NFI Announces First Quarter Results

May 8, 2025

Record backlog of $13.7 billion and improvements in Revenue, Adjusted EBITDA[1] and ROIC[1]; reaffirms 2025 Guidance

WINNIPEG, Manitoba, May 08, 2025 (GLOBE NEWSWIRE) -- **(TSX: NFI, OTC: NFYEF, TSX: NFI.DB)** NFI Group Inc. ("NFI" or the "Company"), a leader in propulsion-agnostic bus and coach mobility solutions, today announced its unaudited interim condensed consolidated financial results for the first quarter of 2025. All figures quoted in U.S. dollars unless otherwise noted.

First Quarter Highlights

- **Deliveries:** 1,028 equivalent units ("EUs"), with 33.9% being battery- and fuel cell-electric buses (“ZEBs”)
- **Revenue:** $841.4 million, an increase of 16.4% year-over-year
- **Gross Margin:** $94.0 million, an increase of 36.3% from 2024 Q1, with margin percentage of 11.2%
- **Net Loss:** $6.5 million, an improvement of $2.9 million from 2024 Q1, with Net Loss per Share of $0.05
- **Adjusted EBITDA[1]:** $62.7 million, an increase of 84.4% year-over-year
- **Backlog[1]:** $13.7 billion (6,236 EUs firm and 10,291 EUs options), up 16.6% year-over-year; ZEBs represent 36.5% of total backlog[1] EUs
- **ROIC[1]:** increased to 7.5%, up from 1.8% in 2024 Q1
- **Total Liquidity[1]:** $127.9 million, up $1.1 million from 2024 Q4. In May 2025, entered into a new $845 million credit agreement that further supported liquidity growth in the second quarter of 2025

Key financial metrics for 2025 Q1 are included in the table below:

in millions except deliveries and per Share amounts		2025 Q1	Change[2]	2025 Q1 LTM	Change[2]
Deliveries (EUs)		1,028	*(9)%*	4,448	*3%*
IFRS Measures					
Revenue	$	841.4	*16%*	3,241.0	*12%*
Net loss	$	(6.5)	*31%*	(0.4)	*100%*
Net earnings (loss) per Share	$	(0.05)	*38%*	0.00	*100%*
Net cash generated from operations	$	40.8	*206%*	42.8	*169%*
Non-IFRS Measures[1]					
Adjusted EBITDA[1]	$	62.7	*84%*	243.2	*154%*
Adjusted Net Earnings[1]	$	2.9	*119%*	15.1	*116%*
Adjusted Net Earnings per Share[1]	$	0.02	*115%*	0.13	*114%*
Free Cash Flow[1]	$	4.4	*121%*	8.1	*109%*
Return on Invested Capital[1] (ROIC)		7.5%	*318%*	7.5%	*318%*

CEO Comments

"First quarter performance reflects our continued momentum with significant year-over-year growth in financial metrics, record order backlog[1], and the highest zero-emission bus deliveries in Company history,” said Paul Soubry, President and Chief Executive Officer, NFI. “Improvements in quarterly Manufacturing gross margins displayed the improved financial profile of our firm orders and our aftermarket business provided another strong contribution. We were also pleased to add over 2,500 EUs to our total backlog[1] in the quarter, a reflection of the strong demand environment in North American markets.

“While we have seen some improvements in overall seat supply performance, challenges remain. We continue to actively support the supplier’s recovery with dedicated onsite resources and have started to receive seat deliveries from an alternative established supplier who is expected to be ramping up production throughout the remainder of the year. In the near-term, seat related headwinds may impact deliveries and inventory balances, but this has not changed our overall outlook for 2025,” Soubry continued. “Market conditions in the UK market remained challenging, impacting our orders and deliveries. In response, we are looking to adjust our operations and reduce costs.”

“We recently achieved a major milestone by entering into a new credit agreement that provides us with greater stability, improved covenants, increased financial flexibility and higher total liquidity. We remain well positioned to adapt to the evolving global trade environment, as our localized manufacturing and aftermarket distribution networks, combined with improved contract structures, lower our total exposure and enable us to respond

quickly to changing market dynamics," Soubry concluded.

Segment Results

Manufacturing

- Manufacturing revenue increased by $126.1 million, or approximately 22.4%, from 2024 Q1, reflecting higher ZEB deliveries, improved pricing on heavy-duty transit and coach deliveries, and higher low-floor cutaway deliveries.
- Manufacturing Net earnings of $7.2 million, increased by $20.6 million year-over-year, driven by favourable sales mix and higher gross margins from heavy-duty transit and coach deliveries, and as 2024 Q1 included legacy inflation impacted contracts.
- Manufacturing Adjusted EBITDA[1] improved by $35.4 million from 2024 Q1. The increase was primarily driven by the same items as net earnings plus the impact of a $10.6 million adjustment to reflect the non-recurring impact of seat disruption and associated production inefficiencies.
- At quarter-end, the Company's total backlog[1] (firm and options) of 16,527 EUs (value of $13.7 billion) increased by 11.8% on an EU basis and 16.6% on a dollar basis, from 2024 Q1.
- NFI added 2,523 EUs of new orders, supporting an LTM Book-to-Bill ratio[1] of 139.3%. The average price of an EU in backlog[1] is now $0.83 million, a 4.8% increase from 2024 Q4, reflecting the ongoing improvements in new order pricing.

