferred shares, including taxes	—	—	(29)	—	—	—	—	—	(29)
Shares purchased - PSU/RSU plans(1)	—	(49)	—	—	—	—	—	—	(49)
Shares distributed - PSU/RSU plans	—	22	—	—	(22)	—	—	—	—
Cancellation of Class A and B shares	—	(3)	—	—	(11)	—	—	—	(14)
Options exercised	—	10	—	—	(4)	—	—	—	6
Share-based expense	—	—	—	—	32	—	—	—	32
As at December 31, 2025	**$ 347**	**$ 2,712**	**$ (2,509)**	**$ (1,910)**	**$ 466**	**$ 6**	**$ 14**	**$ (15)**	**$ (889)**

(1) The Corporation purchased 0.8 million of Class A and B shares (subordinate voting) in fiscal year 2025 (0.2 million of Class B shares (subordinate voting) in fiscal year 2024) in order to satisfy future obligations under the Corporation's employee PSU and RSU plans. Refer to Note 28 - Share capital.

The notes are an integral part of these consolidated financial statements.

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the fiscal years ended December 31
(in millions of U.S. dollars)

	Notes	2025	2024
Operating activities			
Net income (loss) from continuing operations		**$ 975**	$ 370
Net income (loss) from discontinued operations[1]		**(47)**	—
Non-cash items			
Amortization	20,21	**464**	445
Impairment charges (reversals) on PP&E and intangible assets	20,21	**(7)**	2
Deferred income taxes (recovery)	10	**(217)**	(179)
Share-based expense	29	**32**	23
Losses on repayments of long-term debt	8	**81**	127
Net change in non-cash balances	30	**(56)**	(383)
Cash flows from operating activities - total		**1,225**	405
Cash flows from operating activities - discontinued operations[1]		**—**	—
Cash flows from operating activities - continuing operations		**1,225**	405
Investing activities			
Additions to PP&E and intangible assets		**(154)**	(173)
Proceeds from disposals of PP&E and intangible assets		**1**	—
Sale of investments in securities		**3**	29
Other		**(39)**	—
Cash flows from investing activities - total		**(189)**	(144)
Cash flows from investing activities - discontinued operations[1]		**(35)**	(20)
Cash flows from investing activities - continuing operations		**(154)**	(124)
Financing activities			
Net proceeds from issuance of long-term debt	27,30	**747**	1,476
Repayments of long-term debt	27,30	**(1,167)**	(1,599)
Payments of lease liabilities[2]		**(30)**	(32)
Dividends paid - preferred shares	28	**(21)**	(22)
Repurchase of Class A and B shares	28	**(14)**	(6)
Issuance of Class B shares		**6**	16
Purchase of Class B shares held in trust under the PSU and RSU plans	28,29	**(30)**	(16)
Other		**(3)**	(20)
Cash flows from financing activities - total		**(512)**	(203)
Cash flows from financing activities - discontinued operations[1]		**—**	—
Cash flows from financing activities - continuing operations		**(512)**	(203)
Effect of exchange rates on cash and cash equivalents		**(2)**	1
Net increase in cash and cash equivalents		**522**	59
Cash and cash equivalents at beginning of year	13	**1,653**	1,594
Cash and cash equivalents at end of year	13	**$ 2,175**	$ 1,653
Supplemental information[3][4]			
Cash paid for			
Interest		**$ 455**	$ 426
Income taxes		**$ 18**	$ 17
Cash received for			
Interest		**$ 32**	$ 29
Income taxes		**$ —**	$ —

(1) Discontinued operations are related to the sale of the Transportation business. The expenses recorded in discontinued operations for fiscal year 2025 principally relate to change in estimates of a provision for professional fees.
(2) Lease payments related to the interest portion, short-term leases, low value assets and variable lease payments not included in lease liabilities are classified as cash outflows from operating activities. The total related cash outflows for fiscal year 2025 amounted to $70 million ($71 million for fiscal year 2024).
(3) Amounts paid or received for interest are reflected as cash flows from operating activities, except if they were capitalized in PP&E or intangible assets, in which case they are reflected as cash flows from investing activities. Amounts paid or received for income taxes are reflected as cash flows from operating activities.
(4) Interest paid comprises interest on long-term debt excluding up-front costs paid related to the negotiation of debts or credit facilities, interest paid on lease liabilities and interest paid on extended payment terms for trade payables. Interest received comprises interest received related to cash and cash equivalents and investments in securities.

The notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2025 and 2024
(Tabular figures are in millions of U.S. dollars, unless otherwise indicated)

1. BASIS OF PREPARATION

Bombardier Inc. (“the Corporation” or “our” or “we”) is incorporated under the laws of Canada. The Corporation is a manufacturer of business aircraft, as well as certain major aircraft structural components, and is a provider of related services.

The Corporation’s consolidated financial statements for fiscal years 2025 and 2024 were authorized for issuance by the Board of Directors on February 11, 2026.

Statement of compliance

The Corporation’s consolidated financial statements are expressed in U.S. dollars and have been prepared in accordance with IFRS Accounting Standards, as issued by the IASB.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

Basis of consolidation

***Subsidiaries* –** Subsidiaries are fully consolidated from the date of acquisition and continue to be consolidated until the date control over the subsidiaries ceases.

The Corporation consolidates investees, including structured entities when, based on the evaluation of the substance of the relationship with the Corporation, it concludes that it controls the investees. The Corporation controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Corporation's principal subsidiary, whose revenues or assets represent more than 10% of the revenues or more than 10% of the assets, is Learjet Inc. (located in U.S.).

Revenues and assets of this subsidiary combined with those of Bombardier Inc. totaled 93% of consolidated revenues and 95% of consolidated assets for fiscal year 2025 (93% and 95% for fiscal year 2024, respectively).

***Joint ventures* –** Joint ventures are those entities over which the Corporation exercises joint control, requiring unanimous consent of the parties sharing control of relevant activities such as strategic, financial and operating decision making and where the parties have rights to the net assets of the arrangement. The Corporation recognizes its interest in joint ventures using the equity method of accounting.

***Associates* –** Associates are entities in which the Corporation has the ability to exercise significant influence over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting.

Foreign currency translation

The consolidated financial statements are expressed in U.S. dollars, the functional currency of Bombardier Inc. The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of most foreign subsidiaries is mainly the U.S. dollar.

***Foreign currency transactions* –** Transactions denominated in foreign currencies are initially recorded in the functional currency of the related entity using the exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates. Any resulting exchange difference is recognized in income except for exchange differences related to retirement benefits asset and liability, which are recognized in OCI. Non-monetary assets and liabilities denominated in foreign currencies and measured at historical cost are translated using historical exchange rates, and those measured at fair value are translated using the exchange rate in effect at the date the fair value is determined. Revenues and expenses are translated using the average exchange rates for the period or the exchange rate at the date of the transaction for significant items.

***Foreign operations* –** Assets and liabilities of foreign operations whose functional currency is other than the U.S. dollar are translated into U.S. dollars using closing exchange rates. Revenues and expenses, as well as cash flows, are translated using the average exchange rates for the period. Translation gains or losses are recognized in OCI and are reclassified in income on disposal or partial disposal of the investment in the related foreign operation.

The exchange rates for the major currencies used in the preparation of the consolidated financial statements were as follows:

	Exchange rates as at		Average exchange rates for fiscal years	
	December 31 2025	December 31 2024	**2025**	2024
Euro	**1.1746**	1.0354	**1.1295**	1.0821
Canadian dollar	**0.7286**	0.6952	**0.7157**	0.7302

Revenue recognition

Manufacturing and Other – Revenues from the sale of new aircraft are considered a single performance obligation and are recognized at delivery, which is the point in time when the customer has obtained control of the aircraft and the Corporation has satisfied its performance obligation. All costs incurred or to be incurred in connection with the sale, including warranty costs and sales incentives, are charged to cost of sales or as a deduction from revenues at the time revenue is recognized.

For the bill-and-hold arrangements in respect of new aircraft, if any, revenue is recognized when the customer has obtained control of the aircraft and the customer has requested the arrangement, the aircraft is separately identified as belonging to the customer, the aircraft is ready for physical transfer to the customer and the Corporation does not have the ability to use the product or direct it to another customer.

The Corporation accounts for a significant financing component on orders where timing of cash receipts and revenue recognition differ substantially. There are certain orders related to aircraft where advances were received well before expected delivery and therefore a financing component has been accounted for separately. The result is that interest expense is accrued during the advance period and the transaction price will be increased by a corresponding amount.

Revenues from the sale of pre-owned aircraft are recognized at the point in time when the customer has obtained control of the promised asset and the Corporation has satisfied the performance obligation.

Services – Aftermarket services are generally recorded over time. The measure of progress toward complete satisfaction of the performance obligation is generally determined by comparing the actual costs incurred to the total costs anticipated for the entire contract. The expected benefits to be received are generally limited to the revenues from the associated contract. Spare parts are recognized at the point in time when the customer has obtained control of the promised asset and the Corporation has satisfied the performance obligation.

Other – Revenues earned by the Corporation on the sale of components related to commercial aircraft programs are recognized at delivery.

Contract balances

Contract related balances comprise of contract assets and contract liabilities presented separately in the consolidated statements of financial position.

Contract assets – Are recognized when goods or services are transferred to customers before consideration is received or before the Corporation has an unconditional right to payment for performance completed to date. Contract assets are subsequently transferred to receivables when the right of payment becomes unconditional. Contract assets comprise cost incurred and recorded margins in excess of progress billings on service contracts.

Contract liabilities – Are recognized when amounts are received from customers in advance of transfer of goods or services. Contract liabilities are subsequently recognized in revenue as or when the Corporation performs under contracts. Contract liabilities comprise advances on aerospace programs and other deferred revenues related to operation and maintenance of systems.

A net position of contract asset or contract liability is determined for each contract. The cash flows in respect of advances are classified as cash flows from operating activities.

Government assistance and refundable advances

Government assistance, including wage subsidies and investment tax credits, is recognized when there is a reasonable assurance that the assistance will be received and that the Corporation will comply with all relevant conditions. Government assistance related to the acquisition of inventories, PP&E and intangible assets is recorded as a reduction of the cost of the related asset. Government assistance related to incurred expenses is recorded as a reduction of the related expenses. Wage subsidies are recorded as a reduction of inventories or the related wage expenses.

Government refundable advances are recorded as a financial liability if there is reasonable assurance that the amount will be repaid. Government refundable advances are adjusted if there is a change in the number of aircraft to be delivered and the timing of delivery of aircraft. Government refundable advances provided to the Corporation to finance research and development activities on a risk-sharing basis are considered part of the Corporation's operating activities and are therefore presented as cash flows from operating activities in the statement of cash flows.

Income taxes

The Corporation applies the liability method of accounting for income taxes. Deferred income tax assets and liabilities are recognized for the future income tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective tax bases, and for tax losses carried forward. Deferred income tax assets and liabilities are measured using the substantively enacted tax rates that will be in effect for the year in which the differences are expected to reverse.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and unused tax losses can be utilized. Deferred income tax assets and liabilities are recognized directly in income, OCI or equity based on the classification of the item to which they relate.

Earnings per share

Basic EPS is computed based on net income attributable to common equity holders of Bombardier Inc. less dividends on preferred shares, including taxes, divided by the weighted-average number of Class A Shares (multiple voting) and Class B Shares (subordinate voting) outstanding during the fiscal year.

Diluted EPS is computed using the treasury stock method, giving effect to the exercise of all dilutive elements.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial assets of the Corporation include cash and cash equivalents, trade and other receivables, investments in securities, receivable from ACLP, restricted cash and derivative financial instruments with a positive fair value. Financial liabilities of the Corporation include trade and other payables, long-term debt, lease liabilities, government refundable advances and derivative financial instruments with a negative fair value.

Financial instruments are recognized in the consolidated statement of financial position when the Corporation becomes a party to the contractual obligations of the instrument. On initial recognition, financial instruments are recognized at their fair value plus, in the case of financial instruments not at FVTP&L, transaction costs that are directly attributable to the acquisition or issuance of financial instruments. Subsequent to initial recognition, financial instruments are measured according to the category to which they are classified, which are: a) financial instruments classified as FVTP&L, b) financial instruments designated as FVTP&L, c) FVOCI financial assets, or d) amortized cost. Financial instruments are subsequently measured at amortized cost, unless they are classified as FVOCI or FVTP&L or designated as FVTP&L, in which case they are subsequently measured at fair value.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or the Corporation has transferred its rights to receive cash flows from the asset and either: a) the Corporation has transferred substantially all the risks and rewards of the asset, or b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

For transactions where it is not obvious whether the Corporation has transferred or retained substantially all the risks and rewards of ownership, the Corporation performs a quantitative analysis to compare its exposure to the variability in asset cash flows before and after the transfer. Judgment is applied in determining a number of reasonably possible scenarios that reflect the expected variability in the amount and timing of net cash flows, and then in assigning each scenario a probability with greater weighting being given to those outcomes which are considered more likely to occur.

When the transfer of a customer receivable results in the derecognition of the asset, the corresponding cash proceeds are classified as cash flows from operating activities.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing liability is replaced by another from the same creditor on substantially different terms, or the terms of the liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income.

a) Financial instruments classified at amortized cost

Cash and cash equivalents – Cash and cash equivalents consist of cash and highly liquid investments held with investment-grade financial institutions and money market funds, with maturities of three months or less from the date of acquisition.

Other financial instruments – Trade and other receivables, restricted cash and certain other financial assets are all financial assets measured at amortized cost using the effective interest rate method less any impairment losses. Trade and other payables, long-term debt, certain government refundable advances, lease liabilities and certain other financial liabilities are measured at amortized cost using the effective interest rate method.

Trade receivables as well as other financial assets are subject to impairment review. Trade receivables and contract assets are reviewed for impairment based on the simplified approach which measures the loss allowance at an amount equal to the lifetime expected credit losses. For other financial assets for which the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. For other financial assets for which the credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit losses.

b) Financial instruments designated as FVTP&L

Financial instruments may be designated on initial recognition as FVTP&L if either of the following criteria are met: (i) the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial asset or liability or recognizing the gains and losses on them on a different basis; or (ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. The Corporation has designated as FVTP&L, trade-in commitments and certain government refundable advances.

Subsequent changes in fair value of such financial instruments are recorded in other expense (income), except for the fair value changes arising from a change in interest rates which are recorded in financing expense or financing income.

c) Financial instruments classified as FVTP&L

Receivable from ACLP is required to be classified as FVTP&L.

Subsequent changes in fair value of such financial instruments are recorded in other expense (income), except for the fair value changes arising from a change in interest rates or when the instrument is held for investing purposes which are recorded in financing expense or financing income.

Derivative financial instruments – Derivative financial instruments are mainly used to manage the Corporation's exposure to foreign exchange market risks, generally through forward foreign exchange contracts. Derivative financial instruments include derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts.

Derivative financial instruments are classified as FVTP&L, unless they are designated as hedging instruments for which hedge accounting is applied (see below). Changes in the fair value of derivative financial instruments not designated in a hedging relationship, excluding embedded derivatives, are recognized in cost of sales or financing expense or financing income, based on the nature of the exposure.

Embedded derivatives of the Corporation include call options. Call options that are not closely related to the host contract are measured at fair value, with the initial value recognized as an increase of the related long-term debt and amortized to net income using the effective interest method.

Upon initial recognition, the fair value of the foreign exchange instruments not designated in a hedge relationship is recognized in cost of sales. Subsequent changes in fair value of embedded derivatives are recorded in cost of sales, other expense (income) or financing expense or financing income, based on the nature of the exposure.

d) FVOCI financial assets

Investments in securities are classified as FVOCI. Investments in securities, excluding equity instruments, are accounted for at fair value with unrealized gains and losses included in OCI, except for impairment gains or losses and foreign exchange gains and losses on monetary investments, such as fixed income investments, which are recognized in income. Equity instruments, included in investments in securities, were designated, on initial recognition, at FVOCI, where the subsequent changes in the fair value are recognized in OCI with no recycling to net income. Dividend income is recognized in financing income.

Hedge accounting

Designation as a hedge is only allowed if, both at the inception of the hedge and throughout the hedge period, the changes in the fair value of the derivative and non-derivative hedging financial instruments are expected to substantially offset the changes in the fair value of the hedged item attributable to the underlying risk exposure.

The Corporation formally documents all relationships between the hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. This process includes linking all derivatives to forecasted cash flows or to a specific asset or liability. The Corporation also formally documents and assesses, both at the hedge's inception and on an ongoing basis, whether the hedging instruments are effective in offsetting the changes in the fair value or cash flows of the hedged items. The Corporation applies the below hedging strategies.

Cash flow hedges – The Corporation generally applies cash flow hedge accounting to forward foreign exchange contracts entered into to hedge foreign exchange risks on forecasted transactions and recognized assets and liabilities. In a cash flow hedge relationship, the portion of gains or losses on the hedging item that is determined to be an effective hedge is recognized in OCI, while the ineffective portion is recorded in net income. The amounts recognized in OCI are reclassified in net income as a reclassification adjustment when the hedged item affects net income. However, when an anticipated transaction is subsequently recorded as a non-financial asset, the amounts recognized in OCI are reclassified in the initial carrying amount of the related asset.

The Corporation hedges its foreign currency exposure using foreign exchange contracts. There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange contracts match the terms of the expected highly probable forecast transaction (i.e. notional amount and expected payment date).

To test the hedge effectiveness, the Corporation uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks. The hedge ineffectiveness can arise due to the time value of money, under a spot designation, as the expected timing between the forecasted transaction and the forward contract are not aligned, due to different indexes, and changes to the forecasted amount of cash flow of hedged items and hedging instruments. The Corporation has established a hedge ratio of 1:1.

The portion of gains or losses on the hedging instrument that is determined to be an effective hedge is recorded as an adjustment of the cost or revenue of the related hedged item. Gains and losses on derivatives not designated in a hedge relationship and gains and losses on the ineffective portion of effective hedges are recorded in cost of sales or financing expense or financing income for the interest component of the derivatives or when the derivatives were entered into for interest rate management purposes.

Hedge accounting is discontinued prospectively when it is determined that the hedging instrument is no longer effective as a hedge, the hedging instrument is terminated or sold, or upon the sale or early termination of the hedged item.

Leases accounting

When the Corporation is the lessee – Leases are recognized as a right-of-use asset in PP&E and a corresponding lease liability in other financial liabilities at the date at which the leased asset is available for use by the Corporation. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment testing.

The lease liability is measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily available. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Corporation and payment of penalties for termination of a lease when the lease term reflects the lessee exercising a termination option. Each lease payment is allocated between the repayment of the principal portion of lease liability and the interest portion. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period and is recorded in financing expense. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of income.

