NFI Reports Record Fourth Quarter and Full Year 2025 Results

Strong quarterly performance supported record fiscal year with profitability improvements and closing backlog of $13.0 billion

Winnipeg, Manitoba, CANADA – March 11, 2026: (TSX: NFI, OTC: NFYEF, TSX: NFI.DB) NFI Group Inc. ("NFI" or the "Company"), a leader in bus and coach manufacturing and aftermarket parts and services, today announced its audited consolidated financial results for Fiscal 2025. All figures quoted in U.S. dollars unless otherwise noted.

Fourth Quarter Highlights

- **Deliveries:** 1,233 equivalent units ("EUs"), with 27.4% being battery- and fuel cell-electric buses ("ZEBs")
- **Revenue**: $1,025.1 million, an increase of 22.5% year-over-year
- **Gross Margin:** $174.4 million, an increase of 89.0% year-over-year, positively impacted by higher margin units being delivered from backlog[1]
- **Net Earnings:** $166.0 million, an increase of $147.5 million year-over-year
- **Adjusted Net Earnings[1]:** $59.6 million and Adjusted Net Earnings per Share[1] of $0.50, an improvement of 328.8%
- **Net cash generated by operating activities:** $118.6 million, positively impacted by the Battery Settlement, lower cash interest paid, somewhat offset by cash invested in working capital
- **Adjusted EBITDA[1]:** $121.3 million, an increase of 78.7 % year-over-year
- **Backlog[1]:** Approximately $13.0 billion (6,344 EUs firm and 8,981 EUs options), up 1.3% year-over-year on an EU basis
- **ROIC[1]:** Increased to 11.3%, up from 6.4% in 2024 Q4
- **Liquidity[1]:** $445.8 million, a $319.0 million increase from 2024 Q4, positively impacted from the Battery Settlement
- **2026 Guidance:** Revenue range of $3.9 billion to $4.2 billion, Adjusted EBITDA[1] range of $370 million to $410 million

Key financial metrics for 2025 Q4 and Fiscal 2025 are included in the table below:

NFI GROUP

in millions except deliveries and per share amounts		2025 Q4		2024 Q4		Fiscal 2025		Fiscal 2024
Deliveries (EUs)		1,233		1,180		4,451		4,547
IFRS Measures								
Revenue	$	1,025.1	$	837.0	$	3,614.6	$	3,122.3
Net Earnings (Loss)	$	166.0	$	18.6	$	(142.1)	$	(3.3)
Net Earnings per Share	$	1.39	$	0.16	$	(1.19)	$	(0.03)
Net cash generated by (used in) operating activities	$	118.6	$	17.5	$	173.7	$	15.3
Non-IFRS Measures								
Adjusted EBITDA[1]	$	121.3	$	67.9	$	335.7	$	214.4
Adjusted Net Earnings (Loss)[1]	$	59.6	$	13.9	$	85.4	$	(3.4)
Adjusted Net Earnings (Loss) per Share[1]	$	0.50	$	0.12	$	0.72	$	(0.03)
Free Cash Flow[1]	$	32.9	$	0.6	$	67.8	$	(17.8)
Return on Invested Capital (ROIC)[1] LTM						11.3%		6.4%

CEO Comments

"Our record fourth quarter and full year results reflect the contribution of NFI team members across our business. During the quarter we saw improvements in deliveries and revenue, alongside margin expansion as we converted our backlog into results. These operational gains translated into significant growth in Adjusted EBITDA[1] and Free Cash Flow[1], supporting our continued focus on deleveraging and growing liquidity," said John Sapp, President and Chief Executive Officer, NFI.

"In addition to our positive operational performance, the quarter was also impacted by the North American battery settlement that provided cash inflows to support our 2026 battery recall campaign, plus assets to strengthen our overall battery supply chain. We also continued to drive supply chain performance improvements, including specific actions at American Seating, with a goal to increase performance, efficiency and reliability in 2026.

"Given our performance in 2025 we have set 2026 guidance ranges with confidence in our ability to deliver revenue growth, earnings expansion and leverage reduction. We have taken an approach that reflects our positive underlying expectations alongside macro factors, including tariffs, supply chain performance and the competitive environment, that may create headwinds.