Aftermarket

- Aftermarket revenue of $152.6 million, a decrease of 4.6% from 2024 Q1, primarily driven by lower midlife program revenues in North American public markets.
- Aftermarket Net earnings decreased by $6.1 million, or 18.6%, compared to 2024 Q1, driven by sales mix and lower midlife program revenues.
- Aftermarket Adjusted EBITDA[1] decreased by $4.5 million, or 11.9%, impacted by the same items as net earnings.

Consolidated Net Earnings, Adjusted Net Earnings, and Return on Invested Capital[1]

- Net loss of $6.5 million ($0.05 per Share), representing a $2.9 million improvement from 2024 Q1, driven by increases in revenue and gross profit, somewhat offset by higher interest and financing expenses.
- Adjusted Net Earnings[1] of $2.9 million ($0.02 per Share) improved from Adjusted Net Loss[1] of $15.6 million in 2024 Q1. Impacted by the same items as net loss, adjusted for the prepayment option on the Company's second-lien debt, and other normalization adjustments, including non-recurring impacts of seat supply disruption and associated production inefficiencies.
- ROIC[1] increased to 7.5% from 1.8% in 2024 Q1, primarily due to the increase in Adjusted EBITDA[1] offset by an increase in the invested capital base[1], which saw a gradual increase in long-term debt, higher working capital balances and an increase in the fair market value of the prepayment option on the Company's second lien debt.

Total Liquidity[2]

The Company's Total Liquidity [1] position, which combines cash on-hand plus available capacity under its senior first lien credit facilities (without consideration given to the waived minimum liquidity requirement of $50 million), was $127.9 million as at the end of 2025 Q1, up $1.1 million from the end of 2024 Q4. The small increase in the Total liquidity[1] position was due to increased milestone billings and advance payments – reflected in the Company's deferred revenue balances.

Subsequent to quarter end, NFI entered into a new two-year first lien secured revolving credit facility (First Lien Facility) with a total borrowing limit of $845 million, which includes $300 million in letter of credit availability. Taking into account the new First Lien Facility, on a pro-forma basis NFI's 2025 Q1 ending liquidity would have been $171.9 million.

Please refer to NFI's news release dated May 7, 2025, for more information regarding the terms and conditions of the new First Lien Facility.

Market Outlook

Management anticipates improvements to revenue, gross profit, net earnings, Adjusted EBITDA[1], Free Cash Flow[1], and ROIC[1], in the near-and longer-term as the Company executes on its backlog[1], increases bus and coach production, delivers a higher number of ZEBs, grows its aftermarket business and benefits from the growing demand for its buses, coaches and parts, and the services provided by Infrastructure Solutions™.

Management's growth expectations are driven by several key factors:

- **Continued Growth in New Orders:** NFI received 2,523 orders in 2025 Q1, with expectations for further orders in 2025 that will further grow backlog[1]. Numerous awards are for multi-year programs with firm and option orders (with options extending to 2029).
- **Market Demand:** Public transportation remains a critical driver of economic and environmental benefits and the Company's North American Public Bid Universe reflects strong demand with active bids of 5,306 EUs, and a five-year forecasted customer demand of 23,139 EUs. NFI has also seen overall increases in market demand for public and private

coaches and low-floor cutaways markets fueled by growing ridership, increased travel, aging fleet assets and ongoing return to work initiatives.

- **Increasing Public Transit Ridership and Increasing Fleet Age:** According to the American Public Transit Association (APTA), fourth quarter 2024 ridership saw a 7.1% year-over-year growth driven by expanded services and new bus routes, and return-to-office mandates. APTA estimates that the average fleet age in North America has increased to 8.3 years, up from the estimated 7.0 years in 2018 reflecting the impact of lower industry deliveries from 2020 to 2024.
- **Improvements in Overall Supplier Health:** NFI has seen a significant decline in the number of moderate and high-risk suppliers, driven by a combination of improvements in global supply chain health and actions taken by NFI's supply and sourcing teams. Within the Company's top 750 suppliers, only a few have high-risk ratings. While still challenged, seat supply performance has seen some improvement in 2025, but remains an area of focus. Due to the complex nature of NFI's production, overall supply chain risk does remain.

NFI's strategy to provide the broadest offering of propulsion agnostic buses and coaches has positioned the Company well to realize upon growing demand as it can support customers diverse fleet plans. This offering includes low and zero-emission buses and coaches, alongside its broader solutions offering of aftermarket parts, training, Infrastructure Solutions™, and financing.

NFI's UK and international business has seen slower demand when compared to North America, primarily due to increased foreign and domestic competition. NFI is reviewing its production footprint and overhead costs in the UK to appropriately respond to these market conditions with a focus on lowering costs in 2025.

NFI continues to navigate seat supply disruption within its North American transit business. In response, NFI maintained lower production rates during the quarter, maintained dedicated team members onsite at the supplier's facility and is working directly with the supplier's management team and an external consultant on their recovery plan.

At the end of the quarter, NFI had 113 EUs of buses in inventory essentially complete, apart from seats. This was a decrease from the end of 2024 Q4. This number reduced to approximately 91 EUs as of May 2, 2025. In addition, a new Buy America compliant seat supplier has started seat deliveries and is expected to significantly ramp up production in the second half of 2025 that is expected to further support overall improvements to seat supply performance. NFI had expected to see significant improvements in seat supply performance and a reduction in its inventory of buses that are complete, but missing seats, through the second quarter of 2025, however recent developments with the impacted supplier may delay recovery timing and impact near-term deliveries, but does not change NFI's overall expectations for 2025 results.