The Corporation periodically enters into sale and leaseback transactions whereby the Corporation sells an asset to a lessor and immediately leases it back. In a sale and leaseback transaction, the transfer of an asset is recognized as a sale when the customer has obtained control of the asset, otherwise the Corporation continues to recognize the transferred asset on the statement of financial position and records a financial liability equal to the proceeds transferred. When the transfer of an asset satisfies the Corporation’s revenue recognition policy to be accounted for as a sale, a partial recognition of the profit from the sale is recorded in revenue immediately after the sale, which is equivalent to the proportion of the asset not retained by the Corporation through the lease. The proportion of the asset retained by the Corporation through the lease is recognized as a right-of-use asset and the lease liability is generally measured as the present value of future lease payments. The portion of the proceeds related to the retained interest is classified as cash flow related to financing activities whereas the remainder is treated either as cash flow from operating activities or cash flow from investing activities depending on the nature of the asset sold.

Inventory valuation

Aerospace program and finished products – Aerospace program work in progress, raw materials and finished product inventories are valued at the lower of cost or net realizable value. Cost is generally determined using the unit cost method, except for the cost of spare part inventory that is determined using the moving average method. The cost of manufactured inventories comprises all costs that are directly attributable to the manufacturing process, such as materials, direct labour, manufacturing overhead, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs, except for raw materials for which it is determined using replacement cost. The Corporation estimates the net realizable value using both external and internal aircraft valuations, including information developed from the sale of similar aircraft in the secondary market.

Impairment of inventories – Inventories are written down to net realizable value when the cost of inventories is determined not to be recoverable. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed.

Retirement and other long-term employee benefits

Retirement benefit plans are classified as either defined benefit plans or defined contribution plans.

Defined benefit plans

Retirement benefit liability or asset recognized on the consolidated statement of financial position is measured as the difference between the present value of the defined benefit obligation and the fair value of plan asset at the reporting date. When the Corporation has a surplus in a defined benefit plan, the value of any plan asset recognized is restricted to the asset ceiling - i.e. the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan ("asset ceiling test"). A minimum liability is recorded when legal minimum funding requirements for past services exceed economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. A constructive obligation is recorded as a defined benefit obligation when there is no realistic alternative but to pay employee benefits. Retirement benefit liability or asset includes the effect of any asset ceiling, minimum liability and constructive obligation.

The cost of pension and other benefits earned by employees is actuarially determined for most of the plans using the projected unit credit method, and management's best estimate of assumptions such as salary escalation, retirement ages, life expectancy, inflation, discount rates and health care costs, as applicable. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. These assets are measured at fair value at the end of the reporting period, which is based on published market mid-price information in the case of quoted securities. The discount rates are determined at each reporting date by reference to market yields at the end of the reporting period on high quality corporate fixed-income investments consistent with the currency and the estimated terms of the related retirement benefit liability. Past service costs (credits) are generally recognized in income at the latest of i) the end of the quarter of the effective date of the plan amendment or curtailment or ii) the end of the quarter of the date that the Corporation recognized the restructuring costs. When plan amendments, curtailments and settlements occur, the Corporation uses updated actuarial assumptions to determine current service cost and net interest for the period after the plan amendment, curtailment or settlement.

The remeasurement gains and losses (including the foreign exchange impact) arising on the plan assets and defined benefit obligation and the effect of any asset ceiling and minimum liability are recognized directly in OCI in the period in which they occur and are never reclassified to net income. Past service costs (credits) are recognized directly in income in the period in which they occur.

The accretion on net retirement benefit obligations is included in financing income or financing expense. The remaining components of the benefit cost are either capitalized as part of labor costs and included in inventories and in certain PP&E and intangible assets during their construction, or are recognized directly in income. The benefit cost recorded in net income is allocated to labor costs based on the function of the employee accruing the benefits.

Defined contribution plans

Contributions to defined contribution plans are either recognized in net income as incurred or are capitalized as part of labor costs and included in inventories and in certain PP&E and intangible assets during their construction. The benefit cost recorded in net income is allocated to labor costs based on the function of the employee accruing the benefits.

Other long-term employee benefits – The accounting method is similar to the method used for defined benefit plans, except that all actuarial gains and losses are recognized immediately in income. Other long-term employee benefits are included in other liabilities.

Property, plant and equipment

PP&E are carried at cost less accumulated amortization and impairment losses. The cost of an item of PP&E includes its purchase price or manufacturing cost, borrowing costs as well as other costs incurred in bringing the asset to its present location and condition. If the cost of certain components of an item of PP&E is significant in relation to the total cost of the item, the total cost is allocated between the various components, which are then separately depreciated over the estimated useful lives of each respective component. The amortization of PP&E is computed on a straight-line basis over the following useful lives:

Buildings	5 to 40 years
Equipment	2 to 20 years
Other	3 to 20 years

The amortization method and useful lives are reviewed on a regular basis, at least annually, and changes are accounted for prospectively. The amortization expense and impairments are recorded in cost of sales, SG&A or R&D expenses based on the function of the underlying asset or in impairment and program termination or in restructuring charges. Amortization of assets under construction begins when the asset is ready for its intended use.

When a significant part is replaced or a major inspection or overhaul is performed, its cost is recognized in the carrying amount of the PP&E if the recognition criteria are satisfied, and the carrying amount of the replaced part or previous inspection or overhaul is derecognized. All other repair and maintenance costs are charged to income when incurred.

Intangible assets

Internally generated intangible assets include development costs (such as aircraft prototype design and testing costs) and internally developed or modified application software. These costs are capitalized when certain criteria such as proven technical feasibility are met. The costs of internally generated intangible assets include the cost of materials, direct labour, manufacturing overheads and borrowing costs and exclude costs which were not necessary to create the asset, such as identified inefficiencies.

Acquired intangible assets include the cost of development activities carried out by vendors for which the Corporation controls the underlying output from the usage of the technology.

Intangible assets are recorded at cost less accumulated amortization and impairment losses and include aerospace program tooling, as well as other intangible assets such as goodwill, software and courseware. Other intangible assets are included in other assets.

Amortization of aerospace program tooling begins at the date of completion of the first aircraft of the program. Amortization of other intangibles begins when the asset is ready for its intended use. Amortization expense is recognized as follows:

	Method	Estimated useful life
Aerospace program tooling	Unit of production	Expected number of aircraft to be produced(1)
Other intangible assets	Straight-line	3 to 5 years

(1) As at December 31, 2025, the remaining number of units to fully amortize the aerospace program tooling is expected to be produced over the next 10 years.

The amortization methods and estimated useful lives are reviewed on a regular basis, at least annually, and changes are accounted for prospectively. The amortization expense for aerospace program tooling is recorded in R&D expense and for other intangible assets is recorded in cost of sales, SG&A or R&D expense based on the function of the underlying asset.

The Corporation does not have indefinite-life intangible assets, other than goodwill. Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired in a business acquisition. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Borrowing costs

Borrowing costs consist of interest on long-term debt and other costs that the Corporation incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset and are deducted from the financing expense to which they relate. The Corporation suspends the capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset. All other borrowing costs are expensed in the period they occur.

Impairment of PP&E, right-of-use assets and intangible assets

The Corporation assesses at each reporting date whether there are indicators that an item of PP&E, right-of-use asset or intangible asset may be impaired. If any indication exists based on internal and external factors, the Corporation estimates the recoverable amount of the individual asset, when possible.

When the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, the asset is tested at the CGU level. Most of the Corporation's non-financial assets are tested for impairment at the CGU level. The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use.

- The fair value less costs to sell reflects the amount the Corporation could obtain from the asset's disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. If there is no binding sales agreement or active market for the asset, the fair value is assessed by using appropriate valuation models dependent on the nature of the asset or CGU, such as discounted cash flow models.
- The value in use is calculated using estimated net cash flows, with detailed projections generally over a five-year period and subsequent years being extrapolated using a growth assumption. The estimated net cash flows are discounted to their present value using a discount rate before income taxes that reflects current market assessments of the time value of money and the risk specific to the asset or CGU.

When the recoverable amount is less than the carrying value of the related asset or CGU, the related assets are written down to their recoverable amount and an impairment loss is recognized in net income.

For PP&E and intangible assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. A reversal of an impairment loss reflects an increase in the estimated service potential of an asset. The reversal of impairment losses is limited to the amount that would bring the carrying value of the asset or CGU to the amount that would have been recorded, net of amortization, had no impairment loss been recognized for the asset or CGU in prior years. Such reversal is recognized to income in the same line item where the original impairment was recognized.

Intangible assets not yet available for use and goodwill are reviewed for impairment at least annually or more frequently if circumstances such as significant declines in expected sales, earnings or cash flows indicate that it is more likely than not that the asset or CGU might be impaired. Impairment losses relating to goodwill are not reversed in future periods.

Provisions

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the cost can be reliably estimated. These liabilities are presented as provisions when they are of uncertain timing or amount. Provisions are measured at their present value.

Product warranties – A provision for assurance type warranties is recorded in cost of sales when the revenue for the related product is recognized. The interest component associated with product warranties, when applicable, is recorded in financing expense. The cost is estimated based on a number of factors, including the historical warranty claims and cost experience, the type and duration of warranty coverage, the nature of products sold and in service and counter-warranty coverage available from the Corporation's suppliers. Claims for reimbursement from third parties are recorded if their realization is virtually certain. Product warranties typically range from one to five years.

***Restructuring provisions* –** Restructuring provisions are recognized only when the Corporation has an actual or a constructive obligation. The Corporation has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline. Furthermore, the affected employees or worker councils must have been notified of the plan's main features.

***Onerous contracts* –** If it is more likely than not that the unavoidable costs of meeting the obligations under a firm contract exceed the economic benefits expected to be received under it, a provision for onerous contracts is usually recorded in cost of sales, except for the interest component, which is recorded in financing expense. Unavoidable costs include the costs that relate directly to the contract such as anticipated cost overruns, expected costs associated with late delivery penalties and technological problems, as well as allocations of costs that relate directly to the contract. Provisions for onerous contracts are measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract.

***Termination benefits* –** Termination benefits are usually paid when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Corporation recognizes termination benefits when it is demonstrably committed, through a detailed formal plan without possibility of withdrawal, to terminate the employment of current employees.

***Environmental costs* –** A provision for environmental costs is recorded when environmental claims or remedial efforts are probable and the costs can be reasonably estimated. Legal asset retirement obligations and environmental costs of a capital nature that extend the life, increase the capacity or improve the safety of an asset or that mitigate, or prevent environmental contamination that has yet to occur, are included in PP&E and are generally amortized over the remaining useful life of the underlying asset. Costs that relate to an existing condition caused by past operations and that do not contribute to future revenue generation are expensed and included in cost of sales.

***Litigation* –** A provision for litigation is recorded in case of legal actions, governmental investigations or proceedings when it is probable that an outflow of resources will be required to settle the obligation and the cost can be reliably estimated.

Non-current assets (or disposal group) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset or a disposal group, excluding finance costs and income tax expense.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

The assets and liabilities of a disposal group classified as held for sale are presented separately as current items in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as net income (loss) after tax from discontinued operations in the consolidated statements of income.

Share-based payments

Equity-settled share-based payment plans – Equity-settled share-based payments are measured at fair value at the grant date. For the PSUs, DSUs and RSUs, the value of the compensation is measured based on the closing price of a Class B Share (subordinate voting) of the Corporation on the Toronto Stock Exchange adjusted to take into account the terms and conditions upon which the shares were granted, if any, and is based on the PSUs, DSUs and RSUs that are expected to vest. For share option plans, the value of the compensation is measured using a Black-Scholes option pricing model. The effect of any change in the number of options, PSUs, DSUs and RSUs that are expected to vest is accounted for in the period in which the estimate is revised. Compensation expense is recognized on a straight-line basis over the vesting period, with a corresponding increase in contributed surplus. Any consideration paid by plan participants on the exercise of stock options is credited to share capital.

Cash-settled share-based payments – Cash-settled share-based payments are measured at fair value at the grant date with a corresponding liability. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in income. Limited PSUs, DSUs and RSUs are cash-settled share-based payments, for which the value of the compensation is measured based on the closing price of a Class B Share (subordinate voting) of the Corporation on the Toronto Stock Exchange adjusted to take into account the terms and conditions upon which the shares were granted, if any, and is based on the PSUs, DSUs and RSUs that are expected to vest.

Employee share purchase plan – The Corporation's contributions to the employee share purchase plan are measured at cost and accounted for in the same manner as the related employee payroll costs. Compensation expense is recorded at the time of the employee contribution.

3. FUTURE CHANGES IN ACCOUNTING POLICIES

Presentation and disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 - *Presentation and disclosure in Financial Statements*, which replaces IAS 1 - *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statements and the notes.

Narrow scope amendments have been made to IAS 7 - *Statement of Cash Flows*, and some requirements previously included within IAS 1 have been moved to IAS 8 - *Accounting policies, changes in accounting estimates and errors*, which has been renamed IAS 8 - *Basis of preparation of Financial Statements*.

IFRS 18 and all consequential amendments are effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required. The Corporation is assessing the impact of adopting IFRS 18 on its consolidated financial statements.

4. USE OF ESTIMATES AND JUDGMENT

The application of the Corporation's accounting policies requires management to use estimates and judgments that can have a significant effect on the revenues, expenses, comprehensive income, assets and liabilities recognized and disclosures made in the consolidated financial statements. An accounting estimate and judgment is considered critical if:

- the estimate requires us to make assumptions about matters that are highly uncertain at the time the estimate is made; and
- we could have reasonably used different estimates in the current period, or changes in the estimate are reasonably likely to occur from period to period that would have a material impact on our financial condition, our changes in financial condition or our results of operations.

Management's best estimates regarding the future are based on the facts and circumstances available at the time estimates are made. Management uses historical experience, general economic conditions and trends, as well as assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically and the effects of any changes are recognized immediately. Actual results could differ from the estimates used, and such differences could be material.

Management's budget and strategic plan cover a five-year period and are fundamental information used as a basis for many estimates necessary to prepare financial information. Management prepares a budget and a strategic plan covering a five-year period, on an annual basis, using a process whereby a detailed one-year budget and four-year strategic plan are prepared and then consolidated. Cash flows and profitability included in the budget and strategic plan are based on existing and future contracts and orders, general market conditions, current cost structures, anticipated cost variations and in-force collective agreements. The budget and strategic plan are subject to approval at various levels, including senior management and the Board of Directors. Management uses the budget and strategic plan, as well as additional projections or assumptions, to derive the expected results for periods thereafter. Management then tracks performance as compared to the budget and strategic plan at various levels within the Corporation. Significant variances in actual performance are a key trigger to assess whether certain estimates used in the preparation of financial information must be revised.

The following areas require management's most critical estimates and judgments. The sensitivity analyses below should be used with caution as the changes are hypothetical and the impact of changes in each key assumption may not be linear.

Aerospace program tooling – The Corporation assesses at each reporting date whether there are any indicators that aerospace program tooling may be impaired. If any indicators of impairment exist, the Corporation estimates the recoverable amount of the relevant CGU. The assessment of indicators of impairment, and the calculation of recoverable amounts, when indicators exist, requires judgments, which are reviewed in detail as part of the budget and strategic plan process during the fourth quarter of 2025. For purposes of impairment testing, management also exercises judgment to identify independent cash inflows to identify CGUs by family of aircraft. In addition, estimation is required in the determination of the amortization of the aerospace program tooling.

Internal and external factors are considered in assessing whether indicators of impairment exist. If indicators of impairment exist, the recoverable amounts of the relevant CGUs are determined on fair value less costs of disposal, which are determined using forecasted future cash flows. The fair value measurements are categorized within Level 3 of the fair value hierarchy since the inputs used in the discounted cash flow model are Level 3 inputs (inputs that are not based on observable market data). The estimated future cash flows for the first five years are based on the budget and strategic plan. After the initial five years, long-range forecasts prepared by management are used.

Internal and external factors are considered by management in exercising judgment in assessing whether indicators of impairment are present that would necessitate a quantitative impairment test. Factors include management's best estimate of future sales under existing firm orders, expected future orders, timing of payments based on expected delivery schedules, revenues from related aftermarket activities, procurement costs based on existing contracts with suppliers, future labor costs, general market conditions, foreign exchange rates, costs to complete the development activities, if any, potential upgrades and derivatives expected over the life of the program based on past experience with previous programs, and applicable long-range forecast income tax rates and a post-tax discount rate based on a weighted average cost of capital calculated using market-based inputs, available directly from financial markets or based on a benchmark sampling of representative publicly-traded companies in the aerospace sector. The same factors are used to determine the recoverable amount, when there are indicators of impairment.

The Corporation assessed whether there were any indicators of impairment for the *Global 7500* in the fourth quarter of 2025. Following this assessment, the Corporation concluded there were no indicators of impairment as at December 31, 2025.

Valuation of deferred income tax assets – To determine the extent to which deferred income tax assets can be recognized, management estimates the amount of probable future taxable profits that will be available against which deductible temporary differences and unused tax losses can be utilized. Such estimates are made as part of the budget and strategic plan by tax jurisdiction on an undiscounted basis and are reviewed on a quarterly basis. Management exercises judgment to determine the extent to which realization of future taxable benefits is probable, considering factors such as the number of years to include in the forecast period, the history of profits and availability of prudent tax planning strategies. See Note 10 - Income taxes for more details.

Tax contingencies – Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense or recovery already recorded. The Corporation establishes tax provisions for possible consequences of audits by the tax authorities of each country in which it operates. The amount of such provisions is based on various factors, such as experience from previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the domicile of each legal entity.

Litigation provisions – The Corporation exercises significant judgment in assessing its exposure to ongoing legal and regulatory proceedings. This includes determining whether a present obligation exists, whether an outflow of resources required to settle the obligation is probable, and whether the potential financial impact can be reliably estimated.

Given the Corporation’s size and the nature of its current and historical operations, including in respect of the Transportation business divested in January 2021, we are, in the normal course of business, subject to lawsuits, investigations, and claims seeking damages or other remedies. Certain legal proceedings are considered contingent liabilities as either the likelihood of an outflow is not probable, or the amount cannot be reliably estimated. Management applies significant judgment in assessing whether an obligation exists and whether an outflow of resources is probable by taking into account of all available evidence, including the opinion of legal experts. Where an obligation is assessed as both probable and measurable, a provision is recorded based on management’s best estimate. These estimates involve significant uncertainty due to the evolving status of legal proceedings and the complexity of underlying issues.

Due to the inherent uncertainty associated with legal proceedings, it is not possible to predict the final outcomes of these matters or to determine the amount of potential losses, if any, that may result from final judgments or regulatory decisions.

See Note 36 - Commitments and Contingencies, for further information with respect to ongoing legal proceedings.

Retirement and other long-term employee benefits – The actuarial valuation process used to measure pension and other post-employment benefit costs, assets and obligations is dependent on assumptions such as discount rates, compensation and pre-retirement benefit increases, inflation rates, health-care cost trends, as well as demographic factors such as employee turnover, retirement and mortality rates. The impacts from changes in discount rates and, when significant, from key events and other circumstances, are recorded quarterly.