"As incoming President and CEO I've spent the last 75 days getting a deep understanding of NFI's business and establishing our priorities for the broader team. These include delivering on our 2026 guidance, increasing operational performance, strengthening our supply chain, enhancing our customer experience and effectively managing costs while driving product and operational innovation. I'm excited about the path in front of us and believe we are extremely well positioned to deliver significant shareholder value as we execute on our multi-year plan," Sapp concluded.

2025 North American Battery Recall & Settlement

Before year-end, NFI announced that it had signed a master settlement agreement (the "Battery Settlement") with XALT Energy, LLC and its subsidiaries (collectively "XALT") regarding costs related to the recall on Generation 3 batteries and estimated future costs associated with supporting buses operating with other types of XALT batteries (collectively the "Battery Recall") described in NFI's third quarter earnings release on November 6, 2025.

The Battery Settlement impacted both NFI's income statement and its balance sheet, with NFI recording other income of $166 million representing the total settlement amount. In aggregate NFI has recorded an approximate 72% recovery against the original $229 million liability provision recorded in the third quarter of 2025.

Segment Results

Manufacturing

- Manufacturing revenue of $871.7 million increased by $191.8 million, or 28.2 %, from 2024 Q4, reflecting the favourable product mix in Heavy-Duty Transit, including increased ZEB deliveries, and higher deliveries in both Coach and Medium-duty and cutaway segments.
- Manufacturing net earnings of $177.2 million, an increase of $161.4 from 2024 Q4, was positively impacted by higher deliveries, improved margin profile, sales mix, and the $114.5 million, net of tax, in recoveries associated with the Battery Settlement.
- Manufacturing Adjusted EBITDA[1] of $94.1 million improved by $58.9 million from 2024 Q4. The increase was primarily driven by higher deliveries, NFI converting on its strong backlog to drive improved margins and the impact of the adjustments for non-recurring events.
- At quarter-end, the Company's total backlog[1] (firm and options) of 15,325 EUs (value of approximately $13.0 billion) increased by 1.3% on an EU basis and 1.9% on a dollar basis, from 2024 Q4.
- NFI added 1,062 EUs of new orders, supporting an LTM Book-to-Bill ratio[1] of 151.8%. The average price of an EU in backlog[1] is now approximately $0.85 million, relatively flat from 2024 Q4, reflecting continued success in new order pricing.

Aftermarket

- Aftermarket revenue of $153.4 million, decreased by 2.3% from 2024 Q4, primarily from lower program revenues somewhat offset by increased public and private market parts sales.
- Aftermarket net earnings of $27.3 million increased by $0.1 million from 2024 Q4.
- Aftermarket Adjusted EBITDA[1] of $32.4 million decreased by $0.4 million, or 1.1%, primarily due to sales mix and the negative impact of tariffs.

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

- Net Earnings of $166.0 million ($1.39 per Share), compared to Net Earnings of $18.6 million in 2024 Q4, with the improvement driven primarily by the $114.5 million, net of tax, in recoveries associated with the Battery Settlement.
- Adjusted Net Earnings[1] of $59.6 million ($0.50 per Share), up $45.7 million from 2024 Q4, normalizes results to remove the impacts of the Battery Settlement, other non-recurring items and fair market value adjustments.
- ROIC[1] increased to 11.3% from 6.4% in 2024 Q4, primarily due to increases in operating results from higher deliveries and improved margin performance, offset by a decrease in invested capital[1].

Market Outlook

Management expects improvements in revenue, gross profit, Adjusted EBITDA[1], Free Cash Flow[1], and ROIC[1] in 2026. Expectations relating to this outlook are based on the strength of NFI's backlog[1], expected increases in manufacturing production and expectations of conversion of high-margin units from backlog, combined with single digit growth in the aftermarket segment. Many of these factors provide support in NFI's medium-to-longer term outlook for continued financial improvements. While there are numerous positive expectations, the Company continues to navigate and adjust to current and expected future macroeconomic conditions including tariffs, supply chain performance, the competitive environment and government funding dynamics.

Management's overall performance expectations are driven by several key factors:

- **New Order Activity:** NFI received orders for 5,051 EUs on an LTM basis, with expectations of continued order success in 2026 reflecting strong customers demand in NFI's core markets (U.S., Canada, U.K.).