Financial Guidance

NFI reaffirms its financial guidance for Fiscal 2025:

	2025 Guidance
Revenue	$3.8 to $4.2 billion
ZEBs (electric) as a percentage of manufacturing sales	35% – 40%
Adjusted EBITDA[1]	$320 to $360 million
Cash Capital Expenditures	$50 to $60 million
ROIC[1]	9% to 12%

Please refer to NFI's MD&A dated March 13, 2025, for information regarding the assumptions and expectations for 2025 guidance. Note that the guidance numbers above do not include the impact of U.S. and Canadian tariffs and any changes resulting from U.S. funding policy developments discussed below.

Impact of U.S. and Canadian Tariffs and U.S. Policy Developments

NFI is taking numerous actions to alleviate the impacts of U.S. and Canadian tariffs, including leveraging the Company's localized production facilities, regionalized service and aftermarket parts distribution networks, and contractual terms of its firm orders. However, there remains a significant amount of imports and exports of parts, components, partially and fully assembled buses that travel across the U.S. and Canada border.

During the first quarter, NFI was subject to tariffs on imports of steel and aluminum in the U.S. and Canada, and tariffs on imports of goods from China. The Company's finished buses and coaches, completed in Canada or the U.S., and bus shells started in Canada, currently move between the U.S. and Canada without additional tariffs under the provisions of the United States, Mexico and Canada Free Trade Agreement (commonly referred to as the USMCA).

Going forward, NFI anticipates that the impact of tariffs will increase with U.S. tariffs now in effect on imports from most countries and as suppliers increase prices to reflect the impact of those tariffs. NFI anticipates that a significant portion of increased costs resulting from U.S. and Canadian tariffs impacting its public transit buses and public motorcoaches can be passed on to end customers through contractual obligations and through general price increases. This is likely to require negotiation with customers and such contractual protections may not cover all costs or be effective for extended periods.

It may be more difficult to pass on the impacts of increased input costs in private coach markets, as they do not have the same contractual terms. NFI anticipates that tariffs may lead to a reduction in private coach demand (and associated production) within North America. In addition, there may also be near-term cash flow implications due to the payment timing of tariffs and there may also be a decrease in order sizes due to higher prices.

The recent announcement of funding appropriations for Fiscal Year 2025 provides further support for ongoing funding to support future bus and coach orders and future option conversions. However, U.S. funding policy developments may evolve in unpredictable ways, particularly in the case of electric vehicles, which may have material impacts on the Company's future orders and option conversion. As the Company offers a wide range of propulsion

agnostic bus and coach models, it expects that any decrease in electric vehicle orders would likely be replaced by orders for other propulsion types, including clean diesel, compressed natural gas or diesel electric hybrids.

The impact tariffs, U.S. funding developments and other trade measures could have general economic conditions, supply chain health, customer demand and the Company's business is uncertain and could be materially adverse. In addition, the current seat supply disruptions may be extended and/or exacerbated beyond management's current expectations, there remains a risk of additional supply or operational disruptions. See Appendix A Forward Looking Statements for a description of risks and other factors and the Company's filings on SEDAR+ at www.sedarplus.ca.

First Quarter 2025 Results Conference Call

A conference call for analysts and interested listeners will be held on Friday, May 9, 2025, at 8:30 a.m. Eastern Time (ET). An accompanying results presentation will be available prior to market open on May 9, 2025, at www.nfigroup.com.

For attendees who wish to join by webcast, registration is not required; the event can be accessed at https://edge.media-server.com/mmc/p/t9op4a47.

Attendees who wish to join by phone must pre-register at the following link: https://register-conf.media-server.com/register/Blb27089ba29a84717819864d8a9c18d2e. An email will be sent to the user's registered email address, which will provide the call-in details. Due to the possibility of emails being held up in spam filters, we highly recommend that attendees wishing to join via phone register ahead of time to ensure receipt of their access details.

A replay of the call will be accessible from about 12:00 p.m. ET on May 9, 2025, until 11:59 p.m. ET on May 8, 2026, at https://edge.media-server.com/mmc/p/t9op4a47. The replay will also be available on NFI's website at: www.nfigroup.com.

About NFI Group

Leveraging 450 years of combined experience, NFI offers a wide range of propulsion-agnostic bus and coach platforms, including market leading electric models. Through its low- and zero-emission buses and coaches, infrastructure, and technology, NFI meets today's urban demands for scalable smart mobility solutions. Together, NFI is enabling more livable cities through connected, clean, and sustainable transportation.

With nearly 9,000 team members in ten countries, NFI is a leading global bus manufacturer of mass mobility solutions under the brands **New Flyer**® (heavy-duty transit buses), **MCI**® (motorcoaches), **Alexander Dennis Limited** (single and double-deck buses), **ARBOC**® (low-floor cutaway and medium-duty buses), and **NFI Parts** ™. NFI currently offers the widest range of sustainable drive systems available, including zero-emission electric (trolley, battery, and fuel cell), natural gas, electric hybrid, and clean diesel. In total, NFI supports its installed base of over 100,000 buses and coaches around the world. NFI's common shares ("Shares") trade on the Toronto Stock Exchange ("TSX") under the symbol NFI and its convertible unsecured debentures ("Debentures") trade on the TSX under the symbol NFI.DB. News and information is available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, nfi.parts, www.alexander-dennis.com, arbocsv.com, and carfaircomposites.com.