Discount rates are used to determine the present value of the expected future benefit payments and represent the market rates for high-quality corporate fixed-income investments consistent with the currency and the estimated term of the retirement benefit liabilities. As the Canadian high-quality corporate bond market, as defined under IFRS, includes relatively few medium-term and long-term maturity bonds, the discount rate for the Corporation's Canadian pension and other post-employment plans is established by constructing a yield curve using three maturity ranges. The first maturity range of the curve is based on observed market rates for AA-rated corporate bonds with maturities of less than five years. In the longer maturity ranges, due to the smaller number of high-quality bonds available, the curve is derived using market observations and extrapolated data. The extrapolated data points were created by adding a term-based yield spread over long-term provincial bond yields. This term-based spread is extrapolated between a base spread and a long spread. The base spread is based on the observed spreads between AA-rated corporate bonds and AA-rated provincial bonds for the 4 to 10 years to maturity range. The long spread is determined as the spread required at the point of average maturity of AA-rated provincial bonds in the 11 to 30 years to maturity range such that the average AA-rated corporate bond spread above AA-rated provincial bonds is equal to the extrapolated spread derived by applying the ratio of the observed spreads between A-rated corporate bonds and AA-rated provincial bonds for the 11 to 30 years to maturity range over the 4 to 10 years to maturity range, to the base spread. For maturities longer than the average maturity of AA-rated provincial bonds in the 11 to 30 years to maturity range, the spread is assumed to remain constant at the level of the long spread.

Expected rates of compensation increases are determined considering the current salary structure, as well as historical and anticipated wage increases, in the context of current economic conditions.

See Note 22 - Retirement benefits for further details regarding assumptions used and sensitivity analysis to changes in critical actuarial assumptions.

5. SEGMENT DISCLOSURE

The Corporation is structured under one reportable segment that designs, builds, maintains and markets two families of business jets (*Challenger* and *Global)*, spanning from the mid-size to large categories. The Corporation also provides services and support for both of these aircraft, as well as for the *Learjet* family of aircraft. The Corporation has developed a service and support network of service facilities, including wholly-owned service centers, mobile response teams, and provides dedicated aircraft parts availability sustained by parts facilities, including depots, hubs and repair facilities worldwide.

The Corporation's revenues by categories were as follows, for fiscal years:

		2025		2024
Business Aircraft				
Manufacturing and Other[1]	**$**	**7,222**	$	6,580
Services[2]		**2,305**		2,036
Others[3]		**24**		49
	$	**9,551**	$	8,665

[1] Includes revenues from sale of new aircraft, pre-owned aircraft and Defense.
[2] Includes revenues from Services and Support including parts, *Smart Services*, service centers, training and technical publications.
[3] Includes revenues from sale of components related to commercial aircraft programs.

The Corporation’s revenues are allocated to countries based on the location of the customer, as follows for fiscal years:

		2025	2024
North America			
United States		**$ 5,314**	$ 5,566
Canada		**511**	287
Mexico		**73**	27
		5,898	5,880
Europe			
Sweden		**222**	159
Malta		**220**	153
Turkey		**189**	21
Germany		**124**	265
United Kingdom		**120**	184
Switzerland		**118**	169
Austria		**117**	115
Isle of man		**96**	135
Portugal		**84**	120
Other		**294**	306
		1,584	1,627
Asia-Pacific			
Singapore		**252**	95
India		**137**	160
South Korea		**115**	3
China		**87**	16
Other		**490**	241
		1,081	515
Other			
Middle East		**357**	382
Africa		**309**	99
South America		**169**	37
Central America		**125**	48
CIS (Commonwealth of Independent States)		**28**	77
		988	643
Total		**$ 9,551**	$ 8,665

The Corporation’s PP&E, right-of-use assets and intangible assets are allocated[1] to countries, as follows:

	December 31 2025	December 31 2024
North America		
Canada	**$ 4,012**	$ 4,282
United States	**251**	238
Mexico	**44**	46
	4,307	4,566
Europe		
United Kingdom	**77**	78
Germany	**32**	30
Other	**3**	3
	112	111
Asia-Pacific		
Other	**62**	65
	$ 4,481	$ 4,742

[1] PP&E, right-of-use assets and intangible assets, excluding goodwill, are attributed to countries based on the location of the assets. Goodwill is attributed to countries based on the Corporation’s allocation of the related purchase price.

6. RESEARCH AND DEVELOPMENT

R&D expense, net of government assistance, was as follows, for fiscal years:

		2025		2024
R&D expenditures, net[1]	**$**	**13**	$	119
Less: development expenditures capitalized to aerospace program tooling		**(82)**		(90)
		(69)		29
Add: amortization of aerospace program tooling		**340**		332
	$	**271**	$	361

[1] Includes $155 million of investment tax credits for fiscal year 2025 ($58 million for fiscal year 2024).

7. OTHER EXPENSE (INCOME)

Other expense (income) was as follows, for fiscal years:

		2025		2024
System implementation related costs	**$**	**39**	$	34
Non-commercial legal claims		**—**		25
Pension related items[1]		**—**		7
Other		**—**		(3)
	$	**39**	$	63

[1] Includes the loss related to the purchase of pension annuities. See Note 22 - Retirement benefits for more information.

8. FINANCING EXPENSE AND FINANCING INCOME

Financing expense and financing income were as follows, for fiscal years:

		2025		2024
Financing expense				
Losses on repayments of long-term debt[1]	**$**	**81**	$	127
Interest expense on lease liabilities		**37**		39
Accretion on net retirement benefit obligations		**27**		34
Accretion on advances		**23**		40
Accretion on other financial liabilities		**14**		17
Accretion on provisions		**2**		2
Other		**9**		10
		193		269
Interest on long-term debt		**371**		408
	$	**564** [3]	$	677 [3]
Financing income				
Net gain on certain financial instruments[2]	**$**	**(265)**	$	(21)
Other		**(2)**		(4)
		(267)		(25)
Interest on cash and cash equivalents		**(21)**		(26)
Income from investments in securities		**(3)**		(4)
		(24)		(30)
	$	**(291)** [4]	$	(55) [4]

[1] Represents the losses related to the full repayment of the Senior Notes due 2026 and 2027 for fiscal year 2025 (the losses related to the partial repayment of the Senior Notes due 2026 and 2027 for fiscal year 2024). Refer to Note 27 - Long-term debt for more information.
[2] Net gain on certain financial instruments classified as FVTP&L, which includes call options on long-term debt.
[3] Of which $385 million represents the interest expense calculated using the effective interest rate method for financial liabilities classified as amortized cost for fiscal year 2025 ($425 million for fiscal year 2024).
[4] Of which $21 million represents the interest income calculated using the effective interest rate method for financial assets classified as amortized cost and FVOCI for fiscal year 2025 ($26 million for fiscal year 2024).

Borrowing costs capitalized to PP&E and intangible assets totaled $13 million for fiscal year 2025, using an average capitalization rate of 7.36% ($13 million and 7.52% for fiscal year 2024). Capitalized borrowing costs are deducted from the related interest on long-term debt or accretion on other financial liabilities, if any.

9. EMPLOYEE BENEFIT COSTS

Employee benefit costs[1] were as follows, for fiscal years:

	Notes		2025		2024
Wages, salaries and other employee benefits		**$**	**1,893**	$	1,702
Retirement benefits[2]	22		**143**		151
Share-based expense	29		**34**		23
		$	**2,070**	$	1,876

[1] Employee benefit costs include costs capitalized as part of the cost of inventories and other self-constructed assets.
[2] Includes defined benefit and defined contribution plans.

10. INCOME TAXES

Analysis of income tax expense (recovery)

Details of income tax expense (recovery) were as follows, for fiscal years:

		2025		2024
Current income taxes[1]	$	**77**	$	65
Deferred income taxes		**(217)**		(179)
	$	**(140)**	$	(114)

[1] Pillar Two current income tax expense is not significant for the Corporation.

The reconciliation of income taxes, computed at the Canadian statutory rates, to income tax recovery was as follows, for fiscal years:

		2025		2024
EBT	$	**835**	$	256
Canadian statutory tax rate		**26.5 %**		26.5 %
Income tax expense (recovery) at statutory rate		**221**		68
Increase (decrease) resulting from:				
Recognition of previously unrecognized tax losses or temporary differences		**(329)**		(217)
Permanent differences		**(42)**		25
Non-recognition of tax benefits related to tax losses and temporary differences		**3**		9
Effect of substantively enacted income tax rate changes		**1**		(2)
Other		**6**		3
Income tax recovery	$	**(140)**	$	(114)
Effective tax rate		**(16.8)%**		(44.5)%

The Corporation's applicable Canadian statutory tax rate is the Federal and Provincial combined tax rate applicable in the jurisdiction in which the Corporation operates.

Details of deferred income tax expense (recovery) were as follows, for fiscal years:

		2025		2024
Recognition of previously unrecognized tax losses or temporary differences	$	**(329)**	$	(217)
Origination and reversal of temporary differences		**108**		31
Non-recognition of tax benefits related to tax losses and temporary differences		**3**		9
Effect of substantively enacted income tax rate changes		**1**		(2)
	$	**(217)**	$	(179)

Deferred income taxes

The significant components of the Corporation's deferred income tax asset and liability were as follows, as at:

	December 31, 2025		December 31, 2024	
	Asset	**Liability**	Asset	Liability
Operating tax losses carried forward	**$ 1,811**	**$ —**	$ 2,277	$ —
Inventories	**619**	**—**	624	—
Intangible assets	**284**	**—**	217	—
Retirement benefits	**161**	**—**	166	—
Provisions	**93**	**—**	101	—
PP&E	**(31)**	**—**	(28)	—
Other financial liabilities and other liabilities	**17**	**—**	45	—
Other financial assets and other assets	**11**	**—**	—	—
Contract liabilities	**(9)**	**—**	52	—
Other	**17**	**—**	20	—
	2,973	**—**	3,474	—
Unrecognized deferred tax assets	**(2,112)**	**—**	(2,794)	—
	$ 861	**$ —**	$ 680	$ —

The changes in the net deferred income tax asset were as follows, for the fiscal years:

	2025	2024
Balance at beginning of year, net	**$ 680**	$ 455
In net income	**217**	179
In OCI		
Cash flow hedges	**(37)**	46
Retirement benefits	**1**	—
Balance at end of year, net	**$ 861**	$ 680

The net operating losses carried forward and deductible temporary differences for which deferred tax assets have not been recognized amounted to $8,040 million as at December 31, 2025, of which $255 million relates to retirement benefits that will reverse through OCI ($10,723 million as at December 31, 2024 of which $386 million relates to retirement benefits that will reverse through OCI). Of these amounts, approximately $1,636 million as at December 31, 2025 has no expiration date ($2,273 million as at December 31, 2024) and approximately $131 million relates to the Corporation's operations in U.K. where a minimum income tax is payable on 50% of taxable income ($126 million as at December 31, 2024), $94 million relates to the Corporation's operations in Germany where a minimum income tax is payable on 40% of taxable income ($113 million as at December 31, 2024) and $14 million relates to the Corporation's operations in France where a minimum income tax is payable on 50% of taxable income ($13 million as at December 31, 2024).

In addition, the Corporation has $1,104 million of unused investment tax credits which have not been recognized, most of which can be carried forward for 20 years and $908 million of net capital losses carried forward for which deferred tax assets have not been recognized as at December 31, 2025 ($1,027 million and $1,085 million as at December 31, 2024). Net capital losses can be carried forward indefinitely and can only be used against future taxable capital gains.

Net deferred tax assets of $23 million were recognized as at December 31, 2025 ($21 million as at December 31, 2024) in jurisdictions that incurred losses this fiscal year or the preceding fiscal year. Based upon the level of historical income, projections for future income, and prudent tax planning strategies, management believes it is probable the Corporation will realize the benefits of these deductible differences and operating tax losses carried forward. See Note 4 - Use of estimates and judgment for more information on how the Corporation determines the extent to which deferred income tax assets are recognized.

No deferred tax liabilities have been recognized on undistributed earnings of the Corporation's foreign subsidiaries, joint ventures and associates when they are considered to be indefinitely reinvested, as the Corporation has control or joint control over the dividend policy, unless it is probable that these temporary differences will reverse. Upon distribution of these earnings in the form of dividends or otherwise, the Corporation may be subject to corporation and/or withholding taxes. Taxable temporary differences for which a deferred tax liability was not recognized amount to approximately $12 million as at December 31, 2025 ($11 million as at December 31, 2024).

11. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows, for fiscal years:

		2025		2024
(Number of shares, stock options, PSUs, RSUs and DSUs in thousands)				
Net income (loss)				
Continuing operations	**$**	**975**	$	370
Discontinued operations[1]		**(47)**		—
Preferred share dividends, including taxes		**(29)**		(31)
Net income attributable to common equity holders of Bombardier Inc.	**$**	**899**	$	339
Weighted-average number of common shares outstanding		**98,885**		98,299
Net effect of stock options, PSUs, RSUs and DSUs		**1,606**		1,667
Weighted-average diluted number of common shares		**100,491**		99,966
EPS (in dollars)				
Continuing operations - basic	**$**	**9.57**	$	3.45
Continuing operations - diluted	**$**	**9.41**	$	3.40
Discontinued operations - basic[1]	**$**	**(0.48)**	$	0.00
Discontinued operations - diluted[1]	**$**	**(0.48)**	$	0.00
Total basic	**$**	**9.09**	$	3.45
Total diluted	**$**	**8.95**	$	3.40

(1) Discontinued operations are related to the sale of the Transportation business. The expenses recorded in discontinued operations for fiscal year 2025 principally relate to change in estimates of a provision for professional fees.

The effect of the exercise of stock options, PSUs, RSUs and DSUs was included in the calculation of diluted EPS in the above table, except for 34,574 for fiscal year 2025 (276,116 for fiscal year 2024) since the average market value of the underlying shares was lower than the exercise price, or because the predetermined target market price thresholds of the Corporation's Class B Shares (subordinate voting) or predetermined financial performance targets had not been met or the effect of the exercise would be antidilutive.

12. FINANCIAL INSTRUMENTS

Net gains (losses) on financial instruments recognized in income were as follows, for fiscal years:

	2025	2024
Financial instruments measured at amortized cost		
Financial assets - expected credit loss allowance (impairment charges)	**$ (6)**	$ (5)
Interest on cash and cash equivalents	**$ 21**	$ 26
Losses on repayments of long term debt	**$ (81)**	$ (127)
Financial instruments measured at fair value		
Required to be classified as FVTP&L		
Embedded derivatives	**$ 265**	$ 21

Carrying amounts and fair value of financial instruments

The classification of financial instruments and their carrying amounts and fair value were as follows, as at:

	FVTP&L						
	FVTP&L	**Designated**	**FVOCI**	**Amortized cost**	**DDHR**	**Total carrying value**	**Fair value**
December 31, 2025							
Financial assets							
Cash and cash equivalents	**$ —**	**$ —**	**$ —**	**$ 2,175**	**$ —**	**$ 2,175**	**$ 2,175**
Trade and other receivables	**—**	**—**	**—**	**427**	**—**	**427**	**427**
Other financial assets	**672**	**—**	**73**	**52**	**35**	**832**	**832**
	$ 672	**$ —**	**$ 73**	**$ 2,654**	**$ 35**	**$ 3,434**	**$ 3,434**
Financial liabilities							
Trade and other payables	**$ —**	**$ —**	**n/a**	**$ 1,597**	**$ —**	**$ 1,597**	**$ 1,597**
Long-term debt(1)	**—**	**—**	**n/a**	**5,154**	**—**	**5,154**	**5,428**
Other financial liabilities	**—**	**293**	**n/a**	**620**	**20**	**933**	**946**
	$ —	**$ 293**	**n/a**	**$ 7,371**	**$ 20**	**$ 7,684**	**$ 7,971**
December 31, 2024							
Financial assets							
Cash and cash equivalents	$ —	$ —	$ —	$ 1,653	$ —	$ 1,653	$ 1,653
Trade and other receivables	—	—	—	334	—	334	334
Other financial assets	476	—	73	54	—	603	603
	$ 476	$ —	$ 73	$ 2,041	$ —	$ 2,590	$ 2,590
Financial liabilities							
Trade and other payables	$ —	$ —	n/a	$ 1,792	$ —	$ 1,792	$ 1,792
Long-term debt(1)	—	—	n/a	5,545	—	5,545	5,697
Other financial liabilities	11	309	n/a	623	142	1,085	1,097
	$ 11	$ 309	n/a	$ 7,960	$ 142	$ 8,422	$ 8,586

(1) Includes current portion of long-term debt.

Offsetting financial assets and financial liabilities

The Corporation is subject to enforceable master netting agreements related mainly to its derivative financial instruments and cash and cash equivalents which contain a right of set-off in case of default, insolvency or bankruptcy. The amounts that are subject to the enforceable master netting agreements, but which do not meet some or all of the offsetting criteria, are as follows as at:

Description of recognized financial assets and liabilities		Amount recognized in the financial statements		Amounts subject to master netting agreements		Net amount not subject to master netting agreements
December 31, 2025						
Derivative financial instruments - assets	**$**	**414**	**$**	**(17)**	**$**	**397**
Derivative financial instruments - liabilities	**$**	**(20)**	**$**	**20**	**$**	**—**
Cash and cash equivalents	**$**	**2,175**	**$**	**(3)**	**$**	**2,172**
December 31, 2024						
Derivative financial instruments - assets	$	167	$	—	$	167
Derivative financial instruments - liabilities	$	(153)	$	75	$	(78)
Cash and cash equivalents	$	1,653	$	(75)	$	1,578

Derivatives and hedging activities

The carrying amounts of all derivatives were as follows, as at:

	December 31, 2025				December 31, 2024			
		Assets		**Liabilities**		Assets		Liabilities
Derivative financial instruments designated as cash flow hedges[1]								
Forward foreign exchange contracts	**$**	**35**	**$**	**20**	$	—	$	142
Derivative financial instruments classified as FVTP&L[2]								
Forward foreign exchange contracts		**4**		**—**		1		11
Embedded derivative financial instruments								
Call options on long-term debt		**375**		**—**		166		—
		379		**—**		167		11
Total derivative financial instruments	**$**	**414**	**$**	**20**	$	167	$	153

(1) The maximum length of time of derivative financial instruments hedging the Corporation's exposure to the variability in future cash flows for anticipated transactions is 27 months as at December 31, 2025.

(2) Held as economic hedges, except for embedded derivative financial instruments.