- **Market Demand:** NFI's North American Public Bid Universe remains strong with active bids of 7,120 EUs, and a five-year forecasted customer demand of approximately 25,000 EUs. NFI has also seen overall increases in market demand for public and private coaches and low-floor cutaways fueled by growing ridership, increased travel, aging fleet assets and ongoing return to work initiatives.

- **Increasing Public Transit Ridership and Increasing Fleet Age:** Ridership levels in the U.S. continue to steadily increase, with the latest available APTA Ridership Trends Dashboard report (as of 2025 Q4) showing full-year bus ridership growth of 0.7% from 2024, with 22% growth from 2022. Overall average fleet age in North American transit also remains elevated, with APTA estimating the fleet age at 8.0 years and NFI estimating that nearly half of North American transit buses have surpassed 12 years of service.

- **Improvements in Overall Supplier Health:** NFI has continued to see a significant decline in the number of moderate and high-risk suppliers, and the Company's focus on driving supply diversification wherever possible and enhancing its supplier development program has helped support this performance improvement.

Financial Guidance

NFI provides the following financial guidance for Fiscal 2026.

$ millions	2026 Guidance
Revenue	$3,900 to $4,200
Adjusted EBITDA[1]	$370 to $410
Cash Capital Expenditures	$50 to $60

Note that the guidance numbers above include the impact of all current and known U.S. and Canadian tariffs as of March 11, 2026, but do not reflect the potential impact of tariffs that are imposed in the future. The above guidance is based on the following assumptions:

Revenue: Revenue ranges are based on NFI's firm order backlog[1], its 2026 production schedule, expected option order conversion, anticipated new in year vehicle sales, and Aftermarket parts sales. Revenue guidance reflects expectations for higher margin North American units converting from backlog into financial results, expected increases in UK production, tariff related cost increases, and lower deliveries of ZEBs as a percentage of total deliveries.

Adjusted EBITDA[1]: Adjusted EBITDA[1] range is driven by anticipated new vehicle deliveries, Aftermarket segment contributions, and anticipated improvements in operating margins from product mix and production efficiency. The guidance range also reflects geographic product mix, lower ZEB deliveries, and expected sales, general and administrative expenses.

Cash Capital Expenditures: Cash capital expenditures are based on planned investments in maintenance and growth projects. The guidance reflects the expected acquisition and disposal of property, plant and equipment and the acquisition of intangible assets relating to such projects but does not include expected lease payments.

Tariff Impacts

During 2025, NFI was subject to tariffs on imports of steel and aluminum in the U.S. and Canada, and tariffs on imports of goods from various international jurisdictions. In addition, NFI also began to receive updated pricing from its suppliers reflecting the impacts of tariffs on input components its suppliers source and import into the U.S. On November 1, 2025, a new 10% tariff on all imports of buses and coaches into the United States from any jurisdiction went into effect. In February 2026, changes were made to existing International Emergency Economic Powers Act (IEEPA) tariffs and a new global 10% tariff rate was put into place. NFI has continued to actively engage with its customers to discuss the pricing impacts of all known tariffs on buses and coaches and has been negotiating and charging surcharges to reflect the costs of those tariffs.

The guidance ranges referred to above do not take into account and may be materially adversely affected by changes to tariffs and trade policy, government funding and supply chain performance. Tariff-driven cost increases may be more difficult to offset on future deliveries, especially within the private coach market. There may also be near-term cash flow implications on NFI's operations due to the timing of tariff payments, deliveries, and revenue collection, and potential decreases in order sizes due to higher prices. The impact that any future tariffs, U.S. funding developments and other trade measures could have on general economic conditions, supply chain health, customer demand and the Company's business is uncertain and could be materially adverse. In addition, there remains a risk of additional supply or operational disruptions beyond management's current expectations. 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.

Fourth Quarter 2025 Results Conference Call

A conference call for analysts and interested listeners will be held on Thursday, March 12, 2026, at 8:30 a.m. Eastern Time (ET). An accompanying results presentation will be available prior to market open on Thursday, March 12, 2026, 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/neygxypw/.