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Footnotes:

1. Adjusted EBITDA, Adjusted Net Earnings (Loss), and Free Cash Flow represent non-IFRS measures; Adjusted Net Earnings (Loss) per Share and Return on Invested Capital ("ROIC") are non-IFRS ratios; and Total Liquidity and Backlog are supplementary financial measures. Such measures and ratios are not defined terms under IFRS and do not have standard meanings, so they may not be a reliable way to compare NFI to other companies. Adjusted Net Earnings (Loss) per Share is based on the non-IFRS measure Adjusted Net Earnings (Loss). ROIC is based on net operating profit after tax and average invested capital, both of which are non-IFRS measures. Book-to-Bill Ratio is a non-IFRS measure and is defined as new firm orders and exercised options divided by new deliveries. See "Non-IFRS Measures" and detailed reconciliations of IFRS Measures to non-IFRS Measures in the Appendices of this press release. Readers are advised to review the audited consolidated financial statements (including notes) (the "Financial Statements") and the related Management's Discussion and Analysis (the "MD&A").
2. Results noted herein are for the 13-week period ("2025 Q1") and the 52-week period ("2025 Q1 LTM") ended March 30, 2025. The comparisons reported in this press release compare 2025 Q1 to the 13-week period ("2024 Q1") and 2025 Q1 LTM to the 52-week period ("2024 Q1 LTM") ended March 31, 2024. Comparisons and comments are also made to the 13-week period ("2024 Q4") ended December 29, 2024. The term "LTM" is an abbreviation for "Last Twelve Month Period".

Appendix A – Reconciliation Tables

Reconciliation of Net Earnings (Loss) to Adjusted EBITDA^{NG} and Net Operating Profit after Taxes^{NG}

Non-IFRS measures in the appendices of this press release have been denoted with an "NG". Please see Appendix B: "Non-IFRS and Other Financial Measures" section.

Management believes that Adjusted EBITDA^{NG}, and Net Operating Profit After Taxes ("NOPAT")^{NG} are important measures in evaluating the historical operating performance of the Company. However, Adjusted EBITDA^{NG} and NOPAT^{NG} are not recognized earnings measures under IFRS Accounting Standards and do not have standardized meanings prescribed by IFRS. Accordingly, Adjusted EBITDA^{NG} and NOPAT^{NG} may not be comparable to similar measures presented by other issuers. Readers of this MD&A are cautioned that Adjusted EBITDA^{NG} should not be construed as an alternative to net earnings or loss determined in accordance with IFRS Accounting Standards and NOPATNG should not be construed as an

alternative to earnings (loss) from operations determined in accordance with IFRS Accounting Standards as an indicator of the Company's performance.

The Company defines Adjusted EBITDA[NG] as earnings before interest, income tax, depreciation and amortization after adjusting for the effects of certain non-recurring, non-operating, and items occurring outside of normal operations that do not reflect the current ongoing cash operations of the Company. These adjustments are provided in the following table reconciling net earnings or losses to Adjusted EBITDA[NG] based on the historical financial statements of the Company for the periods indicated. The Company defines NOPAT[NG] as Adjusted EBITDA[NG] less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%.

($ thousands)	2025 Q1	2024 Q1	52-Weeks Ended March 30, 2025	52-Weeks Ended March 31, 2024
Net loss	(6,486)	(9,414)	(368)	(99,770)
Addback				
Income taxes (recovery)	480	(6,029)	3,341	(31,373)
Interest expense[8]	38,358	30,654	138,644	150,834
Amortization	18,181	21,237	77,074	81,116
(Gain) loss on disposition of property, plant and equipment and right of use assets	(149)	(97)	140	709
Gain on debt modification[13]	–	–	–	(8,908)
Loss on debt extinguishment[14]	–	–	234	–
Unrealized foreign exchange gain on non-current monetary items and forward foreign exchange contracts	(1,106)	(5,491)	(14,232)	(1,371)
Past service costs and other pension costs[12]	–	–	–	(7,000)
Equity settled stock-based compensation	372	389	2,216	2,597
Unrecoverable insurance costs and other[7]	–	144	(28)	1,037
Expenses incurred outside of normal operations [9]	10,636	–	21,693	920
Prior year sales tax provision[11]	–	–	–	101
Impairment loss on intangible assets[10]	–	1,028	1,250	1,028
Restructuring costs[6]	2,410	1,515	13,234	5,816
Adjusted EBITDA[NG]	62,696	33,936	243,198	95,736
Depreciation of property, plant and equipment and right of use assets	(10,744)	(13,056)	(45,469)	(49,390)
Tax at 31%	(16,105)	(6,473)	(61,296)	(14,367)
NOPAT[NG]	35,847	14,407	136,433	31,979
Adjusted EBITDA[NG] is comprised of:				
Manufacturing	33,232	(2,219)	119,640	(21,199)
Aftermarket	33,048	37,457	135,132	128,182
Corporate	(3,584)	(1,302)	(11,574)	(11,247)

Free Cash Flow[NG] and Free Cash Flow per Share[NG]

Management uses Free Cash Flow[NG] and Free Cash Flow per Share[NG] as non-IFRS measures to evaluate the Company's operating performance and liquidity[NG], to assess the Company's ability to pay dividends on the Shares, service debt, pay interest on the Debentures and meet other payment obligations. However, Free Cash Flow[NG] and Free Cash Flow per Share[NG] are not recognized earnings measures under IFRS Accounting Standards and do not have standardized meanings prescribed by IFRS. Accordingly, Free Cash Flow[NG] and the associated per Share figure may not be comparable to similar measures presented by other issuers. Readers of this MD&A are cautioned that Free Cash Flow[NG] should not be construed as an alternative to cash flows from operating activities determined in accordance with IFRS Accounting Standards as a measure of liquidity[NG] and cash flow. The Company defines Free Cash Flow[NG] as net cash generated by or used in operating activities adjusted for changes in non-cash working capital items and adjusted for items as shown in the reconciliation of net cash generated by operating activities (an IFRS Accounting Standards measure) to Free Cash Flow[NG] based on the Company's historical financial statements.