The methods and assumptions used to measure the fair value of financial instruments are described in Note 34 - Fair value of financial instruments.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were as follows, as at:

		December 31, 2025		December 31, 2024
Cash	**$**	**916**	$	614
Cash equivalents				
Money market funds		**999**		1,022
Term deposits		**260**		17
Cash and cash equivalents	**$**	**2,175**	$	1,653

14. TRADE AND OTHER RECEIVABLES

Trade and other receivables were as follows, as at:

					Past due but not impaired					
		Total		Not past due		less than 90 days		more than 90 days		Impaired (2)
December 31, 2025(1)										
Trade receivables, gross	**$**	**413**	**$**	**281**	**$**	**86**	**$**	**5**	**$**	**41**
Allowance for doubtful accounts		**(10)**		**—**		**—**		**—**		**(10)**
		403	**$**	**281**	**$**	**86**	**$**	**5**	**$**	**31**
Other		**24**								
Total	**$**	**427**								
December 31, 2024(1)										
Trade receivables, gross	$	329	$	229	$	73	$	9	$	18
Allowance for doubtful accounts		(9)		—		—		—		(9)
		320	$	229	$	73	$	9	$	9
Other		14								
Total	$	334								

(1) Of which $24 million and $24 million are denominated in Euros and other foreign currencies, respectively, as at December 31, 2025 ($16 million and $19 million, respectively, as at December 31, 2024).
(2) Of which a gross amount of $17 million of trade receivables are individually impaired as at December 31, 2025 ($10 million as at December 31, 2024).

The factors that the Corporation considers to classify trade receivables as impaired are as follows: the customer is in bankruptcy or under administration, payments (or a portion of) are in dispute, or payments are in arrears. Further information on financial risk is provided in Note 33 - Financial risk management.

Allowance for doubtful accounts **–** Changes in the allowance for doubtful accounts were as follows, for fiscal years:

		2025		2024
Balance at beginning of year	**$**	**(9)**	$	(5)
Provision for doubtful accounts		**(4)**		(5)
Amounts written-off		**2**		1
Recoveries		**1**		—
Balance at end of year	**$**	**(10)**	**$**	**(9)**

Off-balance sheet sale of receivables
The Corporation has sold a receivable of $50 million, without credit recourse, during fiscal year 2025 (nil during fiscal year 2024). This receivable was outstanding as at December 31, 2025.

15. CONTRACT BALANCES

Contract assets represent costs incurred and recorded margins on service contracts in the amount of $157 million and $138 million as at December 31, 2025 and December 31, 2024, respectively.

Contract liabilities were as follows, as at:

	December 31, 2025	December 31, 2024
Advances on aerospace programs	$ 4,478	$ 3,905
Long-term service contracts deferred revenues	222	234
Other deferred revenues	190	172
	$ 4,890	$ 4,311
Of which current	$ 3,442	$ 2,964
Of which non-current	1,448	1,347
	$ 4,890	$ 4,311

Revenues recognized were as follows, for fiscal years:

	2025	2024
Revenues recognized from:		
Contract liability balance at the beginning of the year		
Advances on aerospace programs	$ 2,641	$ 2,915
	$ 2,641	$ 2,915

16. INVENTORIES

Inventories were as follows, as at:

	December 31, 2025	December 31, 2024
Aerospace programs	$ 3,493	$ 3,390
Finished products	611	655
	$ 4,104	$ 4,045

The amount of inventories recognized as cost of sales totaled $6,580 million for fiscal year 2025 ($6,021 million for fiscal year 2024). This amount includes $37 million of write-downs for fiscal year 2025 ($33 million for fiscal year 2024) and $5 million of reversal of write-downs for fiscal year 2025 ($3 million for fiscal year 2024).

17. BACKLOG

The following table presents the aggregate amount of the revenues expected to be realized in the future from partially or fully unsatisfied performance obligations as we perform under contracts at delivery or recognized over time. The amounts disclosed below represent the value of firm orders only. Such orders may be subject to future modifications that might impact the amount and/or timing of revenue recognition. The amounts disclosed below do not include unexercised options or letters of intent.

Revenues expected to be recognized in:

(In billions of $)	December 31, 2025	December 31, 2024
Less than 24 months	$ 11.3	$ 10.0
Thereafter	6.2	4.4
Total	$ 17.5	$ 14.4

18. OTHER FINANCIAL ASSETS

Other financial assets were as follows, as at:

	December 31, 2025	December 31, 2024
Derivative financial instruments[1]	**$ 414**	$ 167
Receivable from ACLP[2]	**293**	309
Investments in securities	**73**	73
Restricted cash	**42**	42
Other	**10**	12
	$ 832	$ 603
Of which current	**$ 80**	$ 30
Of which non-current	**752**	573
	$ 832	$ 603

[1] See Note 12 - Financial instruments for more information.
[2] This receivable from ACLP represents a back-to-back agreement that the Corporation has with ACLP related to certain government refundable advances**.** See Note 25 - Other financial liabilities for more information.

19. OTHER ASSETS

Other assets were as follows, as at:

	December 31, 2025	December 31, 2024
Prepaid expenses	**$ 187**	$ 214
Sales tax and other taxes	**168**	104
Retirement benefits[1]	**160**	141
Intangible assets other than aerospace program tooling[2]	**60**	65
Other	**13**	14
	$ 588	$ 538
Of which current	**$ 173**	$ 177
Of which non-current	**415**	361
	$ 588	$ 538

[1] See Note 22 - Retirement benefits for more information.
[2] See Note 21 - Intangible assets for more information.

20. PROPERTY, PLANT AND EQUIPMENT

PP&E were as follows, as at:

	Land	Buildings	Equipment	Construction in progress	Other	Total	Right-of-use assets	Total
Cost								
Balance as at December 31, 2024	**$ 15**	**$ 1,323**	**$ 666**	**$ 103**	**$ 1**	**$ 2,108**	**$ 509**	**$ 2,617**
Additions	**—**	**1**	**225**	**66**	**—**	**292**	**22**	**314**
Disposals	**—**	**—**	**(210)**	**—**	**(1)**	**(211)**	**(4)**	**(215)**
Transfers	**—**	**49**	**58**	**(104)**	**—**	**3**	**(3)**	**—**
Effect of foreign currency exchange rate changes	**—**	**—**	**1**	**—**	**—**	**1**	**3**	**4**
Balance as at December 31, 2025	**$ 15**	**$ 1,373**	**$ 740**	**$ 65**	**$ —**	**$ 2,193**	**$ 527**	**$ 2,720**
Accumulated amortization and impairment								
Balance as at December 31, 2024	**$ —**	**$ (572)**	**$ (539)**	**$ —**	**$ (1)**	**$ (1,112)**	**$ (152)**	**$ (1,264)**
Amortization	**—**	**(39)**	**(44)**	**—**	**—**	**(83)**	**(34)**	**(117)**
Reversal (impairment)	**—**	**—**	**—**	**—**	**—**	**—**	**7**	**7**
Disposals	**—**	**—**	**7**	**—**	**1**	**8**	**4**	**12**
Transfers	**—**	**—**	**(3)**	**—**	**—**	**(3)**	**3**	**—**
Effect of foreign currency exchange rate changes	**—**	**—**	**(2)**	**—**	**—**	**(2)**	**(1)**	**(3)**
Balance as at December 31, 2025	**$ —**	**$ (611)**	**$ (581)**	**$ —**	**$ —**	**$ (1,192)**	**$ (173)**	**$ (1,365)**
Net carrying value	**$ 15**	**$ 762**	**$ 159**	**$ 65**	**$ —**	**$ 1,001**	**$ 354**	**$ 1,355**

	Land	Buildings	Equipment	Construction in progress	Other	Total	Right-of-use assets	Total
Cost								
Balance as at January 1, 2024	$ 16	$ 1,200	$ 633	$ 146	$ 42	$ 2,037	$ 562	$ 2,599
Additions	—	—	131	70	—	201	16	217
Disposals	(1)	(1)	(124)	—	(32)	(158)	(44)	(202)
Transfers	—	124	27	(113)	(9)	29	(24)	5
Effect of foreign currency exchange rate changes	—	—	(1)	—	—	(1)	(1)	(2)
Balance as at December 31, 2024	$ 15	$ 1,323	$ 666	$ 103	$ 1	$ 2,108	$ 509	$ 2,617
Accumulated amortization and impairment								
Balance as at January 1, 2024	$ —	$ (521)	$ (515)	$ —	$ (14)	$ (1,050)	$ (174)	$ (1,224)
Amortization	—	(35)	(36)	—	(1)	(72)	(33)	(105)
Disposals	—	1	14	—	6	21	44	65
Transfers	—	(17)	(3)	—	8	(12)	11	(1)
Effect of foreign currency exchange rate changes	—	—	1	—	—	1	—	1
Balance as at December 31, 2024	$ —	$ (572)	$ (539)	$ —	$ (1)	$ (1,112)	$ (152)	$ (1,264)
Net carrying value	$ 15	$ 751	$ 127	$ 103	$ —	$ 996	$ 357	$ 1,353

The net carrying value of right-of-use assets was as follows, as at:

	December 31, 2025	December 31, 2024
Buildings	**$ 293**	$ 302
Land	**45**	47
Equipment	**4**	7
Other	**12**	1
	$ 354	$ 357

Amortization expense and impairment (reversal) of right-of-use assets were as follows, for fiscal years:

	2025	2024
Buildings	**$ 19**	$ 26
Equipment	**4**	3
Land	**2**	4
Other	**2**	—
	$ 27	$ 33

The expense related to short-term leases and low value leases amounted to $5 million for fiscal year 2025 ($4 million for fiscal year 2024).

21. INTANGIBLE ASSETS

Intangible assets were as follows, as at:

	Aerospace program tooling			Other [1][2]	Total
	Acquired	**Internally generated**	**Total**		
Cost					
Balance as at December 31, 2024	**$ 1,656**	**$ 5,623**	**$ 7,279**	**$ 245**	**$ 7,524**
Additions	**9**	**73**	**82**	**2**	**84**
Disposals	**—**	**(1)**	**(1)**	**(5)**	**(6)**
Effect of foreign currency exchange rate changes	**—**	**—**	**—**	**2**	**2**
Balance as at December 31, 2025	**$ 1,665**	**$ 5,695**	**$ 7,360**	**$ 244**	**$ 7,604**
Accumulated amortization and impairment					
Balance as at December 31, 2024	**$ (957)**	**$ (2,998)**	**$ (3,955)**	**$ (180)**	**$ (4,135)**
Amortization	**(78)**	**(262)**	**(340)**	**(7)**	**(347)**
Disposals	**—**	**1**	**1**	**3**	**4**
Balance as at December 31, 2025	**$ (1,035)**	**$ (3,259)**	**$ (4,294)**	**$ (184)**	**$ (4,478)**
Net carrying value	**$ 630**	**$ 2,436**	**$ 3,066**	**$ 60**	**$ 3,126**

	Aerospace program tooling			Other [1][2]	Total
	Acquired	Internally generated	Total		
Cost					
Balance as at January 1, 2024	$ 1,643	$ 5,546	$ 7,189	$ 271	$ 7,460
Additions	13	77	90	2	92
Disposals	—	—	—	(23)	(23)
Transfers	—	—	—	(4)	(4)
Effect of foreign currency exchange rate changes	—	—	—	(1)	(1)
Balance as at December 31, 2024	$ 1,656	$ 5,623	$ 7,279	$ 245	$ 7,524
Accumulated amortization and impairment					
Balance as at January 1, 2024	$ (880)	$ (2,743)	$ (3,623)	$ (193)	$ (3,816)
Amortization	(77)	(255)	(332)	(8)	(340)
Impairment	—	—	—	(2)	(2)
Disposals	—	—	—	23	23
Balance as at December 31, 2024	$ (957)	$ (2,998)	$ (3,955)	$ (180)	$ (4,135)
Net carrying value	$ 699	$ 2,625	$ 3,324	$ 65	$ 3,389

(1) Presented in Note 19 - Other assets.
(2) Includes internally generated intangible assets with a cost and accumulated amortization of $151 million and $122 million, respectively, as at December 31, 2025 ($153 million and $121 million, respectively, as at December 31, 2024).

22. RETIREMENT BENEFITS

The Corporation sponsors several funded and unfunded defined benefit pension plans as well as defined contribution pension plans in Canada, U.S., and abroad, covering a majority of its employees. The Corporation also provides other unfunded defined benefit plans, covering certain groups of employees mainly in Canada and the U.S.

Pension plans are categorized as defined benefit ("DB") or defined contribution ("DC"). DB plans specify the amount of benefits an employee is to receive at retirement, while DC plans specify how contributions are determined. As a result, there is no deficit or surplus for DC plans. Hybrid plans are a combination of DB and DC plans.

Funded plans are plans for which segregated plan assets are invested in a trust. Unfunded plans are plans for which there are no segregated plan assets, as the establishment of segregated plan assets is generally not permitted or not in line with local practice.

FUNDED DB PLANS

The Corporation's major DB plans reside in Canada and the U.S., therefore very significant portions of the DB pension plans' assets and benefit obligations are located in those countries. The following text focuses mainly on plans registered in these two countries.

Governance

Under applicable pension legislation, the administrator of each plan is either the Corporation, in the case of U.S. plans and Canadian plans registered outside of Québec, or a pension committee in the case of plans registered in Québec.

Plan administrators are responsible for the management of plan assets and the establishment of investment policies, which define, for each plan, investment objectives, target asset allocation, risk mitigation strategies, and other elements required by pension legislation.

With respect to the plans registered in Québec, the pension committees have delegated the management of plan assets to the Corporation. The Corporation has selected an outsourced investment management firm (the "OCIO Provider") for the management of the assets for each plan.

Assets of each plan are invested in common investment funds (the "CIF") offered by the OCIO Provider. The CIF are unitized multi-manager funds organized by asset class. This allows each plan to have its own target asset allocation as determined by the plan administrators.

Daily administration of the plans is delegated to external pension administration service providers. The plan administrators and the Corporation also rely on the expertise of external legal advisors, actuaries, and investment consultants.

Benefit Policy

DB plan benefits are usually based on salary and years of service. In Canada and the U.S., since September 1, 2013, all new non-unionized employees join DC plans (i.e. they no longer have the option of joining DB or hybrid plans). Employees who are members of a DB or hybrid plan closed to new members continue to accrue service in their original plan.

Funding requirements

Actuarial valuations are conducted by independent firms hired by the Corporation or the administrators, as required by pension legislation. The purpose of the valuations is to determine the plans' financial position and the annual contributions to be made by the Corporation to fund both benefits accruing in the year (service cost) and deficits accumulated over prior years. Minimum funding requirements are set out by applicable pension legislation.

Pension plans in Canada are notably governed under the Supplemental Pension Plans Act in Québec, the Pension Benefits Act in Ontario and the Income Tax Act in Canada. Actuarial valuations are required at least every three years. Depending on the jurisdiction and the funded status of the plan, actuarial valuations may be required annually. Contributions are determined by the appointed actuary and cover future service costs and deficits, as prescribed by laws and actuarial practices.

For Québec pension plans, minimum contributions are required to amortize the going-concern deficits (established under the assumption that the plan will continue to be in force) over a period up to 10 years. Funding is based on going-concern valuation, including a stabilization provision. This provision is funded by special amortization and current service contributions, and by actuarial gains.

For Ontario pension plans, minimum contributions are required to amortize the going-concern deficits (established under the assumption that the plan will continue to be in force) over a period up to 10 years. Solvency deficiencies (established under the assumption that the plan winds-up) up to 85% of solvency liabilities are required to be funded over a period of 5 years. An explicit margin called a provision for adverse deviations is added to both the going concern liabilities and future service cost when determining minimum contributions.

Pension plans in the U.S. are mainly governed under the Employee Retirement Income Security Act, the Internal Revenue Code, the Pension Protection Act of 2006 and subsequent legislation including the American Rescue Plan Act, which was passed in 2021. Actuarial valuations are required annually. Contributions are determined by the appointed actuary and cover future service costs and deficits, as prescribed by law. Funding deficits are generally amortized over a period of 15 years.

Investment Policy and de-risking strategies

The investment policies are established to achieve a long-term investment return so that, in conjunction with contributions, the plans have sufficient assets to pay for the promised benefits while maintaining a level of risk that is acceptable given the tolerance of plan stakeholders. See below for more information about risk management initiatives.

The target asset allocation is determined based on expected economic and market conditions, the maturity profile of the plans' liabilities, the funded status of the respective plans and the plan stakeholders' tolerance to risk.

The plans' investment strategy is to invest broadly in fixed income and equity securities and to have a smaller portion of the funds' assets invested in real return asset securities (global infrastructure and real estate listed securities).

In addition, a customized liability driven investment strategy (the “LDI strategy”) has been implemented to reduce the sensitivity of the plans' financial position to variation of interest rates.

The plan administrators have also established dynamic risk management strategies. As a result, asset allocation will likely become more conservative in the future as plan funding status and market conditions continue to improve and the plans become more mature. Under certain pension legislation, and subject to compliance with certain conditions, the buy-out of annuities with insurance companies would discharge the Corporation and administrators of their respective obligations. Accordingly, in 2018, 2019, 2023 and 2024 annuities were purchased for some pensioners, beneficiaries and deferred vested members of the Bombardier pension plans registered in Ontario or Québec. In 2022, annuities were purchased for some pensioners, beneficiaries and alternate payees of the Bombardier pension plan registered in the U.S. The buy-out of annuities payable to pensioners of other pension plans will be contemplated in the coming years when these plans become fully funded on a buy-out basis.

Risk management initiatives

The Corporation's pension plans are exposed to various risks, including equity, interest rate, inflation, foreign exchange, liquidity and longevity risks. Several risk management strategies and policies have been put in place to mitigate the impact these risks could have on the funded status of DB plans and on the future level of contributions by the Corporation. The following is a description of key risks together with the mitigation measures in place to address them.

Equity risk
Equity risk results from fluctuations in equity prices. This risk is managed by maintaining diversification of portfolios across geographies, industry sectors and investment strategies.

Interest rate risk
Interest rate risk results from fluctuations in the fair value of plan assets and liabilities due to movements in interest rates. This risk is managed by reducing the mismatch between the duration of plan assets and the duration of pension obligation. This is accomplished by having a portion of the portfolio invested in long-term fixed income securities and by implementing LDI strategies.

Inflation risk
Inflation risk is the risk that benefits indexed to inflation increase as a result of changes in inflation rates. To manage this risk, the benefit indexation has been capped in certain plans and a portion of plan assets has been invested in real return asset securities.

Foreign exchange risk
Currency risk exposure arises from fluctuations in the fair value of plan assets denominated in a currency other than the currency of the plan liabilities. Currency risk is managed with foreign currency hedging strategies as per plan investment policies.

Liquidity risk
Liquidity risk stems from holding assets which cannot be readily converted to cash when needed for the payment of benefits or to rebalance the portfolios. Liquidity risk is managed through investments in treasury bills, government bonds and equity futures and by limiting investments in private placements or hedge funds.

Longevity risk
Longevity risk is the risk that increasing life expectancy results in longer-than-expected benefit payments. This risk is mitigated by using appropriate base mortality and mortality improvement tables to set the level of contributions. The buy-out of annuities with insurance companies transfers all of the risks listed above to insurers for the annuities purchased.

