



We Move People

NFI Group Inc. XALT Agreement

December 16, 2025

Cautionary Statement

Certain statements in this presentation are “forward looking statements,” which reflect the expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities.

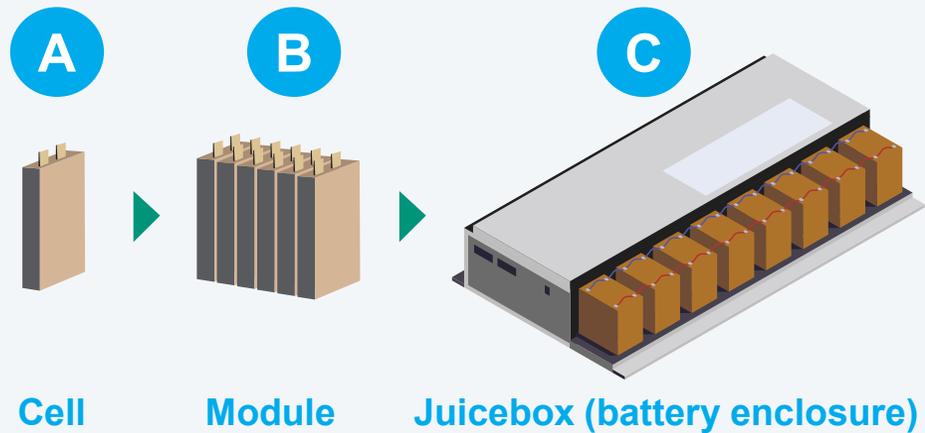
These forward-looking statements are made as of the date of this presentation and NFI assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws. See the Appendix to this presentation for more details about the forward-looking statements.

In addition, certain financial measures used in this presentation, including but not limited to, backlog, Liquidity, Adjusted EBITDA, Adjusted Net Earnings (Loss) and Free Cash Flow are not recognized earnings measures and do not have standardized meanings prescribed by International Financial Reporting Standards (“IFRS”). Therefore, they may not be comparable to similar measures presented by other issuers. See the Appendix to this presentation and the Company’s related Management Discussion & Analysis (“MD&A”), available on SEDAR (www.sedarplus.ca) for more information and detailed reconciliation to the applicable IFRS measures.

All figures in U.S. dollars unless otherwise noted.



NFI Group: Battery Recall Background



- A. Battery cells – converts chemical energy into electrical energy, cells provided by supplier
- B. Cells are assembled into modules with specific configuration and secured with wiring (includes relevant systems). Modules are provided by supplier
- C. Strings are placed into structural fiberglass casing (Juicebox) by NFI

- ✓ In September, NFI announced a voluntary recall impacting approximately 700 battery-electric buses and coaches (primarily New Flyer buses)
- ✓ In October, NFI recorded a warranty provision of \$229 million reflecting the expected gross costs for replacement of batteries and future costs to support other non-recall related XALT batteries on buses in service (collectively “The Recall”)
- ✓ This provision reflects NFI’s best, conservative estimate of the ultimate gross cost of completing the recall and on-going support for the buses (and did not include any recovery amounts)
- ✓ On December 16, 2025, NFI announced that it has signed a master settlement agreement (“MSA” or the “Settlement”) with XALT and its subsidiaries (collectively “XALT”) that fully resolves all matters between the two companies

Master Settlement Agreement – Key Terms and Financials

The Settlement provides the following for NFI:

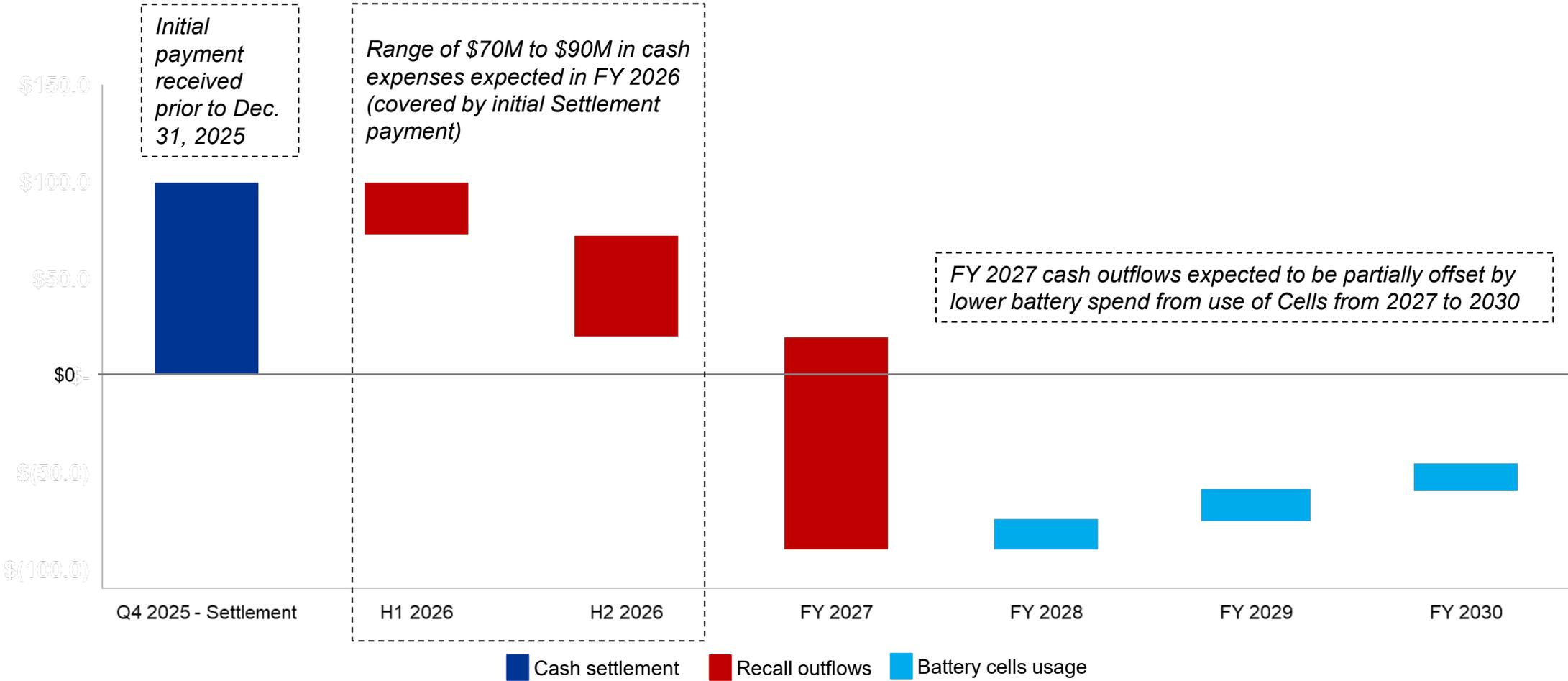
- ✓ Immediate cash inflows to support working capital for execution of the Recall
- ✓ Cash payments in escrow to support transferred employees and facilities
- ✓ Assumption of XALT battery management software and other associated intellectual property. Strengthens NFI’s technology portfolio and customer support capabilities for battery and fuel-cell electric buses
- ✓ Hiring of certain XALT engineering and service employees who will support the Recall and provide oversight of other NFI electric buses in service
- ✓ Facilities for office and engineering lab and storage facility for the battery cells
- ✓ Battery cells from a leading global manufacturer that **NFI plans to have a U.S. based supplier package these cells for a new battery electric bus offering in 2027**
 - ✓ Testing and validation to be completed through 2026 and into 2027
 - ✓ Production expected to use the new batteries with transferred cells in 2027, 2028 and 2029

Master Settlement Agreement Key Elements

	Estimated Timing of Receipt/Transfer
Cash Payment	Q4 2025
Escrow Payments	Throughout 2026
Battery Cells	Q1 2026
Intangible Assets (battery systems, etc.)	Q1 2026
Other fixed assets (equipment, etc.)	Q1 2026
Total Recovery %	75% to 80%
Total Provision Liability	\$229M

Master Settlement Agreement – Cash Impacts

Recall and Settlement’s Cumulative Indicative Cash Flows (Q4 2025 to FY 2030)
Solely represents impacts from Recall and Settlement. Does not include rest of NFI’s operations



Master Settlement Agreement – Financial Impact

NFI anticipates the following impacts to its fourth quarter 2025 financial statements as a result of the Settlement:

- ✓ The cash payment will have an immediate impact to liquidity
- ✓ Escrow payments will be treated as income in 2025, paid throughout 2026
- ✓ Battery cells expected to be first be recorded as a receivable, then moved into inventory once received in Q1 2026

Planned Financial Statement Treatment of Settlement

	Q4 Profit Statement Treatment	Balance Sheet Treatment
Cash Payment	Other income	Cash (debt reduction and improvement to liquidity)
Escrow Payments	Other income	Other receivable
Battery Cells	Other income	Q4 2025: Other receivable Q1 2026: Moves to Inventory
Battery Systems and Intellectual Property	Other income	Q1 2026: Other assets
Other assets (primarily equipment)	Other income	Q1 2026: Property, plant and equipment / Other assets

NFI will include adjustments to Adjusted EBITDA¹ and Adjusted Net Earnings¹ to normalize for the non-recurring, unusual recovery of costs related to the Recall under the MSA

The original provision recorded in Q3 2025 will remain as a liability on the balance sheet. Will decrease as expenses are incurred for the execution of the battery recall campaign



We Move People