The Company generates its Free Cash Flow[NG] from operations and management expects this will continue to be the case for the foreseeable future. Net cash flows generated from operating activities are significantly impacted by changes in non-cash working capital. The Company uses its Secured Facilities to finance working capital and therefore has excluded the impact of working capital in calculating Free Cash Flow[NG].

The Company defines Free Cash Flow per Share[NG] as Free Cash Flow[NG] divided by the average number of Shares outstanding.

($ thousands, except per Share figures)	2025 Q1	2024 Q1	52-Weeks Ended March 30, 2025	52-Week Ended March 31, 2024
Net cash generated by operating activities	40,800	13,355	42,785	15,921

Changes in non-cash working capital items[2]	(23,748)	(9,573)	40,702	(6,355)
Interest paid[2]	33,618	33,181	121,544	113,324
Interest expense[2]	(32,326)	(33,550)	(123,407)	(131,958)
Income taxes (recovered) paid[2]	(740)	(3,005)	4,325	(30,942)
Current income tax expense[2]	(12,483)	(4,998)	(43,796)	7,916
Repayment of obligations under lease	(5,372)	(6,509)	(23,223)	(23,143)
Cash capital expenditures	(5,900)	(8,212)	(28,002)	(31,939)
Acquisition of intangible assets	(2,206)	(2,856)	(16,947)	(11,669)
Proceeds from disposition of property, plant and equipment	–	720	241	2,350
Defined benefit funding[3]	717	826	2,721	3,194
Defined benefit expense[3]	(490)	(943)	(3,318)	(3,109)
Past service costs and other pension costs[12]	–	–	–	(7,000)
Expenses incurred outside of normal operations[9]	10,636	–	21,693	920
Equity hedge	–	–	–	3,073
Unrecoverable insurance costs and other[7]	–	144	(28)	1,037
Prior year sales tax provision[11]	–	–	–	101
Restructuring costs[6]	2,410	1,515	13,234	8,370
Foreign exchange loss on cash held in foreign currency[4]	(506)	(1,563)	(460)	(2,801)
Free Cash Flow[NG]	4,410	(21,468)	8,066	(92,710)
U.S. exchange rate[1]	1.4317	1.3541	1.4041	1.3469
Free Cash Flow (C$)[NG]	6,314	(29,070)	11,326	(124,875)
Free Cash Flow per Share (C$)[NG, 5]	0.0530	(0.2443)	0.0952	(1.2205)

1. U.S. exchange rate (C$ per US$) is the average exchange rate for the period.
2. Changes in non-cash working capital are excluded from the calculation of Free Cash Flow[NG] as these temporary fluctuations are managed through the Secured Facilities which are available to fund general corporate requirements, including working capital requirements, subject to borrowing capacity restrictions. Changes in non-cash working capital are presented on the unaudited interim condensed consolidated statements of cash flows net of interest and income taxes paid.
3. The cash effect of the difference between the defined benefit expense and funding is included in the determination of cash from operating activities. This cash effect is excluded in the determination of Free Cash Flow[NG] as management believes that the defined benefit expense amount provides a more appropriate measure, as the defined benefit funding can be impacted by special payments to reduce the unfunded pension liability.
4. Foreign exchange loss on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS Accounting Standards; however, because it is a cash item, management believes it should be included in the calculation of Free Cash Flow[NG].
5. Per Share calculations for Free Cash Flow[NG] (C$) are determined by dividing Free Cash Flow[NG] by the total number of all issued and outstanding Shares using the weighted average over the period. The weighted average number of Shares outstanding for 2025 Q1 was 119,043,590 and 118,972,157 for 2024 Q1. The weighted average number of Shares outstanding for 2025 Q1 LTM and 2024 Q1 LTM was 119,026,116 and 102,319,274, respectively.
6. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with restructuring initiatives. Free Cash Flow[NG] reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.
7. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
8. Includes fair market value adjustments to interest rate swaps, cash conversion option on the Debentures, and to the prepayment option on the Company's second lien debt. 2025 Q1 includes a gain of $0.2 million compared to a gain of $1.5 million in 2024 Q1 for the interest rate swaps. 2025 Q1 includes a gain of $1.7 million and 2024 Q1 includes a gain of $4.0 million on the cash conversion option. The prepayment option had a loss of $2.3 million in 2025 Q1 and a gain of $2.6 million in 2024 Q1.
9. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. In 2025 Q1, $10.6 million in labour and overhead costs were incurred as a result of the seat supply disruption, in addition to $11.1 million recognized in 2024 Q4.
10. In 2024 Q1, the Company recognized an impairment loss on a New Product Development ("NPD") project for $1.0 million.

11. Provision for sales taxes as a result of a previous state sales tax review.
12. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. 2022 Q2 includes $7.0 million for the liability related to the closure of MCI's Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2.
13. As a result of the Company's comprehensive refinancing, the Company had recognized an accounting gain in 2023 Q3 stemming from the modification made to its Secured Facilities. In 2023 Q4, an accounting loss was recorded to adjust the gain on debt modification.
14. In 2024 Q2, the Company recognized an accounting loss for the debt extinguishment related to the amendments made to the MDC senior unsecured facility.