UNFUNDED DB PLANS

Unfunded plans are located in countries where the establishment of funds for segregated plan assets is generally not permitted or not in line with local practice.

DC PLANS

A growing proportion of employees are participating in DC plans. The largest DC plans are located in Canada and in the U.S. The plan administrators and the investment committee oversee the management of DC plan assets.

OTHER PLANS

The Corporation also provides other unfunded defined benefit plans, consisting essentially of post-retirement healthcare coverage, life insurance benefits and retirement allowances. The Corporation provides post-retirement life insurance and post-retirement health care, with provisions that vary between groups of employees in Canada and in the U.S. New non-unionized hires are generally no longer offered post-retirement health care.

RETIREMENT BENEFITS PLANS

The following table provides the components of the retirement benefit cost, for fiscal years:

			2025			2024
	Pension benefits	**Other benefits**	**Total**	Pension benefits	Other benefits	Total
Current service cost	**$ 66**	**$ 2**	**$ 68**	$ 66	$ 3	$ 69
Accretion expense	**20**	**7**	**27**	27	7	34
Settlement[(1)]	**—**	**—**	**—**	7	—	7
DB plans	**86**	**9**	**95**	100	10	110
DC plans	**48**	**—**	**48**	41	—	41
Total retirement benefit cost	**$ 134**	**$ 9**	**$ 143**	$ 141	$ 10	$ 151
Related to						
Funded DB plans	**$ 80**	**n/a**	**$ 80**	$ 95	n/a	$ 95
Unfunded DB plans	**$ 6**	**$ 9**	**$ 15**	$ 5	$ 10	$ 15
DC plans	**$ 48**	**n/a**	**$ 48**	$ 41	n/a	$ 41
Recorded as follows						
EBIT expense or capitalized cost	**$ 114**	**$ 2**	**$ 116**	$ 114	$ 3	$ 117
Financing expense	**$ 20**	**$ 7**	**$ 27**	$ 27	$ 7	$ 34

(1) Includes the loss related to the purchase of pension annuities presented in Note 7 - Other expense (income) for the fiscal year 2024. Represents the non-cash loss on the settlement of defined benefit pension plans resulting from the purchase of annuities with insurance companies.

Changes in the cumulative amount of remeasurements gains (losses) of defined benefit plans recognized in OCI, and presented as a separate component of deficit, were as follows, for fiscal years:

Gains (losses)	
Balance as at January 1, 2024	$ (2,219)
Actuarial gains, net	152
Effect of exchange rate changes	31
Income taxes	—
Balance as at December 31, 2024	(2,036)
Actuarial gains, net	140
Effect of exchange rate changes	(15)
Income taxes recovery	1
Balance as at December 31, 2025	**$ (1,910)**

The following tables present the changes in the defined benefit obligation and fair value of pension plan assets, for fiscal years:

			2025			2024
	Pension benefits	**Other benefits**	**Total**	Pension benefits	Other benefits	Total
Change in benefit obligation						
Obligation at beginning of year	**$ 3,747**	**$ 146**	**$ 3,893**	$ 3,952	$ 158	$ 4,110
Accretion	**187**	**7**	**194**	182	7	189
Current service cost	**66**	**2**	**68**	66	3	69
Plan participants' contributions	**13**	**—**	**13**	13	—	13
Actuarial (gains) losses - changes in financial assumptions	**(102)**	**(14)**	**(116)**	(83)	(2)	(85)
Actuarial (gains) losses - changes in experience adjustments	**19**	**(4)**	**15**	64	3	67
Actuarial (gains) losses - changes in demographic assumptions	**17**	**5**	**22**	—	—	—
Benefits paid	**(154)**	**(10)**	**(164)**	(177)	(10)	(187)
Settlement(1)	**(658)**	**—**	**(658)**	—	—	—
Effect of exchange rate changes	**141**	**7**	**148**	(270)	(13)	(283)
Obligation at end of year	**$ 3,276**	**$ 139**	**$ 3,415**	$ 3,747	$ 146	$ 3,893
Obligation is attributable to						
Active members	**$ 1,754**	**$ 61**	**$ 1,815**	$ 1,657	$ 55	$ 1,712
Deferred members	**284**	**—**	**284**	291	—	291
Retirees	**1,238**	**78**	**1,316**	1,799	91	1,890
	$ 3,276	**$ 139**	**$ 3,415**	$ 3,747	$ 146	$ 3,893
Change in plan assets						
Fair value at beginning of year	**$ 3,410**	**$ —**	**$ 3,410**	$ 3,450	$ —	$ 3,450
Employer contributions	**92**	**10**	**102**	101	9	110
Plan participants' contributions	**13**	**—**	**13**	13	—	13
Interest income on plan assets	**167**	**—**	**167**	155	—	155
Actuarial gains	**61**	**—**	**61**	134	—	134
Benefits paid	**(154)**	**(10)**	**(164)**	(177)	(9)	(186)
Settlement(1)	**(658)**	**—**	**(658)**	(7)	—	(7)
Administration costs	**(10)**	**—**	**(10)**	(9)	—	(9)
Effect of exchange rate changes	**131**	**—**	**131**	(250)	—	(250)
Fair value at end of year	**$ 3,052**	**$ —**	**$ 3,052**	$ 3,410	$ —	$ 3,410

(1) Includes the loss related to the purchase of pension annuities presented in Note 7 - Other expense (income) for the fiscal year 2024. Represents the non-cash loss on the settlement of defined benefit pension plans resulting from the purchase of annuities with insurance companies.

The following table presents the reconciliation of plan assets and obligations to the amount recognized in the consolidated statements of financial position, as at:

		December 31, 2025		December 31, 2024
	Pension benefits	**Other benefits**	Pension benefits	Other benefits
Present value of defined benefit obligation	**$ 3,276**	**$ 139**	$ 3,747	$ 146
Fair value of plan assets	**(3,052)**	**—**	(3,410)	—
Net amount recognized	**$ 224**	**$ 139**	$ 337	$ 146
Amounts included in:				
Retirement benefit				
Liability	**$ 384**	**$ 139**	$ 478	$ 146
Asset(1)	**(160)**	**—**	(141)	—
Net liability	**$ 224**	**$ 139**	$ 337	$ 146

(1) Presented in Note 19 - Other assets.

The following table presents the allocation of the net retirement benefit liability by major countries, as at:

	December 31, 2025		December 31, 2024	
	Pension benefits	**Other benefits**	Pension benefits	Other benefits
Funded pension plans				
Canada	**$ 47**	**$ —**	$ 129	$ —
U.S.	**94**	**—**	131	—
	141	**—**	260	—
Unfunded pension plans				
Canada	**19**	**136**	19	142
U.S.	**23**	**3**	24	4
Germany	**28**	**—**	26	—
Other	**13**	**—**	8	—
	83	**139**	77	146
Net liability	**$ 224**	**$ 139**	$ 337	$ 146

The following table presents the allocation of benefit obligation and plan assets by major countries, as at:

	December 31, 2025		December 31, 2024	
	Benefit obligation	**Plan assets**	Benefit obligation	Plan assets
Funded pension plans				
Canada	**$ 2,551**	**$ 2,504**	$ 3,060	$ 2,931
U.S.	**642**	**548**	610	479
	3,193	**3,052**	3,670	3,410
Unfunded pension plans	**222**	**—**	223	—
	$ 3,415	**$ 3,052**	$ 3,893	$ 3,410

The fair value of plan assets by level of hierarchy was as follows, as at:

								December 31, 2025
		Total		**Level 1**		**Level 2**		**Level 3**
Cash and cash equivalents	**$**	**76**	**$**	**—**	**$**	**76**	**$**	**—**
Equity Funds								
Canada		**978**		**—**		**978**		**—**
U.S.		**245**		**—**		**245**		**—**
		1,223		**—**		**1,223**		**—**
Fixed-income Funds and securities								
Canada		**1,133**		**—**		**1,133**		**—**
U.S.		**136**		**—**		**136**		**—**
		1,269		**—**		**1,269**		**—**
Real return assets equity Funds								
Canada		**174**		**—**		**174**		**—**
U.S.		**17**		**—**		**17**		**—**
		191		**—**		**191**		**—**
Private Investment		**18**		**—**		**—**		**18**
Other		**275**		**—**		**275**		**—**
	$	**3,052**	**$**	**—**	**$**	**3,034**	**$**	**18**

								December 31, 2024
		Total		Level 1		Level 2		Level 3
Cash and cash equivalents	$	106	$	—	$	106	$	—
Equity Funds								
Canada		875		—		875		—
U.S.		213		—		213		—
		1,088		—		1,088		—
Fixed-income Funds and securities								
Canada		1,047		—		1,047		—
U.S.		123		—		123		—
		1,170		—		1,170		—
Real return assets equity Funds								
Canada		152		—		152		—
U.S.		16		—		16		—
		168		—		168		—
Private Investment		17		—		—		17
Other[(1)]		861		—		861		—
	$	3,410	$	—	$	3,393	$	17

(1) Includes the asset related to the 2024 purchase of pension annuities.

Plan assets did not include any of the Corporation's shares, nor any property occupied by the Corporation or other assets used by the Corporation as at December 31, 2025, and December 31, 2024.

The following table presents the contributions made for fiscal years 2025 and 2024 as well as the estimated contributions for fiscal year 2026:

		2026		**2025**		2024
		Estimated				
Contributions to:						
Funded pension plans	$	79	**$**	**88**	$	98
Unfunded pension plans		4		**4**		3
Other benefits		10		**10**		9
Total defined benefits plans		93		**102**		110
DC pension plans		52		**48**		41
Total contributions	$	145	**$**	**150**	$	151

The following table presents information about the maturity profile of the defined benefit obligation expected to be paid, as at:

	December 31, 2025
Benefits expected to be paid	
Within 1 year	$ **151**
Between 1 and 5 years	**712**
Between 5 and 10 years	**1,140**
Between 10 and 15 years	**1,350**
Between 15 and 20 years	**1,448**
	$ **4,801**

The following table provides the weighted-average duration of the defined benefit obligation related to pension plans, as at:

Duration in years	December 31, 2025
Funded pension plans	
Canada	**14.2**
U.S.	**11.7**
Unfunded pension plans	
Germany	**18.1**
Mexico	**11.0**
U.S.	**9.7**
Canada	**10.1**

The following table provides the expected payments to be made under the unfunded plans, as at December 31, 2025:

	Canada	Other	Total
Benefits expected to be paid			
Within 1 year	$ **11**	$ **3**	$ **14**
Between 1 and 5 years	**40**	**14**	**54**
Between 5 and 10 years	**52**	**23**	**75**
Between 10 and 15 years	**48**	**33**	**81**
Between 15 and 20 years	**46**	**47**	**93**
	$ **197**	$ **120**	$ **317**

The significant actuarial assumptions reflect the economic situation of each country. The weighted-average assumptions used to determine the benefit cost and obligation were as follows, as at:

	December 31, 2025		December 31, 2024	
(in percentage)	**Pension benefits**	**Other benefits**	Pension benefits	Other benefits
Benefit cost				
Discount rate	**4.86%**	**4.72%**	4.68%	4.61%
Rate of compensation increase	**3.09%**	**3.00%**	3.09%	3.00%
Inflation rate	**2.13%**	**n/a**	2.13%	n/a
Ultimate health care cost trend rate	**n/a**	**5.03%**	n/a	5.03%
Benefit obligation				
Discount rate	**5.09%**	**5.01%**	4.86%	4.72%
Rate of compensation increase	**3.12%**	**2.85%**	3.09%	3.00%
Inflation rate	**2.16%**	**n/a**	2.13%	n/a
Initial health care cost trend rate	**n/a**	**4.11%**	n/a	5.10%
Ultimate health care cost trend rate	**n/a**	**4.02%**	n/a	5.03%

The mortality tables and the average life expectancy in years of a member at age 45 or 65 is as follows, as at December 31:

(in years)		**Life expectancy over 65 for a male member currently**			
		Aged 65 on December		**Aged 45 on December**	
Country	Mortality tables	**2025**	2024	**2025**	2024
Canada	2014 Private Sector Mortality Table ("CPM2014Priv") projected generationally using CPM Improvement Scale B ("CPM-B") with adjustment	**22.4**	22.3	**23.4**	23.3
U.S.	Pri-2012 mortality table projected generationally using the MP-2021 improvement scale	**20.8**	20.8	**22.3**	22.3
Germany	Dr. K Heubeck 2018 G without any adjustment	**21.2**	21.0	**23.9**	23.7
		Life expectancy over 65 for a female member currently			
		Aged 65 on December		**Aged 45 on December**	
Country	Mortality tables	**2025**	2024	**2025**	2024
Canada	2014 Private Sector Mortality Table ("CPM2014Priv") projected generationally using CPM Improvement Scale B ("CPM-B") with adjustment	**24.7**	24.6	**25.6**	25.6
U.S.	Pri-2012 mortality table projected generationally using the MP-2021 improvement scale	**22.8**	22.7	**24.2**	24.2
Germany	Dr. K Heubeck 2018 G without any adjustment	**24.5**	24.4	**26.7**	26.6

A 0.25 percentage point increase in one of the following actuarial assumptions would have the following effects, all other actuarial assumptions remaining unchanged, for the fiscal year 2025 and as at December 31, 2025:

Assumption	**Retirement benefit cost**	**Net retirement benefit liability**
Discount rate	$ (10)	$ (112)
Rate of compensation increase	$ 1	$ 13
Rate of price inflation	$ —	$ (1)

A one-year additional life expectancy as at December 31, 2025 for all DB plans would increase the retirement benefit cost by $7 million and the net retirement benefit liability by $78 million.

As at December 31, 2025, the health care cost trend rate for retirement benefits other than pension, which is a weighted-average annual rate of increase in the per capita cost of covered health and dental care benefits, is assumed to be 4.11% and to decrease progressively to 4.02% by calendar year 2036 and then remain at that level for all participants.

A one percentage point change in assumed health care cost trend rates would have the following effects, for the fiscal year 2025 and as at December 31, 2025:

	Retirement benefit cost	Net retirement benefit liability
One percentage point increase	$ 1	$ 9
One percentage point decrease	$ (1)	$ (8)

23. TRADE AND OTHER PAYABLES

Trade and other payables were as follows, as at:

	December 31, 2025	December 31, 2024
Trade payables	**$ 1,385**	$ 1,457
Interest payable	**89**	118
Other	**123**	217
	$ 1,597	$ 1,792

24. PROVISIONS

Changes in provisions were as follows, for fiscal years 2025 and 2024:

	Product warranties	**Onerous contracts**	**Other** [1]	**Total**
Balance as at December 31, 2024	**$ 120**	**$ 17**	**$ 10**	**$ 147**
Additions	**78**	**2**	**7**	**87**
Utilization	**(53)**	**(4)**	**(10)**	**(67)**
Reversals	**(32)**	**(6)**	**(1)**	**(39)**
Accretion expense	**1**	**1**	**—**	**2**
Balance as at December 31, 2025	**$ 114**	**$ 10**	**$ 6**	**$ 130**
Of which current	**$ 41**	**$ 2**	**$ 4**	**$ 47**
Of which non-current	**73**	**8**	**2**	**83**
	$ 114	**$ 10**	**$ 6**	**$ 130**

	Product warranties	Onerous contracts	Other [1]	Total
Balance as at January 1, 2024	$ 140	$ 14	$ 14	$ 168
Additions	72	9	2	83
Utilization	(52)	(5)	(4)	(61)
Reversals	(42)	(1)	(2)	(45)
Accretion expense	2	—	—	2
Balance as at December 31, 2024	$ 120	$ 17	$ 10	$ 147
Of which current	$ 41	$ 2	$ 6	$ 49
Of which non-current	79	15	4	98
	$ 120	$ 17	$ 10	$ 147

[1] Includes claims and litigation.

25. OTHER FINANCIAL LIABILITIES

Other financial liabilities were as follows, as at:

	December 31, 2025	December 31, 2024
Lease liabilities	$ 438	$ 422
Government refundable advances[1]	422	444
Derivative financial instruments[2]	20	153
Credit and residual value guarantees payable	—	21
Other[3]	53	45
	$ 933	$ 1,085
Of which current	$ 149	$ 204
Of which non-current	784	881
	$ 933	$ 1,085

[1] Of which $293 million has a back-to-back agreement with ACLP as at December 31, 2025 ($309 million as at December 31, 2024). Refer to Note 18 - Other financial assets for the receivable from ACLP. The Corporation is required to pay amounts to governments based on the number of deliveries of aircraft.
[2] See Note 12 - Financial instruments.
[3] Mainly represent liabilities related to various divestitures.

The Corporation has entered into leases for which the asset is still under construction, and therefore the right-of-use assets and the lease liabilities related to these leases are not recorded as at December 31, 2025, since the lease has not yet commenced. The Corporation's undiscounted lease commitments were as follows, as at:

	December 31, 2025
Less than 1 year	$ 2
From 1 to 3 years	11
Thereafter	384
	$ 397

26. OTHER LIABILITIES

Other liabilities were as follows, as at:

	December 31, 2025	December 31, 2024
Supplier contributions to aerospace programs	$ 523	$ 560
Employee benefits[1]	358	303
Sales incentive and customer credit notes	86	80
Deferred income	73	82
Income taxes payable	48	40
Other	139	90
	$ 1,227	$ 1,155
Of which current	$ 549	$ 465
Of which non-current	678	690
	$ 1,227	$ 1,155

[1] Comprises all employee benefits excluding those related to retirement benefits, which are reported in the line items Retirement benefits and in Other assets, refer to Note 22 - Retirement benefits.

27. LONG-TERM DEBT

Long-term debt was as follows, as at:

					December 31, 2025	December 31, 2024
	Amount in currency of origin	Currency	Contractual interest rate [1]	Maturity	Amount	Amount
Senior Notes	750	USD	6.00%	Feb. 2028	**$ 747** [2]	$ 745
	750	USD	7.50%	Feb. 2029	**749**	749
	750	USD	8.75%	Nov. 2030	**754**	755
	750	USD	7.25%	Jul. 2031	**751**	752
	750	USD	7.00%	Jun. 2032	**766**	769
	750	USD	6.75%	Jun. 2033	**769**	—
	510	USD	7.45%	May 2034	**509**	507
	166	USD	7.13%	n/a	**—** [3]	166
	983	USD	7.88%	n/a	**—** [3]	980
Debentures	150	CAD	7.35%	Dec. 2026	**109**	104
Other	18	USD	7.95%	n/a	**—** [4]	18
					$ 5,154	$ 5,545
Of which current					**$ 607**	$ 299
Of which non-current					**4,547**	5,246
					$ 5,154	$ 5,545

[1] Interest on long-term debt as at December 31, 2025 is payable semi-annually.
[2] In December 2025, the Corporation issued a notice of partial redemption of the Senior Notes due 2028 for an aggregate principal amount of $500 million using cash from its balance sheet. The redemption date is February 15, 2026.
[3] The Corporation completed the full repayment of the Senior Notes due 2026 and 2027 during fiscal year 2025 (partial repayment of the Senior Notes due 2026 and 2027 during fiscal year 2024).
[4] Fully paid during fiscal year 2025.