Attendees who wish to join by phone must pre-register at the following link: https://register-conf.media-server.com/register. 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 March 12, 2025, until 11:59 p.m. ET on March 12, 2027, at https://edge.media-server.com/mmc/p/neygxypw/. Other materials 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 over 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 (referring to propulsion systems that do not utilize combustion engines, such as 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 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 Q4”) and the 52-week period ("Fiscal 2025”) ended December 28, 2025. The comparisons reported in this press release compare 2025 Q4 to the 13-week period ("2024 Q4") and Fiscal 2025 to the 52-week period ("Fiscal 2024") ended December 29, 2024. Comparisons and comments are also made to the 13-week period (“2025 Q3”) ended September 28, 2025. 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 press release 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 NOPAT^NG 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 Q4	2024 Q4	Fiscal 2025	Fiscal 2024
Net earnings (loss)	166,019	18,564	(142,120)	(3,296)
Addback				
Income tax expense (recovery)	59,591	284	19,503	(3,167)
Interest expense[8]	30,102	27,798	126,144	130,940
Amortization	19,935	19,574	77,556	80,130
Loss (gain) on disposition of property, plant and equipment and right of use assets	102	224	(93)	192
Unrealized foreign exchange loss (gain) on non-current monetary items and forward foreign exchange contracts	4,221	(12,086)	1,826	(18,617)
Equity settled stock-based compensation	596	42	2,819	2,233
Expenses incurred outside of normal operations[9]	3,006	11,057	27,810	11,057
Loss on debt extinguishment[11]	-	-	43,185	234
Impairment loss on goodwill and intangible assets[10]	2,655	1,250	93,517	2,278
Fee for early repayment of 2023 second lien debt[13]	-	-	10,825	-
Impairment loss on property, plant, and equipment[12]	-	-	504	-
Equity-method loss[16]	4,766	-	4,766	-
Battery Recall and Battery Settlement[15]	(172,447)	-	57,412	-
Restructuring costs[6]	3,395	1,179	12,741	12,339
Prior year sales tax provision[16]	(631)	-	(631)	-
Unrecoverable insurance costs and other[7]	-	-	-	116
Adjusted EBITDA	121,310	67,886	335,764	214,438
Depreciation of property, plant and equipment and right of use assets	(13,181)	(11,505)	(48,371)	(47,781)
Tax at 31%	(33,520)	(17,478)	(89,092)	(51,664)

NOPAT	74,609	38,903	198,301	114,993
Adjusted EBITDA is comprised of:				
Manufacturing	94,086	35,206	233,241	84,189
Aftermarket	32,408	32,770	124,327	139,541
Corporate	(5,184)	(90)	(21,804)	(9,292)

(Footnotes on page 8)

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 press release 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 2025 First Lien Facility 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 Q4	2024 Q4	Fiscal 2025	Fiscal 2024
Net cash generated by operating activities	118,608	17,492	173,668	15,340
Changes in non-cash working capital items[2]	158,171	6,894	(71,890)	54,877
Interest paid[2]	11,324	30,183	91,158	121,107
Interest expense[2]	(28,903)	(30,633)	(120,797)	(124,631)
Income taxes paid[2]	6	1,796	36,966	2,060
Current income tax expense[2]	(42,990)	(12,950)	(79,958)	(36,311)
Repayment of obligations under lease	(6,295)	(7,982)	(21,998)	(24,360)
Cash capital expenditures	(7,500)	(8,522)	(33,876)	(30,314)
Acquisition of intangible assets	(2,752)	(7,269)	(11,460)	(17,597)
Proceeds from disposition of property, plant and equipment	18	40	102	963
Defined benefit funding[3]	488	355	2,660	2,830
Defined benefit expense[3]	(920)	(942)	(3,629)	(3,771)
Expenses incurred outside of normal operations[9]	3,006	11,057	27,810	11,057
Foreign exchange gain (loss) on cash held in foreign currency[4]	311	(128)	293	(1,517)
Fee for early repayment of 2023 second lien debt[13]	-	-	10,825	-
Asset impairment[14]	-	-	(1,619)	-
Battery Recall and Battery Settlement[15]	(172,447)	-	57,412	-
Restructuring costs[6]	3,395	1,179	12,741	12,339
Prior year sales tax provision[16]	(631)	-	(631)	-
Unrecoverable insurance costs and other[7]	-	-	-	116
Free Cash Flow[NG]	32,889	570	67,777	(17,812)
U.S. exchange rate[1]	1.3959	1.4416	1.3915	1.3507
Free Cash Flow (C$)[NG]	45,910	822	94,313	(24,058)
Free Cash Flow per Share (C$)[NG, 5]	0.3855	0.0069	0.7921	(0.2022)