Reconciliation of Net Earnings (Loss) to Adjusted Net Earnings (Loss)[NG]

Management believes that Adjusted Net Earnings (Loss)[NG] and the associated per Share figure are important measures in evaluating the historical operating performance of the Company. Adjusted Net Earnings (Loss)[NG] and Adjusted Net Earnings (Loss) per Share[NG] are not recognized measures under IFRS Accounting Standards and do not have standardized meanings prescribed by IFRS. Accordingly, Adjusted Net Earnings (Loss)[NG] and Adjusted Net Earnings (Loss) per Share[NG] may not be comparable to similar measures presented by other issuers. Readers of this MD&A are cautioned that Adjusted Net Earnings (Loss)[NG] and Adjusted Net Earnings (Loss) per Share[NG] should not be construed as an alternative to net loss, or net loss per share, determined in accordance with IFRS Accounting Standards as indicators of the Company's performance.

The Company defines Adjusted Net Earnings (Loss)NG as net earnings (loss) after adjusting for the after tax effects of certain non-recurring, non-operating and items occurring outside of normal operation, that do not reflect the current ongoing cash operations of the Company. These adjustments are provided in the following reconciliation of net earnings (loss) to Adjusted Net Earnings (Loss)[NG] based on the historical financial statements of the Company for the periods indicated.

The Company defines Adjusted Net Earnings (Loss)[NG] per share as Adjusted Net Earnings (Loss)[NG] divided by the average number of Shares outstanding.

($ thousands, except per Share figures)	2025 Q1	2024 Q1	52-Weeks Ended March 30, 2025	52-Week Ended March 31, 2024
Net loss	(6,486)	(9,414)	(368)	(99,770)
Adjustments, net of tax[1, 2]				
Unrealized foreign exchange gain	(763)	(3,789)	(9,819)	(946)
Unrealized (gain) loss on interest rate swap	(116)	(1,003)	1,238	1,675
Unrealized (gain) loss on cash conversion option	(1,196)	(2,739)	(3,022)	1,784
Unrealized loss (gain) on prepayment option of second lien debt[3]	1,586	(1,757)	(3,268)	(2,198)
Accretion in carrying value of long-term debt associated with debt modification[4]	–	–	–	1,014
Gain on debt modification[5]	–	–	–	(6,146)
Accretion associated to gain on debt modification	(709)	(326)	(2,080)	(777)
Loss on debt extinguishment[6]	–	–	161	–
Equity swap settlement fee[7]	–	–	–	2,248
Equity settled stock-based compensation	257	268	1,529	1,792
(Gain) loss on disposition of property, plant and equipment	(103)	(67)	97	488
Past service costs and other pension costs[8]	–	–	–	(4,830)
Unrecoverable insurance costs and other[9]	–	99	(19)	715
Expenses incurred outside of normal operations[10]	7,339	–	14,968	(647)
Other tax adjustments	–	–	–	246
Accretion in carrying value of convertible debt and cash conversion option	1,446	1,367	5,693	5,310
Prior year sales tax provision[11]	–	–	–	70
Impairment loss on intangible assets[12]	–	709	863	709
Restructuring costs[13]	1,663	1,045	9,132	4,013
Adjusted Net Earnings (Loss)[NG]	2,918	(15,607)	15,105	(95,070)
Loss per Share (basic)	(0.05)	(0.08)	0.00	(0.98)
Loss per Share (fully diluted)	(0.05)	(0.08)	0.00	(0.98)
Adjusted Net Earnings (Loss) per Share (basic)[NG]	0.02	(0.13)	0.13	(0.93)

Adjusted Net Earnings (Loss) per Share (fully diluted)[NG]	0.02	(0.13)	0.13	(0.93)

1. Addback items are derived from the historical financial statements of the Company.
2. The Company has utilized a rate of 31.0% to tax effect the adjustments for the periods above.
3. The unrealized gain on the prepayment option is related to the Company's second lien debt instrument.
4. Normalized to exclude the over accretion of transaction costs relating to the Company's Secured Facilities.
5. As a result of the Company's refinancing in 2023, the Company has recognized an accounting gain stemming from the modification made to its Secured Facilities.
6. In 2024 Q2, the Company recognized an accounting loss for the debt extinguishment related to the amendments made to the MDC senior unsecured facility.
7. In Fiscal 2023, the Company settled its equity swaps which were used to hedge the exposure associated with changes in value of its Shares with respect to outstanding management restricted units ("Management RSUs") and a portion of the outstanding performance share units ("PSUs"), and deferred share units ("DSUs").
8. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. In 2022 Q2, $7.0 million liability was recorded related to the anticipated closure of MCI's Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2. Also included is $4.8 million of pension past service costs incurred during 2023 Q1.
9. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
10. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. Also included is the additional labour costs associated with the shortage of the specified item.
11. Provision for sales taxes as a result of a previous state sales tax review.
12. In 2024 Q1, the Company recognized an impairment loss on an NPD project for $1.0 million.
13. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with other restructuring initiatives. Free Cash Flow[NG] reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.

Reconciliation of Shareholders' Equity to Invested Capital[NG]

The following table reconciles Shareholders' Equity to Invested Capital. The average invested capital for the last twelve months is used in the calculation of ROIC[NG]. ROIC[NG] is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. Accordingly, ROIC[NG] may not be comparable to similar measures presented by other issuers. See Non-IFRS Measures for the definition of ROIC[NG].