All Senior Notes rank pari-passu and are unsecured.

The carrying value of long-term debt includes principal repayments, transaction costs and unamortized discounts. The following table presents the contractual principal repayments of the long-term debt, as at:

	December 31, 2025	December 31, 2024
Within 1 year	**$ 609** [1]	$ 300
Between 1 and 5 years	**1,750**	2,471
More than 5 years	**2,760**	2,760
	$ 5,119	$ 5,531

[1] In December 2025, the Corporation issued a notice of partial redemption of the Senior Notes due 2028 for an aggregate principal amount of $500 million using cash from its balance sheet. The redemption date is February 15, 2026.

28. SHARE CAPITAL

Preferred Shares

The preferred shares authorized were as follows, as at December 31, 2025 and 2024:

	Authorized for the specific series
Series 2 Cumulative Redeemable Preferred Shares	12,000,000
Series 3 Cumulative Redeemable Preferred Shares	12,000,000
Series 4 Cumulative Redeemable Preferred Shares	9,400,000

The preferred shares issued and fully paid were as follows, as at:

	December 31, 2025	December 31, 2024
Series 2 Cumulative Redeemable Preferred Shares	**2,684,527**	2,684,527
Series 3 Cumulative Redeemable Preferred Shares	**9,315,473**	9,315,473
Series 4 Cumulative Redeemable Preferred Shares	**9,400,000**	9,400,000

Series 2 Cumulative Redeemable Preferred Shares	
Redemption:	Redeemable, at the Corporation’s option, at $25.50 Cdn per share.
Conversion:	Convertible on a one-for-one basis, at the option of the holder, on August 1, 2027 and on August 1 of every fifth year thereafter into Series 3 Cumulative Redeemable Preferred Shares. Fourteen days before the conversion date, if the Corporation determines, after having taken into account all shares tendered for conversion by holders, that there would be less than 1,000,000 outstanding Series 2 Cumulative Redeemable Preferred Shares, such remaining number shall automatically be converted into an equal number of Series 3 Cumulative Redeemable Preferred Shares. Likewise, if the Corporation determines fourteen days before the conversion date that, at such time, there would be less than 1,000,000 outstanding Series 3 Cumulative Redeemable Preferred Shares, then no Series 2 Cumulative Redeemable Preferred Shares may be converted.
Dividend:	Since September 2002, the variable cumulative preferential cash dividends are payable monthly on the 15th day of each month, if declared, with the annual variable dividend rate being set between 50% to 100% of the Canadian prime rate, and adjusted as follows. The dividend rate will vary in relation to changes in the prime rate and will be adjusted upwards or downwards on a monthly basis to a monthly maximum of 4% if the trading price of Series 2 Cumulative Redeemable Preferred Shares is less than $24.90 Cdn per share or more than $25.10 Cdn per share.

Series 3 Cumulative Redeemable Preferred Shares	
Redemption:	Redeemable, at the Corporation’s option, at $25.00 Cdn per share on August 1, 2027 and on August 1 of every fifth year thereafter.
Conversion:	Convertible on a one-for-one basis, at the option of the holder, on August 1, 2027 and on August 1 of every fifth year thereafter into Series 2 Cumulative Redeemable Preferred Shares. Fourteen days before the conversion date, if the Corporation determines, after having taken into account all shares tendered for conversion by holders, that there would be less than 1,000,000 outstanding Series 3 Cumulative Redeemable Preferred Shares, such remaining number shall automatically be converted into an equal number of Series 2 Cumulative Redeemable Preferred Shares. Likewise, if the Corporation determines fourteen days before the conversion date that, at such time, there would be less than 1,000,000 outstanding Series 2 Cumulative Redeemable Preferred Shares, then no Series 3 Cumulative Redeemable Preferred Shares may be converted.
Dividend:	For the five-year period from August 1, 2022 and including July 31, 2027, the Series 3 Cumulative Redeemable Preferred Shares carry fixed cumulative preferential cash dividends at a rate of 4.588% or $1.147 Cdn per share per annum, payable quarterly on the last day of January, April, July and October of each year at a rate of $0.28675 Cdn, if declared. For each succeeding five-year period, the applicable fixed annual rate of the cumulative preferential cash dividends calculated by the Corporation shall not be less than 80% of the Government of Canada bond yield, as defined in the Restated Articles of Incorporation.

Series 4 Cumulative Redeemable Preferred Shares	
Redemption:	The Corporation may, subject to certain provisions, on not less than 30 nor more than 60 days' notice, redeem for cash the Series 4 Cumulative Redeemable Preferred Shares at $25.00 Cdn.
Conversion:	The Corporation may, subject to the approval of the Toronto Stock Exchange and such other stock exchanges on which the Series 4 Cumulative Redeemable Preferred Shares are then listed, at any time convert all or any of the outstanding Series 4 Cumulative Redeemable Preferred Shares into fully paid and non-assessable Class B Shares (subordinate voting) of the Corporation. The number of Class B Shares (subordinate voting) into which each Series 4 Cumulative Redeemable Preferred Shares may be so converted will be determined by dividing the then applicable redemption price together with all accrued and unpaid dividends to, but excluding the date of conversion, by the greater of $2.00 Cdn and 95% of the weighted-average trading price of such Class B Shares (subordinate voting) on the Toronto Stock Exchange for the period of 20 consecutive trading days, which ends on the fourth day prior to the date specified for conversion or, if that fourth day is not a trading day, on the trading day immediately preceding such fourth day. The Corporation may, at its option, at any time, create one or more further series of Preferred Shares of the Corporation, into which the holders of Series 4 Cumulative Redeemable Preferred Shares could have the right, but not the obligation, to convert their shares on a share-for-share basis.
Dividend:	The holders of Series 4 Cumulative Redeemable Preferred Shares are entitled to fixed cumulative preferential cash dividends, if declared, at a rate of 6.25% or $1.5625 Cdn per share per annum, payable quarterly on the last day of January, April, July and October of each year at a rate of $0.390625 Cdn per share.

Common Shares

All common shares are without nominal or par value.

Class A Shares (multiple voting)	
Voting rights:	Ten votes each.
Conversion:	Convertible, at any time, at the option of the holder, into one Class B Share (subordinate voting).
Dividend:	After payment of the priority dividend on the Class B Shares (subordinate voting) mentioned below, the Class A Shares (multiple voting) shall share equally, share for share, with respect to any additional dividends which may be declared in respect of the Class A Shares (multiple voting) and Class B Shares (subordinate voting).

Class B Shares (subordinate voting)	
Voting rights:	One vote each.
Conversion:	Convertible, at the option of the holder, into one Class A Share (multiple voting): (i) if an offer made to Class A (multiple voting) shareholders is accepted by the present controlling shareholder (the Bombardier family); or (ii) if such controlling shareholder ceases to hold more than 50% of all outstanding Class A Shares (multiple voting) of the Corporation.
Dividend:	The holders of Class B Shares (subordinate voting) are entitled, in priority to the holders of Class A Shares (multiple voting) to non-cumulative dividends at the rate of $0.0390625 Cdn per share, if declared. After payment of said priority dividend, the Class B Shares (subordinate voting) shall share equally, share for share, with respect to any additional dividends which may be declared in respect of the Class A Shares (multiple voting) and the Class B Shares (subordinate voting).

The change in the number of common shares issued and fully paid and in the number of common shares authorized was as follows as at:

Class A Shares (multiple voting)

	December 31, 2025	December 31, 2024
Issued and fully paid		
Balance at beginning of year	**12,349,278**	12,349,370
Converted to Class B	**(212,913)**	(92)
Cancellation of shares	**(4,150)**	—
Balance at end of year	**12,132,215**	12,349,278
Authorized	**143,680,000**	143,680,000

Class B Shares (subordinate voting)

	December 31, 2025	December 31, 2024
Issued and fully paid		
Balance at beginning of year	**87,668,701**	87,301,073
Issuance of shares	**250,777**	457,721
Cancellation of shares	**(79,174)**	(90,185)
Converted from Class A	**212,913**	92
	88,053,217	87,668,701
Held in trust under the PSU and RSU plans		
Balance at beginning of year	**(1,371,106)**	(1,993,445)
Purchased	**(847,122)**	(227,021)
Distributed	**1,049,857**	849,360
Cancellation of shares	**83,324**	—
	(1,085,047)	(1,371,106)
Balance at end of year	**86,968,170**	86,297,595
Authorized	**143,680,000**	143,680,000

On April 1, 2025, the Corporation confirmed that it had received approval from the Toronto Stock Exchange for its new Normal Course Issuer Bid (NCIB) to purchase, from April 3, 2025 to April 2, 2026, up to 600,000 Class A Shares (multiple voting) and up to 4,300,000 Class B Shares (subordinate voting). Shares purchased under the NCIB will either be (a) cancelled to mitigate the dilutive effect of granting stock options under the Corporation's stock option plan, (b) made for the account, and on behalf, of Computershare Trust Company of Canada, as trustee for an employee benefit plans trust account, and eventually be used to settle the Corporation's obligations under certain of its employee share-based incentive plans, including its PSU and RSU plans, or (c) cancelled in order to manage the Corporation's capital position while generating value for its shareholders. As of December 31, 2025, the Corporation had purchased $1 million of Class A Shares (multiple voting) and $62 million of Class B Shares (subordinate voting) ($16 million of Class B Shares (subordinate voting) as at December 31, 2024).

Dividends

Dividends declared were as follows:

	Dividends declared for fiscal years				**Dividends declared after**	
	2025		2024		**December 31, 2025**	
		Total		Total		Total
	Per share (Cdn$)	**(in millions of U.S.$)**	Per share (Cdn$)	(in millions of U.S.$)	Per share (Cdn$)	(in millions of U.S.$)
Class A Common Shares	**0.00**	**$ —**	0.00	$ —	0.00	$ —
Class B Common Shares	**0.00**	**—**	0.00	—	0.00	—
		—		—		—
Series 2 Preferred Shares	**1.23**	**2**	1.69	3	0.09	—
Series 3 Preferred Shares	**1.15**	**8**	1.15	8	0.29	2
Series 4 Preferred Shares	**1.56**	**11**	1.56	11	0.39	3
		21		22		5
		$ 21		$ 22		$ 5

29. SHARE-BASED PLANS

PSU, DSU and RSU plans
The Board of Directors of the Corporation approved a PSU and a RSU plan under which PSUs and RSUs may be granted to executives and other designated employees. The PSUs and the RSUs give recipients the right, upon vesting, to receive a certain number of the Corporation's Class B Shares (subordinate voting). The PSUs and RSUs also give certain recipients the right to receive a cash payment equal to the value of the PSUs or RSUs. The Board of Directors of the Corporation has also approved a DSU plan under which DSUs may be granted to senior officers. The DSU plan is similar to the PSU plan, except that their exercise can only occur upon retirement or termination of employment. During fiscal year 2025, a combined value of $20 million of PSUs, DSUs and RSUs were authorized for issuance ($19 million during fiscal year 2024).

The number of PSUs, DSUs and RSUs has varied as follows, for fiscal years:

			2025			2024
	PSU	**DSU**	**RSU**	PSU	DSU	RSU
Balance at beginning of year	**791,966**	**35,711**	**755,890**	931,676	38,609	841,323
Granted	**196,386**	**—**	**124,817**	218,025	—	211,857
Vested	**(361,572)**	**—**	**(346,492)**	(354,971)	—	(292,383)
Exercised	**—**	**—**	**—**	—	(2,898)	—
Forfeited	**(21,300)**	**—**	**(15,100)**	(2,764)	—	(4,907)
Balance at end of year	**605,480**	**35,711** (1)	**519,115**	791,966	35,711 (1)	755,890

(1) Of which 35,711 DSUs are vested as at December 31, 2025 (35,711 as at December 31, 2024).

PSUs and DSUs granted will vest if a financial performance threshold is met. The conversion ratio for vested PSUs and DSUs ranges from 0% to 200%. PSUs and DSUs generally vest three years following the grant date if the financial performance thresholds are met. RSUs generally vest three years following the grant date regardless of the performance. For grants issued and outstanding between January 1, 2023 and December 31, 2025, the vesting dates range from May 2026 to May 2028.

The weighted-average grant date fair value of PSUs and RSUs granted during fiscal year 2025 was $63.38 ($51.46 during fiscal year 2024). The fair value of each PSUs and RSUs granted was measured based on the closing price of a Class B Share (subordinate voting) of the Corporation on the Toronto Stock Exchange at the grant date.

From time to time, the Corporation provides instructions to a trustee or a broker, under the terms of a Trust Agreement or normal course issuer bid, as the case may be, to purchase Class B Shares (subordinate voting) of the Corporation in the open market (see Note 28 - Share capital) in connection with the PSU and/or RSU plan. These shares are held in trust for the benefit of the beneficiaries until the PSUs and RSUs become vested or are cancelled. The cost of these purchases has been deducted from share capital.

The compensation expense with respect to the PSU, DSU and RSU plans amounted to $32 million during fiscal year 2025 ($22 million during fiscal year 2024).

Share option plan
Under share option plan, options are granted to key employees to purchase Class B Shares (subordinate voting). Of the 8,985,648 Class B Shares (subordinate voting) reserved for issuance, 2,991,040 were available for issuance under this share option plan, as at December 31, 2025.

The most significant terms and conditions of the plan are as follows:
- the exercise price is equal to the weighted-average trading prices on the stock exchange during the five trading days preceding the date on which the options were granted;
- the options vest at the expiration of the third year following the grant date; and
- the options expire no later than seven years after the grant date.

The summarized information on the current share option plan is as follows as at December 31, 2025:

		Issued and outstanding			Exercisable
Exercise price range (Cdn$)	**Number of options**	**Weighted-average remaining life (years)**	**Weighted-average exercise price (Cdn$)**	**Number of options**	**Weighted-average exercise price (Cdn$)**
0 to 50	4,295	3.36	29.75	4,295	29.75
50 to 100	252,685	5.30	68.80	—	—
	256,980			4,295	

The number of options issued and outstanding under the current share option plan has varied as follows, for fiscal years:

		2025		2024
	Number of options	**Weighted-average exercise price (Cdn$)**	Number of options	Weighted-average exercise price (Cdn$)
Balance at beginning of year	**515,487**	**53.95**	1,325,668	58.54
Granted	**83,324**	**84.89**	90,185	63.15
Exercised	**(250,777)**	**33.01**	(456,216)	49.86
Forfeited	**(80,400)**	**103.25**	(444,150)	73.73
Expired	**(10,654)**	**74.39**	—	—
Balance at end of year	**256,980**	**68.14**	515,487	53.95
Options exercisable at end of year	**4,295**	**29.75**	191,592	64.86

Share-based compensation expense for options

The weighted-average grant date fair value of stock options granted during fiscal year 2025 was $31.14 per option ($27.40 per option for fiscal year 2024). The fair value of each option granted was determined using a Black-Scholes option pricing model, which incorporates the share price at the grant date, and the following weighted-average assumptions, for fiscal years:

	2025	2024
Risk-free interest rate	**2.70 %**	3.76 %
Expected life	**5 years**	5 years
Expected volatility in market price of shares	**56.86 %**	67.98 %
Expected dividend yield	**0.00 %**	0.00 %

A compensation expense of $2 million was recorded during fiscal year 2025 with respect to share option plan ($1 million during fiscal year 2024).

30. NET CHANGE IN NON-CASH BALANCES

Net change in non-cash balances was as follows, for fiscal years:

	2025	2024
Trade and other receivables	**$ (92)**	$ (77)
Inventories	**(76)**	(261)
Contract assets	**(18)**	(55)
Contract liabilities	**579**	(353)
Other financial assets and liabilities, net	**(248)**	(31)
Other assets	**(72)**	(28)
Trade and other payables	**(196)**	(27)
Provisions	**(17)**	(21)
Retirement benefits liability	**22**	5
Other liabilities	**62**	465
	$ (56)	$ (383)

The following table presents the reconciliation of movements of liabilities to cash flows arising from financing activities:

	Long-term debt
Balance as at January 1, 2024	$ 5,607
Changes from financing cash flows	
Proceeds from long-term debt	1,498
Repayments of long-term debt	(1,585)
Transaction costs	(22)
Total changes from financing cash flows	(109)
Effect of changes in foreign exchange rates	(9)
Other	56
Balance as at December 31, 2024	5,545
Changes from financing cash flows	
Proceeds from long-term debt	759
Repayments of long-term debt	(1,167)
Transaction costs	(12)
Total changes from financing cash flows	(420)
Effect of changes in foreign exchange rates	5
Other	24
Balance as at December 31, 2025	**$ 5,154**

31. CREDIT FACILITIES

Revolving credit facility

The Corporation has a committed secured revolving credit facility of $450 million (the “Revolving Credit Facility”). The Revolving Credit Facility matures in October 2029 and drawings will bear interest at SOFR plus a margin. This facility is available for cash drawings for the ongoing working capital needs of the Corporation and for the issuance of performance letters of credit. This facility was undrawn both for cash and letters of credit as at December 31, 2025 and the availability, which is based on the collateral (which may vary from time to time), was $365 million as at December 31, 2025.

Financial covenants

The Revolving Credit Facility includes financial covenants, among which a minimum liquidity to be maintained at all times. The terms are defined in the credit agreement and do not correspond to the Corporation’s global metrics as described in Note 32 - Capital management. Minimum liquidity required is not defined as comprising only cash and cash equivalents as presented in the consolidated statement of financial position.

The Corporation regularly monitors financial covenants and has controls in place to ensure that such covenants are met. The Corporation was in compliance with such covenants as at December 31, 2025.

Letter of credit facilities

Letters of credit of $19 million were outstanding under various bilateral agreements as at December 31, 2025 ($18 million as at December 31, 2024). In addition, the Corporation also uses bilateral bonding facilities with insurance companies to support its operations. An amount of $306 million was outstanding under such facilities as at December 31, 2025 ($488 million as at December 31, 2024).

32. CAPITAL MANAGEMENT

The Corporation analyzes its capital structure using established metrics, which are based on a broad economic view of the Corporation, in order to assess the creditworthiness of the Corporation. The Corporation has emphasized its plan to make deleveraging one of its key priorities and will execute on its plan through a phased approach.

Bombardier has outperformed its targeted adjusted net debt to adjusted EBITDA ratio of 2x - 2.5x by continuing to grow its adjusted EBITDA, allocating excess liquidity toward debt reduction, and capturing the benefits of its strategic initiatives. The Corporation aims to continue improving this metric towards approximately 1.5x over time.