1. U.S. exchange rate (C$ per US$) is the average exchange rate for the period.
2. Changes in non-cash working capital are excluded from the calculation of Free Cash Flow[NG] as these temporary fluctuations are managed through the 2025 First Lien Facility which are available to fund general corporate requirements, including working capital requirements, subject to borrowing capacity restrictions. Changes in non-cash working capital are presented on the consolidated statements of cash flows net of interest and income taxes paid.
3. The cash effect of the difference between the defined benefit expense and funding is included in the determination of cash from operating activities. This cash effect is excluded in the determination of Free Cash Flow[NG] as management believes that the defined benefit expense amount provides a more appropriate measure, as the defined benefit funding can be impacted by special payments to reduce the unfunded pension liability.
4. Foreign exchange gain (loss) on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS Accounting Standards; however, because it is a cash item, management believes it should be included in the calculation of Free Cash Flow[NG].
5. Per Share calculations for Free Cash Flow[NG] (C$) 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 Q4 was 119,092,120 and 119,034,893 for 2024 Q4. The weighted average number of Shares outstanding for Fiscal 2025 and Fiscal 2024 was 119,071,087 and 119,008,308, respectively.
6. Normalized to exclude non-operating restructuring costs. Costs primarily related to severance costs, labour inefficiencies, medical costs, right-of-use asset impairments, and inventory impairments associated with restructuring initiatives. In 2025 Q2, NFI recorded a $14.8 million restructuring provision related to the expected employee reductions at Alexander Dennis. In 2025 Q3, with the advocacy and intervention of the Scottish government and Scottish enterprise, NFI announced that the Scottish manufacturing sites would remain open. This resulted in recoveries of $12.6 million related to previously expected employee reductions. 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 Q4 includes a loss of $0.3 million compared to a gain of $0.6 million in 2024 Q4 for the interest rate swaps. 2025 Q4 includes a gain of $0.8 million and 2024 Q4 includes a gain of $7.7 million on the cash conversion option. The prepayment option related to the 2023 Second Lien Debt had a gain of $1.1 million in 2024 Q4. Following the high-yield debt issuance in 2025 Q2, the option expired, and therefore no additional unrealized gains or losses have been recognized.
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 Q4, $2.6 million in labour and overhead costs were incurred as a result of the seat supply disruption, in addition to $0.4 million in transaction costs related to the formation of GR Seating. Fiscal 2025 labour and overhead costs from the seat supply disruption were $27.4 million compared to $11.1 million in Fiscal 2024.
10. In 2024 Q1, the Company recognized an impairment loss on a New Product Development ("NPD") project for $1.0 million, as well as an impairment loss on an internally developed intangible asset that was discontinued for $1.3 million in 2024 Q4. In 2025 Q2, the Company recorded a $80.9 million intangible asset impairment, and a $10 million goodwill impairment related to the Alexander Dennis manufacturing business unit. In 2025 Q4, the Company recorded a $2.7 million intangible asset impairment loss related to an NPD project.