($ thousands)	**2025 Q1**	**2024 Q4**	**2024 Q3**	**2024 Q2**
Shareholders' Equity	703,529	707,754	699,717	704,031
Addback				
Long term debt	643,872	610,237	610,624	576,145
Second lien debt	174,202	173,741	173,309	172,910
Obligation under lease	129,629	129,511	130,020	131,382
Convertible debentures	221,540	218,020	230,453	225,628
Senior unsecured debt	51,051	50,040	56,210	54,997
Derivatives	(6,874)	(10,497)	2,327	(2,740)
Cash	(107,985)	(49,557)	(59,720)	(77,445)
Invested Capital[NG]	1,808,964	1,829,249	1,842,940	1,784,908
Average of invested capital[NG] over the quarter	1,819,107	1,836,095	1,813,922	1,785,059

	2024 Q1	**2023 Q4**	**2023 Q3**	**2023 Q2**
Shareholders' Equity	697,580	702,913	706,177	495,140
Addback				
Long term debt	562,324	536,037	583,948	935,605
Second lien debt	172,568	172,396	172,975	–
Obligation under lease	135,959	138,003	130,102	124,405
Convertible debentures	225,972	228,985	221,427	225,081
Senior unsecured debt	61,081	61,796	60,838	87,363

Derivatives	(1,783)	8,010	6,814	(9,422)
Cash	(68,491)	(49,615)	(75,498)	(57,488)
Invested Capital[NG]	1,785,210	1,798,525	1,806,783	1,800,684
Average of invested capital[NG] over the quarter	1,791,868	1,802,654	1,803,734	1,800,751

Appendix B – Non-IFRS Measures and Forward-Looking Statements

Non-IFRS Measures

References to “Adjusted EBITDA” are to earnings before interest, income taxes, depreciation and amortization after adjusting for the effects of certain non-recurring and/or non-operations related items and expenses incurred outside the normal course of operations that do not reflect the current ongoing cash operations of the Company. These adjustments include gains or losses on disposal of property, plant and equipment, fair value adjustment for total return swap, unrealized foreign exchange losses or gains on non-current monetary items and forward foreign exchange contracts, costs associated with assessing strategic and corporate initiatives, past service costs and other pension costs or recovery, non-operating costs or recoveries related to business acquisition, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, proportion of the total return swap realized, equity settled stock-based compensation, expenses incurred outside the normal course of operations, recovery of currency transactions, prior year sales tax provision, COVID-19 costs and impairment loss on goodwill and non-operating restructuring costs.

References to "NOPAT" are to Adjusted EBITDA less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%.

“Free Cash Flow” means net cash generated by or used in operating activities adjusted for changes in non-cash working capital items, interest paid, interest expense, income taxes paid, current income tax expense, repayment of obligation under lease, cash capital expenditures, acquisition of intangible assets, proceeds from disposition of property, plant and equipment, costs associated with assessing strategic and corporate initiatives, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, defined benefit funding, defined benefit expense, past service costs and other pension costs or recovery, expenses incurred outside the normal course of operations, proportion of total return swap, unrecoverable insurance costs, prior year sales tax provision, non-operating restructuring costs, extraordinary COVID-19 costs, foreign exchange gain or loss on cash held in foreign currency.

References to "ROIC" are to NOPAT divided by average invested capital for the last twelve month period (calculated as to shareholders’ equity plus long-term debt, obligations under leases, other long-term liabilities and derivative financial instrument liabilities less cash).

“Invested Capital” is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. Management believes that Invested Capital is an important measure in evaluating the Company’s financial position. The Company defines Invested Capital as total interest-bearing debt plus derivative liabilities plus equity less cash on hand.

“Book-to-Bill ratio” is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. The Company defines Book-to-Bill ratio as new firm orders and exercised options divided by new deliveries.

References to "Adjusted Net Earnings (Loss)" are to net earnings (loss) after adjusting for the after tax effects of certain non-recurring and/or non-operational related items that do not reflect the current ongoing cash operations of the Company including: fair value adjustments of total return swap, unrealized foreign exchange loss or gain, unrealized gain or loss on the interest rate swap, impairment loss on goodwill, portion of the total return swap realized, costs associated with assessing strategic and corporate initiatives, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, equity settled stock-based compensation, gain or loss on disposal of property, plant and equipment, past service costs and other pension costs or recovery, recovery on currency transactions, expenses incurred outside the normal course of operations prior year sales tax provision, COVID-19 costs and non-operating restructuring costs .

References to "Adjusted Net Earnings (Loss) per Share" are to Adjusted Net Earnings (Loss) divided by the average number of Shares outstanding.

Management believes Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings (Loss) and Adjusted Net Earnings (Loss) per Share are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings (Loss) and Adjusted Earnings (Loss) per Share are not recognized earnings or cash flow measures under IFRS and do not have standardized meanings prescribed by IFRS. Readers of this press release are cautioned that ROIC, Adjusted Net Earnings (Loss) and Adjusted EBITDA should not be construed as an alternative to net earnings or loss or cash flows from operating activities determined in accordance with IFRS as an indicator of NFI’s performance, and Free Cash Flow should not be construed as an alternative to cash flows from operating, investing and financing activities determined in accordance with IFRS as a measure of liquidity and cash flows. A reconciliation of net earnings (loss) to Adjusted EBITDA, based on the Financial Statements, has been provided under the headings “Reconciliation of Net Loss to Adjusted EBITDA and Net Operating Profit After Taxes”. A reconciliation of net earnings (loss) to Adjusted Net Earnings (Loss) is provided under the heading “Reconciliation of Net Loss to Adjusted Net Loss”.