The Corporation aims at maintaining an adequate debt maturity runway by opportunistically refinancing or deploying excess liquidity towards debt pay down thereby building manageable and flexible debt maturity stacks while focusing on reducing its interest expense.

Global metrics – The following global metrics do not represent the ratios required for any covenants.

		2025		2024
Interest paid[(1)]	**$**	**418**	$	389
Adjusted net debt[(2)]	**$**	**2,979**	$	3,892
Adjusted EBITDA[(3)]	**$**	**1,559**	$	1,360
Adjusted net debt to adjusted EBITDA ratio		**1.9**		2.9

(1) Interest paid comprises interest on long-term debt excluding up-front costs paid related to the negotiation of debts or credit facilities.
(2) Represents long-term debt less cash and cash equivalents.
(3) Represents EBIT plus amortization and some adjustments including restructuring charges (reversals), loss (gain) related to disposal of business, impairment and program termination (reversals), non-commercial legal claims and loss (gain) on pension related items.

Bombardier continues to evaluate various options to address other debt maturities in an opportunistic manner and to improve its capital structure and credit quality so as to support its operations and the future development of its business.

Over the longer term, the Corporation's capital allocation strategy will focus on deploying, in a disciplined manner, the excess cash generated from the business towards investments in the Corporation's products and services, and to additional debt reduction. In order to adjust its capital structure, the Corporation may opportunistically issue or reduce long-term debt, make discretionary contributions to pension funds, repurchase or issue share capital, or vary the amount of dividends paid to shareholders. For debt reduction, the Corporation will continue to evaluate the most efficient debt reduction strategies, which for example could include redemptions, tenders or open market repurchases. The amount involved may be material.

In addition, the Corporation separately monitors its net retirement benefit liability which amounted to $363 million as at December 31, 2025 ($483 million as at December 31, 2024). The measurement of this liability is dependent on numerous key long-term financial and actuarial assumptions such as discount rates, future compensation increases, inflation rates and mortality rates. In recent years, this liability has been particularly volatile due to changes in discount rates. Such volatility is exacerbated by the long-term nature of the obligation. The Corporation closely monitors the impact of the net retirement benefit liability on its future cash flows and has introduced significant risk mitigation initiatives in recent years in this respect such as buying out annuities on behalf of pensioners. Refer to Note 22 - Retirement benefits for more details.

33. FINANCIAL RISK MANAGEMENT

The Corporation is primarily exposed to credit risk, liquidity risk and market risk as a result of holding financial instruments.

Credit risk	Risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
Liquidity risk	Risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.
Market risk	Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation is primarily exposed to foreign exchange risk and interest rate risk.

Credit risk

The Corporation is exposed to credit risk through its normal treasury activities on its derivative financial instruments and other investing activities. The Corporation is also exposed to credit risk through its trade receivables arising from its normal commercial activities.

The effective monitoring and controlling of credit risks is a key component of the Corporation's risk management activities. Credit risks arising from the treasury activities are managed by a central treasury function in accordance with the Corporate Foreign Exchange Risk Management Policy and Corporate Investment Policy (the "Policy"). The objective of the policy is to minimize the Corporation's exposure to credit risk from its treasury activities by ensuring that the Corporation transacts strictly with investment-grade financial institutions and money market funds based on pre-established consolidated counterparty risk limits per financial institution and fund.

Credit risks are arising from the Corporation's normal commercial activities. The main credit exposure arises from customer credit risk. Customer credit ratings and credit limits are analyzed and established by internal credit specialists, based on inputs from external rating agencies, recognized rating methods and the Corporation's experience with the customers. The credit risks and credit limits are dynamically reviewed based on fluctuations in the customer's financial results and payment behavior.

These customer credit risk assessments and credit limits are critical inputs in determining the conditions under which credit or financing will be offered to customers, including obtaining collateral to reduce the Corporation's exposure to losses. Specific governance is in place to ensure that financial risks arising from large transactions are analyzed and approved by the appropriate management level before financing or credit support is offered to the customer.

Credit risk is monitored on an ongoing basis using different systems and methodologies depending on the underlying exposure. Various accounting and reporting systems are used to monitor trade receivables and other direct financings.

Maximum exposure to credit risk – The maximum exposure to credit risk for financial instruments is usually equivalent to their carrying value, as presented in Note 12 - Financial instruments, except for the financial instruments in the table below, for which the maximum exposures were as follows, as at:

	December 31, 2025	December 31, 2024
Derivative financial instruments	**$ 39**	$ 1
Investments in securities	**$ 73**	$ 73

Credit quality – The credit quality, using external and internal credit rating systems, of financial assets that are neither past due nor impaired is usually investment grade, except for receivables. Receivables are usually not externally or internally quoted, however the credit quality of customers is dynamically reviewed and is based on the Corporation's experience with the customers and payment behavior.

Liquidity risk

The management of consolidated liquidity requires a constant monitoring of expected cash inflows and outflows, which is achieved through a detailed forecast of the Corporation's liquidity position, as well as long-term operating and strategic plans, to ensure adequacy and efficient use of cash resources. The Corporation uses scenario analyses to stress-test cash flow projections. Liquidity adequacy is continually monitored which involves the application of judgment, taking into consideration historical volatility and seasonal needs, stress-test results, the maturity profile of indebtedness, access to capital markets, the level of customer advances, availability of letter of credit and similar facilities, working capital requirements, the availability of working capital financing initiatives and the funding of product development and other financial commitments.

The Corporation monitors any financing opportunities to optimize its capital structure and maintain appropriate financial flexibility. The Corporation also routinely reviews its debt profile with a view to managing or extending maturities and/or negotiating more favorable terms and conditions with respect to its bank facilities. The Corporation also routinely reviews the terms and conditions of its financing arrangements. These amendments are subject to prevailing market and other conditions that are beyond its control and there can be no assurance that the Corporation will be able to successfully negotiate such amendments on commercially reasonable terms, or at all.

Maturity analysis – The maturity analysis of financial assets and financial liabilities, excluding derivative financial instruments, was as follows, as at December 31, 2025:

	Carrying amount	Undiscounted cash flows (before giving effect to the related hedging instruments)						
		Less than 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	With no specific maturity	Total
Cash and cash equivalents	$ 2,175	$ 2,175	$ —	$ —	$ —	$ —	$ —	$ 2,175
Trade and other receivables	427	427	—	—	—	—	—	427
Other financial assets[(1)]	418	59	100	101	194	51	2	507
Assets		$ 2,661	$ 100	$ 101	$ 194	$ 51	$ 2	$ 3,109
Trade and other payables	$ 1,597	$ 1,597	$ —	$ —	$ —	$ —	$ —	$ 1,597
Other financial liabilities[(1)]	475	93	138	154	170	9	—	564
Long-term debt								
Principal	5,154	609	250	1,500	2,760	—	—	5,119
Interest		340	652	519	353	—	—	1,864
Liabilities		$ 2,639	$ 1,040	$ 2,173	$ 3,283	$ 9	$ —	$ 9,144
Net amount		$ 22	$ (940)	$ (2,072)	$ (3,089)	$ 42	$ 2	$ (6,035)

(1) The carrying amount of other financial assets excludes derivative financial instruments. The carrying amount of other financial liabilities excludes derivative financial instruments and lease liabilities.

Other financial assets include a back-to-back agreement that the Corporation has with ACLP related to certain government refundable advances. Other financial liabilities include government refundable advances. Under the respective agreements, the Corporation is required to pay amounts to governments at the time of the delivery of aircraft. Due to uncertainty about the number of aircraft to be delivered and the timing of delivery of aircraft, the amounts shown in the table above may vary.

The maturity analysis of derivative financial instruments, excluding embedded derivatives, was as follows, as at December 31, 2025:

	Nominal value (USD equivalent)	Undiscounted cash flows [(1)]					
		Less than 1 year	1 year	2 to 3 years	3 to 5 years	Over 5 years	Total
Derivative financial assets							
Forward foreign exchange contracts	$ 1,683	$ 22	$ 16	$ 2	$ —	$ —	$ 40
Derivative financial liabilities							
Forward foreign exchange contracts	$ 1,672	$ (16)	$ (4)	$ —	$ —	$ —	$ (20)
Net amount		$ 6	$ 12	$ 2	$ —	$ —	$ 20

(1) Amounts denominated in foreign currency are translated at the year end exchange rate.

Lease liabilities

The Corporation leases buildings, equipment and land.

Maturity analysis – The maturity analysis of lease liabilities (undiscounted cash flows) was as follows, as at:

	December 31, 2025
Within 1 year	**$ 53**
Between 1 to 5 years	**259**
More than 5 years	**533**
	$ 845

Market risk

Foreign exchange risk

The Corporation is exposed to significant foreign exchange risks in the ordinary course of business through its international operations, in particular to the Canadian dollar, Euro, Singapore dollar and Mexican Peso. The Corporation employs various strategies, including the use of derivative financial instruments and by matching asset and liability positions, to mitigate these exposures.

The Corporation's main exposures to foreign currencies are covered by the central treasury function. Foreign currency exposures are mitigated in accordance with the Corporation's Foreign Exchange Risk Management Policy (the "FX Policy"). The objective of the FX Policy is to reduce the impact of foreign exchange movements on the Corporation's consolidated financial statements to acceptable levels. Under the FX Policy, potential losses caused by adverse movements in foreign exchange rates on deviations from progressive policy hedge percentages should not exceed Board authorized pre-set limits. Potential loss is defined as the maximum expected loss that could occur if an over-or under hedged foreign currency exposure was exposed to an adverse change of foreign exchange rates over a one-month period. Additionally, any trade that is increasing the overall currency risk of the Corporation is prohibited.

Under the FX Policy, it is the responsibility of the Corporation's management to identify all actual and potential foreign exchange exposures arising from the operations. Initially, the Corporation mitigates foreign currency risks by maximizing transactions in its functional currency for operations such as material procurement, sale contracts and financing activities. Secondly, the Corporation maintains long-term cash flow forecasts in each currency, which are communicated to the central treasury group, which has the responsibility to execute the hedge transactions in accordance with the FX Policy for hedge implementation.

The Corporation has adopted a progressive hedging strategy to limit the effect of currency movements on the results.

The Corporation mainly uses forward foreign exchange contracts to manage the Corporation's exposure in foreign currencies. The Corporation applies hedge accounting for a significant portion of anticipated transactions and firm commitments denominated in foreign currencies, designated as cash flow hedges. Cash flow hedges are meant to reduce the variability of future cash flows resulting from forecasted sales and purchases and firm commitments.

In addition, the Corporation manages balance sheet exposures to foreign currency movements by matching asset and liability positions. This program consists mainly in matching the long-term liabilities in foreign currency with long-term assets denominated in the same currency.

The Corporation's foreign currency hedging programs are typically unaffected by changes in market conditions, as related derivative financial instruments are generally held to maturity, consistent with the objective to lock in currency rates on the hedged item. These programs are reviewed annually and amended as necessary to reflect current market conditions or practices.

Sensitivity analysis

Foreign exchange risk arises on financial instruments that are denominated in foreign currencies. The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Corporation's financial instruments recorded in its statement of financial position. The following impact on EBT for fiscal year 2025 is before giving effect to cash flow hedge relationships.

		Effect on EBT		
	Variation	**CAD/USD**	**EUR/USD**	**Other**
Gain (loss)	+10%	$ (14)	$ 1	$ (4)

The following impact on OCI for fiscal year 2025 is for derivatives designated in a cash flow hedge relationship. For these derivatives, any change in fair value is mostly offset by the re-measurement of the underlying exposure.

		Effect on OCI before income taxes		
	Variation	CAD/USD	EUR/USD	Other
Gain (loss)	+10%	$ 240	$ 5	$ 21

Interest rate risk
The Corporation is exposed to gains and losses arising from changes in interest rates, which includes marketability risks, through its financial instruments carried at fair value. These financial instruments include certain derivative financial instruments.

Sensitivity analysis
The interest rate risk primarily relates to financial instruments carried at fair value. Assuming a 100-basis point increase in interest rates impacting the measurement of these financial instruments, excluding derivative financial instruments in a hedge relationship, as at December 31, 2025, the impact on EBT would have been a negative adjustment of $120 million as at December 31, 2025 (negative adjustment of $110 million as at December 31, 2024).

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value amounts disclosed in these consolidated financial statements represent the Corporation's estimate of the price at which a financial instrument could be exchanged in a market in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. They are point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Fair value is determined by reference to quoted prices in the principal market for that instrument to which the Corporation has immediate access. However, there is no active market for most of the Corporation's financial instruments. In the absence of an active market, the Corporation determines fair value based on internal or external valuation models, such as discounted cash flow models. Fair value determined using valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, discount rates, the creditworthiness of the borrower, default probability, generic industrial bond spreads and marketability risk. In determining these assumptions, the Corporation uses primarily external, readily observable market inputs, including factors such as interest rates, credit ratings, credit spreads, default probabilities, currency rates, and price and rate volatilities, as applicable. Assumptions or inputs that are not based on observable market data are used when external data are unavailable. These calculations represent management's best estimates. Since they are based on estimates, the fair values may not be realized in an actual sale or immediate settlement of the instruments.

Methods and assumptions
The methods and assumptions used to measure fair value for items recorded at FVTP&L and FVOCI are as follows:

Investments in securities – The Corporation uses discounted cash flow models to estimate the fair value of unquoted investments in fixed-income securities, using market data such as interest rates.

Receivable from ACLP and related government refundable advances – The Corporation uses discounted cash flow analysis to estimate the fair value using market data for interest rates and credit spreads.

Derivative financial instruments – Fair value of derivative financial instruments generally reflects the estimated amounts that the Corporation would receive to sell favorable contracts i.e. taking into consideration the counterparty credit risk, or pays to transfer unfavorable contracts i.e. taking into consideration the Corporation's credit risk, at the reporting dates. The Corporation uses discounted cash flow analysis and market data such as interest rates, credit spreads and the foreign exchange spot rate to estimate the fair value of forward agreements.

The Corporation uses option-pricing models and discounted cash flow models to estimate the fair value of embedded derivatives using applicable market data.

The methods and assumptions used to measure fair value for items recorded at amortized cost are as follows:

Financial instruments whose carrying value approximates fair value – The fair values of cash and cash equivalents, trade and other receivables, restricted cash, and trade and other payables measured at amortized cost, approximate their carrying value due to the short-term maturities of these instruments because they bear variable interest-rate or because the terms and conditions are comparable to current market terms and conditions for similar items.

Long-term debt – The fair value of long-term debt is estimated using public quotations, when available, or discounted cash flow analyses, based on the current corresponding borrowing rate for similar types of borrowing arrangements.

Government refundable advances and vendor non-recurring costs – The Corporation uses discounted cash flow analysis to estimate the fair value using market data for interest rates and credit spreads.

Fair value hierarchy

The following table presents financial assets and financial liabilities measured at fair value on a recurring basis categorized using the fair value hierarchy as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs from observable markets other than quoted prices included in Level 1, including indirectly observable data (Level 2); and
- inputs for the asset or liability that are not based on observable market data (Level 3).

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment. The fair value of financial assets and liabilities by level of hierarchy was as follows, as at December 31, 2025:

	Total	Level 1	Level 2	Level 3
Financial assets				
Derivative financial instruments(1)	$ 414	$ —	$ 414	$ —
Receivable from ACLP(2)	293	—	—	293
Investments in securities	73	—	73	—
	$ 780	$ —	$ 487	$ 293
Financial liabilities				
Government refundable advances(2)	$ 293	$ —	$ —	$ 293
Derivative financial instruments(1)	20	—	20	—
	$ 313	$ —	$ 20	$ 293

(1) Derivative financial instruments consist of forward foreign exchange contracts and embedded derivatives.
(2) This receivable represents a back-to-back agreement that the Corporation has with ACLP related to certain government refundable advances.

Level 3 financial instruments only include assets and liabilities with a back-to-back agreement and their corresponding back-to-back assets and liabilities.

Fair value hierarchy for items recorded at amortized cost
The following table presents financial assets and financial liabilities measured at amortized cost categorized using the fair value hierarchy as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs from observable markets other than quoted prices included in Level 1, including indirectly observable data (Level 2); and
- inputs for the asset or liability that are not based on observable market data (Level 3).

The fair value of financial assets and liabilities by level of hierarchy was as follows, as at December 31, 2025:

	Total	Level 1	Level 2	Level 3
Financial assets				
Trade and other receivables	**$ 427**	**$ —**	**$ 427**	**$ —**
Other financial assets	**52**	**—**	**52**	**—**
	$ 479	**$ —**	**$ 479**	**$ —**
Financial liabilities				
Trade and other payables	**$ 1,597**	**$ —**	**$ 1,597**	**$ —**
Long-term debt	**5,428**	**—**	**5,428**	**—**
Other financial liabilities				
Government refundable advances	**142**	**—**	**—**	**142**
Other	**491**	**—**	**—**	**491**
	$ 7,658	**$ —**	**$ 7,025**	**$ 633**

35. TRANSACTIONS WITH RELATED PARTIES

The Corporation's related parties are its joint ventures, associates and key management personnel.

Associates and Joint ventures
There were no material transactions or outstanding balances with associates and joint ventures for fiscal years 2025 and 2024 and as at December 31, 2025 and December 31, 2024.

Compensation paid to key management personnel
The annual remuneration and related compensation costs of the executive and non-executive board members and key Corporate management, defined as the President and Chief Executive Officer of Bombardier Inc., and the Senior/Executive Vice Presidents of Bombardier Inc., were as follows, for fiscal years:

	2025	2024
Salaries, bonuses and other short-term benefits	**$ 17**	$ 15
Share-based benefits	**14**	13
Termination and other long-term benefits	**1**	1
Retirement benefits	**1**	1
	$ 33	$ 30

36. COMMITMENTS AND CONTINGENCIES

The Corporation enters into various sale support arrangements. The Corporation is also subject to other off-balance sheet risks described in the following table. These off-balance sheet risks are in addition to the commitments and contingencies described elsewhere in these consolidated financial statements. The maximum potential exposure does not reflect payments expected to be made by the Corporation.

The table below presents the maximum potential exposure for each major group of exposure, as at:

	December 31, 2025	December 31, 2024
Aircraft sales		
Trade-in commitments (a)	**$ 474**	$ 437
Other[1]		

[1] The Corporation has also provided other guarantees (see section (b) below).

Aircraft sales

a) Trade-in commitments – In connection with the signing of firm orders for the sale of new aircraft, the Corporation enters into specified-price trade-in commitments with certain customers. These commitments give customers the right to trade-in their pre-owned aircraft as partial payment for the new aircraft purchased.

The Corporation's trade-in commitments were as follows, as at:

	December 31, 2025	December 31, 2024
Less than 1 year	**$ 262**	$ 254
From 1 to 3 years	**205**	183
Thereafter	**7**	—
	$ 474	$ 437

Other guarantees

b) Other – In the normal course of its business, the Corporation has entered into agreements that include guarantees and indemnities in favour of third parties. These agreements generally do not contain specified limits on the Corporation's liability and therefore, it is not possible to estimate the Corporation's maximum liability under these instruments.