11. In 2024 Q2, the Company recognized an accounting loss of $0.2 million for the debt extinguishment related to the amendments made to the MDC senior unsecured facility. In 2025 Q2, the Company recognized an accounting loss of $43.2 million for the debt extinguishment as a result of the Company's comprehensive refinancing with the 2025 First Lien Facility.
12. In 2025 Q2, NFI recorded impairments related to the reductions in expected new vehicle demand in response to increased competition within the UK market. This resulted in $4.3 million property, plant and equipment impairment within the Alexander Dennis manufacturing business unit. In 2025 Q3, with the advocacy and intervention of the Scottish government and Scottish enterprise, NFI announced that the Scottish manufacturing sites would remain open. This resulted in recoveries of $3.8 million in 2025 Q3 related to the previous impairment recorded on property, plant and equipment.
13. The Company was assessed an early repayment fee of $10.8 million associated with the 2023 Second Lien Debt.
14. In 2025 Q2, NFI recorded an impairment on the previously recorded California Air Resources Board (CARB) credit of $1.6 million.
15. During 2025 Q3, NFI declared a Battery Recall related to certain battery modules from XALT. The recall impacted approximately 700 battery-electric buses and coaches (primarily New Flyer buses). In 2025 Q4, NFI reached a settlement and signed the MSA with XALT Energy, LLC and its parent company. As part of this settlement, NFI received cash and assets totaling $166.0 million. This also includes other miscellaneous amounts related to the Battery Settlement.
16. During 2025 Q4, NFI in partnership with GILLIG, formed a 50/50 joint venture to acquire the assets of American Seating Corporation. In 2025 Q4, NFI recorded a $4.8 million equity method loss before tax from GR Seating, which includes $2.6 million in transaction costs.
17. Release of prior years sales tax provision.

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 ShareNG 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 ShareNG may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Adjusted Net Earnings (Loss)NG and Adjusted Net Earnings (Loss) per ShareNG 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 Q4	2024 Q4	Fiscal 2025	Fiscal 2024
Net earnings (loss)	166,019	18,564	(142,120)	(3,296)
Adjustments, net of tax[1,2]				
Unrealized foreign exchange loss (gain)	2,912	(8,339)	1,260	(12,845)
Unrealized loss (gain) on interest rate swap	178	(443)	(68)	351
Unrealized gain on Cash Conversion Option	(549)	(5,344)	(1,252)	(4,565)
Unrealized gain on prepayment option of second lien debt	-	(740)	(9,420)	(6,611)
Unrealized (gain) loss on second lien optional redemption[3]	(1,891)	-	310	-
Accretion associated to gain on debt modification	-	(690)	(1,013)	(1,698)
Loss on debt extinguishment[4]	-	-	29,798	161
Other tax adjustments	-	-	(6,311)	-
Equity settled stock-based compensation	411	29	1,945	1,540
Loss (gain) on disposition of property, plant and equipment	70	155	(65)	133
Expenses incurred outside of normal operations[6]	2,074	7,629	19,189	7,629
Accretion in carrying value of convertible debt and cash conversion option	1,524	1,440	5,938	5,614
Deferred tax assets not recognized[11]	-	-	34,443	-
Impairment loss on property, plant, and equipment	-	-	504	-
Impairment loss on goodwill[9]	-	-	9,965	-
Impairment loss on intangible assets[7]	2,655	863	83,552	1,572
Fee for early repayment of 2023 second lien debt[10]	-	-	7,469	-
Equity-method loss[13]	3,289	-	3,289	-
Battery Recall and Battery Settlement[12]	(118,988)	-	39,615	-
Restructuring costs[8]	2,343	814	8,792	8,514
Prior year sales provision[13]	(435)	-	(435)	-
Unrecoverable insurance costs and other[5]	-	-	-	80
Adjusted Net Earnings (Loss)NG	59,612	13,938	85,385	(3,421)
Earnings (Loss) per Share (basic)	1.39	0.16	(1.19)	(0.03)
Earnings (Loss) per Share (fully diluted)	1.39	0.13	(1.19)	(0.03)
Adjusted Net Earnings (Loss) per Share (basic)NG	0.50	0.12	0.72	(0.03)
Adjusted Net Earnings (Loss) per Share (fully diluted)NG	0.50	0.11	0.72	(0.03)

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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. The debt instrument had an unrealized loss in Fiscal 2025.

4. In 2024 Q2, the Company recognized an accounting loss of $0.2 million after tax for the debt extinguishment related to the amendments made to the MDC senior unsecured facility. In 2025 Q2, the Company recognized an accounting loss of $29.8 million after tax for the debt extinguishment as a result of the Company's comprehensive refinancing with the 2025 First Lien Facility.

5. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.

6. 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 Q4, $1.8 million in labour and overhead costs were incurred as a result of the seat supply disruption, in addition to $0.3 million in transaction costs related to the formation of GR Seating. Fiscal 2025 labour and overhead costs from the seat supply disruption were $19.2 million compared to $7.6 million in Fiscal 2024.