NFI's method of calculating Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Net Earnings per Share may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers. Dividends paid from Free Cash Flow are not assured, and the actual amount of dividends received by holders of Shares will depend on, among other things, the Company's financial performance, debt covenants and obligations, working capital requirements and future capital requirements, all of which are susceptible to a number of risks, as described in NFI’s public filings available on SEDAR at www.sedarplus.ca.

"Total Liquidity" is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. The Company defines total liquidity as cash on-hand plus available capacity under its Secured Facilities, without consideration given to the minimum banking liquidity requirement under the Secured Facilities.

“Backlog” value is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. The Company defines backlog as the number of EUs in the backlog multiplied by their expected selling price.

References to NFI's geographic regions for the purpose of reporting global revenues are as follows: "North America" refers to Canada, United States,

and Mexico; United Kingdom and Europe refer to the United Kingdom and Europe; and "Asia Pacific" or "APAC" refers to Hong Kong, Malaysia, Singapore, Australia, and New Zealand.

Forward-Looking Statements

This press release contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities laws, which reflect the expectations of management regarding the Company's future growth, financial performance and liquidity and the Company's strategic initiatives, plans, business prospects and opportunities, including the impact of and recovery from supply chain disruptions and plans to address them, the steps the Company plans to take to improve liquidity and the impact of tariffs, other trade measures and U.S. policy developments regarding federal vehicle funding. The words “believes”, “views”, “anticipates”, “plans”, “expects”, “intends”, “projects”, “forecasts”, “estimates”, “guidance”, “goals”, “objectives”, “targets” and similar words or expressions of future events or conditional verbs such as “may”, “will”, “should”, “could”, “would” are intended to identify forward-looking statements. These forward-looking statements reflect management’s current expectations regarding future events and the Company’s financial and operating performance and speak only as of the date of this press release. By their very nature, forward-looking statements require management to make assumptions and involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and give rise to the possibility that management’s predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the assumptions may not be correct and that the Company’s future growth, financial condition, ability to generate sufficient cash flow, maintain adequate liquidity and manage supply chain disruptions and the Company’s strategic initiatives, objectives, plans, business prospects and opportunities, will not occur or be achieved.

The Company continues to experience various global and regional supply chain and logistics challenges, inflationary price increases for parts, components and other inputs used in the manufacturing processes, as well as labour shortages. The Company has taken various steps to mitigate these issues (including the current North American seat supply issue), but they continue to have a significant negative impact on the Company’s business, operating results, financial condition and liquidity. These issues may continue and/or worsen, including as the Company continues to ramp up production levels. While NFI has experienced significant improvement in overall supplier performance, the supply of certain parts and components continues to be challenged and may deteriorate, including with respect to other parts and components. There can be no assurance as to if or when production operations will return to pre-pandemic production rates or deliveries. Supply chain issues could also potentially expose the Company to liquidated damages penalties under certain transit bus and motor coach purchase contracts if it is unable to meet the applicable delivery deadlines under such contacts. While the Company is closely managing its liquidity, it is possible that various events (such as delayed deliveries and customer acceptances, delayed customer payments, supply chain issues, product recalls and warranty claims) could significantly impair the Company’s liquidity and there can be no assurance that the Company would be able to obtain additional liquidity when required in such circumstances. In addition, as the Company is in the process of ramping up production levels and an increasing percentage of the Company's orders are ZEBs that have a higher manufacturing cost, the Company’s working capital requirements have increased compared to prior years. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period or have access to additional capital when required in such circumstances and the Company’s financial performance and condition, obligations, cash flow and liquidity and its ability to maintain compliance with the covenants under its credit facilities may be impaired.

The level, type, coverage and duration of tariffs and other trade measures imposed by the US and Canada is fluidly evolving and may continue to change and evolve in unpredictable ways. The impact of tariffs and other trade measures on general economic conditions, customer demand and on the Company’s business is uncertain and may be significant. Such impacts may include general inflationary pressures as well as new and exacerbated supply chain disruptions leading to production inefficiencies, delivery delays and additional liquidity deterioration. It is impossible to predict the full impact on the Company of tariffs or other trade actions, and if they are in place for an extended period they may have a material adverse effect on the Company’s business, operating results, financial condition and liquidity and may result in the Company not achieving the guidance provided above. In addition, U.S. federal funding for transit buses and coaches, including electric vehicles, could potentially be significantly reduced as a result of the U.S. administration’s recent executive orders and potential policy changes. This could significantly impact the ability of U.S. transit agencies to purchase vehicles from the Company, which would likely have the most significant impact on purchases of electric vehicles. There can be no assurance as to the continuation or future amount of U.S. federal funding for transit bus and coach purchases.

Specific reference is made to the factors described above in this press release and in the section entitled “Risk Factors” in the Company’s Annual Information Form for a discussion of the factors that may affect forward-looking statements and information. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements and information. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that could cause actions, events or results not to be as anticipated, estimated or intended or to occur or be achieved at all. The forward-looking statements and information contained herein are made as of the date of this press release (or as otherwise indicated) and, except as required by law, the Company does not undertake to update any forward-looking statement or information, whether written or oral, that may be made from time to time by the Company or on its behalf. The Company provides no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers and investors should not place undue reliance on forward-looking statements and information.