In connection with the disposal of businesses and/or investments in associates, the Corporation has entered into arrangements that include indemnities and guarantees which are typically limited as to their duration and maximum potential financial exposure to the Corporation.

Other commitments

The Corporation also has purchase obligations, under various agreements, made in the normal course of business. The purchase obligations are as follows, as at December 31, 2025:

	Total
Within 1 year	**$ 3,800**
Between 1 to 5 years	**3,726**
Thereafter	**1,074**
	$ 8,600

The purchase obligations of the Corporation include capital commitments for the purchase of PP&E amounting to $21 million as at December 31, 2025.

Legal proceedings

In the normal course of operations, the Corporation is a defendant in certain legal proceedings before various courts or other tribunals including in relation to product liability, contractual disputes with customers or suppliers, claims and disputes arising from divestiture or acquisition transactions, and other legal proceedings with third parties. The Corporation's approach is to vigorously defend its position in these matters.

While the Corporation cannot predict the final outcome of all legal proceedings pending as at December 31, 2025, based on information currently available and known by the Corporation, management believes that the resolution of these legal proceedings will not have a material adverse effect on its financial position.

Sweden

While this matter relates to the Transportation business, which has been divested as part of the sale to Alstom on January 29, 2021, the Corporation remains involved in this legal proceeding and remains liable to Alstom, as acquirer of Transportation, in the event of any damage suffered in connection thereof.

Since the fourth quarter of 2016, the Swedish police authorities had been conducting an investigation in relation to allegations concerning a 2013 contract for the supply of signaling equipment and services to Azerbaijan Railways ADY (the “ADY Contract”). In October 2016, the Corporation launched an internal review into the allegations which was conducted by external forensic advisors, under the supervision of the General Counsel and external counsel. On August 18, 2017, charges were laid against a then employee of the Swedish subsidiary of the Corporation for aggravated bribery and, alternatively, influence trafficking. The trial on these charges took place from August 29 to September 20, 2017. No charges were laid against the subsidiary of the Corporation. In a decision rendered on October 11, 2017, the then employee was acquitted of all charges. The decision was appealed regarding all charges on October 25, 2017 by the Prosecution Authority. On June 19, 2019, the Prosecution Authority confirmed that the acquittal on charge of influence trafficking is no longer being appealed; accordingly, this acquittal on this charge stands as a final judgment. The only case that was pending with the Swedish Court of Appeal did not involve the Corporation and its subsidiaries, and was against a former employee of a former subsidiary. We were informed in January 2026 that this appeal was withdrawn by the prosecutor and therefore this matter is closed.

World Bank

The ADY Contract is being audited by the World Bank Group pursuant to its contractual audit rights. The audit is on-going. The Corporation’s policy is to comply with all applicable laws and it is cooperating to the extent possible with the investigation and the audit. As reported in the media, on November 15, 2018, the World Bank Integrity Vice Presidency (“INT”) issued a ‘show cause’ letter to Bombardier, outlining INT’s position regarding alleged collusion, corruption, fraud and obstruction in the ADY Contract. The Corporation was invited to respond to these preliminary findings and has done so. As the World Bank’s audit process is governed by strict confidentiality requirements, the Corporation can only reiterate that it strongly disagrees with the allegations and preliminary conclusions contained in the letter.

U.S. Department of Justice

On February 10, 2020, Bombardier received a letter from the U.S. Department of Justice (the “DOJ”) requesting the communication of documents and information regarding the ADY Contract. Based on the Corporation’s internal review about the reported allegations, there is no evidence that suggests a corrupt payment was made or offered to a public official or that any other criminal activity involving Bombardier took place.

The DOJ also made requests regarding contracts in South Africa and Indonesia (see below), as well as requests with respect to other sales of aircraft and services. Bombardier cooperated with the DOJ’s requests.
With respect to the Indonesia matter, in May 2020, the Indonesian Corruption Court convicted the former CEO of Garuda Indonesia (Persero) TBK (“Garuda”) and his associate of corruption and money laundering in connection with five procurement processes involving different manufacturers, including the 2011-2012 acquisition and lease of Bombardier CRJ1000 aircraft by Garuda (the “Garuda Transactions”). No charges were laid against the Corporation or any of its directors, officers or employees. Shortly thereafter, the Corporation launched an internal review into the Garuda Transactions, which was conducted by external counsel.

On April 1, 2025, the DOJ informed the Corporation that following a review of the Indonesia and ADY Contract matters, and based on the information the DOJ had learned to date, it had closed both investigations.

South Africa (Transnet)
While this matter relates to the Transportation business, which has been divested as part of the sale to Alstom on January 29, 2021, the Corporation remains involved in this matter and remains liable to Alstom, as acquirer of Transportation, under certain circumstances.

The Corporation learned through various media reports of the appointment of a Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector, including organs of state (the "Zondo Commission") for which the terms of reference were published by presidential proclamation on January 25, 2018. The media reported allegations of irregularities with respect to multiple procurements regarding the supply of 1,064 locomotives by South African train operator Transnet Freight Rail in 2014. On September 7, 2018, Bombardier Transportation South Africa (Pty.) Ltd. ("BTSA") was informed that the Special Investigation Unit ("SIU"), a forensic investigation agency under the Department of Justice in South Africa, had opened an investigation with respect to the acquisition of the 1,064 locomotives by Transnet. The Corporation conducted an internal review into the allegations by external advisors under the supervision of counsel. Based on information known to the Corporation at this time, there is no reason to believe that the Corporation has been involved in any wrongdoing with respect to the procurement by Transnet of 240 TRAXX locomotives from Bombardier Transportation. Following the sale of the Transportation business to Alstom, Alstom has been managing the Zondo Commission and SIU related aspects of the matter.

While the National Prosecution Agency ("NPA") of South Africa has not communicated any request to the Corporation, the Corporation understands that the NPA may be continuing to investigate the Transnet contracts.

These South African matters are more than 7 years old. The Corporation has not been contacted by South African authorities in recent years and the Corporation considers these matters to be closed.

RCMP
In 2021, Bombardier received a communication from the RCMP's Sensitive and International Investigation Unit advising that it would be undertaking an investigation on the Garuda Transactions, and requested communication of documents from the Corporation.

We understand the investigation is still on-going.

Class action
On February 15, 2019, the Corporation was served with a Motion for authorization to bring an action pursuant to Section 225.4 of the Quebec Securities Act and application for authorization to institute a class action before the Superior Court of Québec in the district of Montréal against Bombardier Inc. and Messrs. Alain Bellemare and John Di Bert ("Motion") (formerly the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer, respectively, of Bombardier) to claim monetary damages in an unspecified amount in connection with alleged false and misleading representations about the Corporation's business, operations, revenues and free cash flow, including an alleged failure to make timely disclosure of material facts concerning its guidance for 2018. In the class action component of the Motion, the Plaintiff Denis Gauthier was seeking to represent all persons and entities who have purchased or acquired Bombardier's securities during the period of August 2, 2018 to November 8, 2018, inclusively, and held all or some of these securities until November 8, 2018. Both the action pursuant to the Quebec Securities Act and the class action under the civil liability provisions of the Civil Code required an authorization from the Court before they could move forward. On May 24, 2024, the Court authorized Plaintiff to institute this class action but only under the provisions of the Quebec Securities Act. Pursuant to this authorization, Plaintiff has since filed his originating application and the defendants have filed their defense denying any wrongdoing.

The Corporation's preliminary view at this juncture is that the possibility that these Court proceedings will cause the Corporation to incur material monetary liability appears to be remote and this class action will be vigorously contested.

Alstom Request for Arbitration

The Corporation received a notice from Alstom S.A. requesting arbitration before the International Chamber of Commerce pursuant to the agreement relating to the sale by Bombardier of its Transportation business on January 29, 2021 (the “Transaction”). Alstom is alleging that the Corporation is in breach of certain contractual provisions. While litigation proceedings inherently carry uncertainties, the Corporation has good grounds to defend itself against Alstom’s claim and is defending vigorously. The Corporation is also challenging certain purchase price adjustments which resulted in proceeds from the Transaction being lower than initially estimated. Evidentiary hearing on the arbitration is currently expected in Q2 2026 and proceedings are subject to confidentiality provisions.

RSU Class action

On April 21, 2023, a motion for authorization to institute a class action was filed with the Superior Court of Québec in the district of Montréal against Bombardier Inc. and Messrs. Pierre Beaudoin, Éric Martel and Alain Bellemare (“Motion”) (respectively the Chairman of the Board of Directors, the President and Chief Executive Officer and the former President and Chief Executive Officer of Bombardier Inc.). The Plaintiff, Jérôme Gauthier, was seeking to represent all persons who received, in November 2020, Restricted Share Units vesting in November 2023 (the “RSUs”) and to claim on their behalf an unspecified amount equal to the value of the RSUs which were canceled when they were prorated at the closing of the sale of the Transportation segment on January 29, 2021.

Plaintiff alleged that the defendants engaged in fraudulent omissions and maneuvers in not sharing their interpretation of the RSU plan pursuant to which former employees would not get the benefit of RSUs vesting after the closing date of a transaction leading to the end of their employment with Bombardier. The class action required an authorization from the Court before it could move forward.

On July 22, 2024, the Court authorized Plaintiff to institute this class action but only with respect to certain causes of actions and only against the Corporation. The Court did not authorize any cause of action to proceed against any of the individual defendants. Plaintiff has since appealed from the authorization judgment. We expect that the filing of an originating application will only occur after final judgment on authorization.

The Corporation’s preliminary view at this juncture is that the proposed class action is without merit, and that the possibility that these Court proceedings will cause the Corporation to incur material monetary liability appears to be remote and this class action will be vigorously contested.

INVESTOR INFORMATION

Our Board of Directors

BOARD MEMBERS[1]

Pierre Beaudoin	Chair of the Board of Directors and director of Bombardier since 2004
Éric Martel	President and Chief Executive Officer of Bombardier and director since 2020
Joanne Bissonnette	Corporate Director and a director of Bombardier since 2012
Charles Bombardier, PhD	President, CB Ventures Inc. and a director of Bombardier since 2019
Rose Damen	Managing Director, Damen Yachting and director of Bombardier since 2023
Bettina Fetzer	Corporate Director and director of Bombardier since 2025
Diane Fontaine	Senior Portfolio Manager and Investment Advisor of RBC Dominion Securities Inc. and a director of Bombardier since 2019
Diane Giard	Corporate Director and a director of Bombardier since 2017
Anthony R. Graham	Chair, President and Chief Executive Officer of Sumarria Inc. (an investment holding company) and a director of Bombardier since 2019
Douglas (Doug) R. Oberhelman	Corporate Director and a director of Bombardier since 2017
Melinda Rogers-Hixon	Vice Chair, Rogers Control Trust and a director of Bombardier since 2021
J. Allen Smith	Chief Executive Officer, Mohari Hospitality, and director of Bombardier since 2025
Antony N. Tyler	Corporate Director and a director of Bombardier since 2017

(1) Supplemental information regarding our Board of Directors can be found on our website at bombardier.com.

BOARD COMMITTEES

Board committees	Board representation[1]	Key responsibilities[2]
Audit Committee	Diane Giard (Chair) Rose Damen Bettina Fetzer Anthony R. Graham J. Allen Smith	The Audit Committee assists the Board of Directors in fulfilling its obligations for overseeing financial reporting and audit matters, as well as monitoring risk management matters, of the Corporation. Some of the key responsibilities of the Audit Committee are to: • oversee the integrity of our financial statements and financial reporting process, including the Corporate Audit Services and Risk Assessment, and financing activities of the Corporation; • oversee the qualifications and independence of our external auditors, Ernst & Young, and the work of our financial management team and external auditors; • provide an open avenue of communication between the external auditors and the Board of Directors; • review financial disclosures and monitor policies regarding disclosures and communications with the public; • ensure that an appropriate system of internal accounting and financial controls, and appropriate risk management frameworks, are maintained in view the risks and exposures facing the Corporation; • monitor risks related to financing activities of the Corporation and retirement plan fund management; • oversee risks related to environmental matters, and ensuring adequate procedures are in place for any sustainability-related metrics that are disclosed in Bombardier's Sustainability Report or otherwise; • monitor the adequacy and effectiveness of the disclosure controls and systems of internal control of the Corporation through the reports provided by management or Ernst & Young, as the case may be; • receive quarterly reports regarding ethics and compliance issues, including reporting related to the Code of Ethics, investigations, awareness, risk management, and KYC due diligence performed on proposed sales or other transactions, as required by relevant policies of the Corporation; and • receive quarterly reports on cybersecurity and relevant IT and other technology developments and transformation at the Corporation.

Corporate Governance and Nominating Committee ("CGNC")	Douglas (Doug) R. Oberhelman (Chair) Diane Giard Melinda Rogers-Hixon Antony N. Tyler	The CGNC assists the Board in fulfilling its oversight responsibility by monitoring the composition of the Board of Directors and its Committees, and monitoring corporate governance. Some of the key responsibilities of the CGNC are to: • monitor the size, independence and composition of the Board of Directors and its Committees to ensure effective decision-making, including the competencies, skills and personal attributes, and recommending director nominees for the annual meeting of shareholders; • oversee the process for assessing the effectiveness of our Board of Directors as a whole, each Committee and the contribution of each director; • recommend director share (or similar equity) ownership guidelines, and remuneration of non-executive directors and the (non-Executive) Chair of the Board of Directors; • oversee director development programs, including orientation and continuing education; • review the corporate governance policies and practices of the Board of Directors and its Committees, and recommend any new or amended policies or best practices to the Board of Directors; • oversee sustainability plans, practices and policies, including our annual Sustainability Report, in conjunction with the Audit Committee's responsibilities regarding disclosure of sustainability-related metrics; • review certain key company programs, practices and policies, including the Code of Ethics; and • monitor compliance with our programs and practices, and applicable regulations, regarding aerospace safety and privacy matters.
Human Resources and Compensation Committee ("HRCC")	Anthony R. Graham (Chair) Douglas (Doug) R. Oberhelman Melinda Rogers-Hixon Antony N. Tyler	The HRCC supports the Board's supervision of human resources and compensation matters and procedures. Some of the key responsibilities of the HRCC are to oversee: • CEO and executive officer appointments, succession planning, and leadership development; • total senior executive compensation policies, and executive share ownership guidelines; • the CEO's total compensation; • the CEO's objectives and performance assessment against those objectives; • the CEO's performance assessment of the other senior executives and compensation recommendations; • compensation governance to ensure the Corporation is able to attract, motivate and retained qualified personnel in order to meet Bombardier's business objectives; • incentive compensation and equity-based plans and bonus payouts; • our executive compensation disclosure; • occupational health and safety matters; • adequacy of policies and procedures regarding social issues, including employment equity, harassment and discrimination, and compliance therewith; and • workplace diversity.

(1) Supplemental information regarding our Board of Directors can be found on our website at bombardier.com.
(2) Full details of the responsibilities of each of the Board Committees are described in their respective Charters, which can be found on our website at bombardier.com.

STOCK EXCHANGE LISTINGS

Class A Shares (Multiple Voting) and Class B Subordinate Voting Shares	Toronto (Canada)
Preferred Shares, Series 2, Series 3 and Series 4	Toronto (Canada)
Stock listing ticker	BBD (Toronto)

FISCAL YEAR 2026 FINANCIAL RESULTS

First Quarterly Report	April 30, 2026
Second Quarterly Report	July 30, 2026
Third Quarterly Report	November 5, 2026
2026 Annual Financial Report	February 11, 2027

PREFERRED DIVIDEND PAYMENT DATES

Payment subject to approval by the Board of Directors

Series 2

Record date	Payment date	Record date	Payment date
2025-12-31	2026-01-15	2026-06-30	2026-07-15
2026-01-30	2026-02-17	2026-07-31	2026-08-17
2026-02-27	2026-03-16	2026-08-31	2026-09-15
2026-03-31	2026-04-15	2026-09-30	2026-10-15
2026-04-30	2026-05-15	2026-10-30	2026-11-16
2026-05-29	2026-06-15	2026-11-30	2026-12-15

Series 3

Record date	Payment date
2026-04-15	2026-04-30
2026-07-15	2026-07-31
2026-10-15	2026-11-02
2027-01-15	2027-02-01

Series 4

Record date	Payment date
2026-04-15	2026-04-30
2026-07-15	2026-07-31
2026-10-15	2026-11-02
2027-01-15	2027-02-01

Please note that unless stated otherwise, all dividends paid by Bombardier since January 2006 on all of its common and preferred shares are considered “eligible dividends” as per the Canadian Income Tax Act and any corresponding provincial or territorial legislation. The same designation applies under the Quebec Taxation Act for dividends declared after March 23, 2006.

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DUPLICATION
Although Bombardier strives to ensure that registered shareholders receive only one copy of corporate documents, duplication is unavoidable if securities are registered under different names and addresses. If this is the case, please call Computershare Investor Services at one of the following numbers:
+1 514 982 7555 or +1 800 564 6253 (toll-free, North America only) or send an email to service@computershare.com.

ONLINE INFORMATION
For additional information, we invite you to visit our websites at:
bombardier.com and ir.bombardier.com

TRANSFER AGENT AND REGISTRAR
Shareholders with inquiries concerning their shares should contact:

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320 Bay Street, 14th Floor
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ANNUAL MEETING
The annual meeting of shareholders will be held on Thursday, April 30, 2026, at 10:30 a.m. (Montréal time).

Bombardier’s *Global 8000* was awarded Transport Canada Type Certification on November 5, 2025 with certification from the Federal Aviation Administration (FAA) following on December 19, 2025 and certification from the European Union Aviation Safety Agency (EASA) on January 23, 2026. The aircraft’s entry-into-service took place in December, 2025.

Bombardier, Bombardier Pũr Air, Bombardier Vision Flight Deck, Chaise, Challenger, Challenger 300, Challenger 350, Challenger 3500, Challenger 600, Challenger 601, Challenger 604, Challenger 605, Challenger 650, Exceptional by Design, Executive cabin, Global, Global 5000, Global 5500, Global 6000, Global 6500, Global 7500, Global 8000, Global Express, Global Express XRS, Global Vision, Global XRS, Learjet, Learjet 40, Learjet 45, Learjet 70, Learjet 75, Learjet 75 Liberty, L’Opéra, Nuage, Nuage Cube, PrecisionPlus, Smart Link, Smart Link Plus, Smart Parts, Smart Parts Elite, Smart Parts Maintenance Plus, Smart Parts Plus, Smart Parts Preferred, Smart Services, Smart Services Defense, Smart Services Elite, SmartFix, SmartFix Plus, Smooth Flĕx Wing, Soleil and *Touch* are trademarks of Bombardier Inc. or its subsidiaries.

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