7. In 2024 Q1, the Company recognized an impairment loss on a New Product Development ("NPD") project for $1.0 million, as well as an impairment loss on an internally developed intangible asset that was discontinued for $1.3 million in 2024 Q4. In 2025 Q2, the Company recorded a $80.9 million intangible asset impairment, and a $10 million goodwill impairment related to the Alexander Dennis manufacturing business unit. In 2025 Q4, the Company recorded a $2.7 million intangible asset impairment loss related to an NPD project.

8. Normalized to exclude non-operating restructuring costs. Costs primarily related to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with other restructuring initiatives. In 2025 Q2, NFI recorded a restructuring provision related to the expected employee reductions at Alexander Dennis. In 2025 Q3, with the advocacy and intervention of the Scottish government and Scottish enterprise, NFI announced that the Scottish manufacturing sites would remain open. This resulted in recoveries of $8.8 million related to previously expected employee reductions. Free Cash Flow[NG] reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.

9. In 2025 Q2, NFI recorded impairments related to the reductions in expected new vehicle demand in response to increased competition within the UK market. This resulted in a $4.3 million property, plant and equipment impairment within the Alexander Dennis manufacturing business unit. In 2025 Q3, with the advocacy and intervention of the Scottish government and Scottish enterprise, NFI announced that the Scottish manufacturing sites would remain open. This resulted in recoveries of $3.8 million related to the previously recorded property, plant and equipment impairments.

10. The Company was assessed an early repayment fee of $7.5 million, net of tax, associated with the 2023 Second Lien Debt.

11. The Company recorded a write-down of deferred tax assets of $34.4 million, the ETR was detrimentally impacted by the derecognition of deferred tax assets associated with the UK operations.

12. During 2025 Q3, NFI declared a Battery Recall related to certain battery modules from XALT. The recall impacted approximately 700 battery-electric buses and coaches (primarily New Flyer buses). In 2025 Q4, NFI reached a settlement and signed the MSA with XALT Energy, LLC and its parent company. As part of this settlement, NFI received cash and assets totaling $114.5 million after taxes. This also includes other miscellaneous amounts related to the Battery Settlement.

13. During 2025 Q4, NFI in partnership with GILLIG, formed a 50/50 joint venture to acquire the assets of American Seating Corporation. In 2025 Q4, NFI recorded $3.3 million equity method loss from GR Seating, which includes $1.8 million in transaction costs, both net of taxes.

14. Release of prior years sales tax provision.

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 Q4	2025 Q3	2025 Q2	2025 Q1
Shareholders' Equity	586,448	417,925	557,787	703,529
Addback				
Long term debt	269,881	273,334	324,660	643,872
Second lien debt	606,919	607,887	611,056	174,202
Obligation under lease	140,438	134,973	129,738	129,629
Convertible debentures	238,468	231,841	233,567	221,540
Senior unsecured debt	35,226	33,659	33,322	51,051
Derivatives	(16,772)	(15,644)	(13,852)	(6,874)
Cash	(118,548)	(72,649)	(78,912)	(107,985)
Invested Capital^{NG}	1,742,060	1,611,326	1,797,366	1,808,964
Average of invested capital^{NG} over the quarter	1,676,693	1,704,346	1,803,165	1,819,107

	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Shareholders' Equity	707,754	699,717	704,031	697,580
Addback				
Long term debt	610,237	610,624	576,145	562,324
Second lien debt	173,741	173,309	172,910	172,568
Obligation under lease	129,511	130,020	131,382	135,959
Convertible debentures	218,020	230,453	225,628	225,972
Senior unsecured debt	50,040	56,210	54,997	61,081
Derivatives	(10,497)	2,327	(2,740)	(1,783)
Cash	(49,557)	(59,720)	(77,445)	(68,491)
Invested Capital^{NG}	1,829,249	1,842,940	1,784,908	1,785,210
Average of invested capital^{NG} over the quarter	1,836,095	1,813,922	1,785,059	1,791,868

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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.

"Liquidity" is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. The Company defines 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 repeat costs and remedies relating to the Battery Recall, 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 is currently working through a Battery Call. The Company has taken and continues to take various steps to mitigate these issues (including the current North American seat supply issue and Battery Recall), 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 motorcoach 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, 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, Canada and China 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 its finalized guidance. 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.