



Financial Results 2025 Third Quarter

November 6, 2025

Notes to readers

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE 13-WEEKS, 39-WEEKS AND 52-WEEKS ENDED September 28, 2025

Information in this Management's Discussion and Analysis ("MD&A") relating to the financial condition and results of operations of NFI Group Inc. and its subsidiaries (collectively referred to as "NFI" or the "Company") is supplemental to, and should be read in conjunction with, NFI's unaudited interim condensed consolidated financial statements (including notes) (the "Financial Statements") for the 13-week and 39-week periods ended September 28, 2025 and the 13-week and 39-week periods ended September 29, 2024 and has been prepared as of November 6, 2025.

This MD&A contains forward-looking statements, which are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such forward-looking statements, including, but not limited to, the factors described in the Company's public filings available on SEDAR+ at www.sedarplus.ca. See "Forward-Looking Statements" in Appendix A. The Financial Statements have been prepared in accordance with IFRS® Accounting Standards and, except where otherwise indicated, are presented in U.S. dollars, which is the functional currency of NFI. Unless otherwise indicated, the financial information contained in this MD&A has been prepared in accordance with IFRS Accounting Standards and references to "\$" or "dollars" mean U.S. dollars, "C\$" means Canadian dollars, and "GBP" and "£" mean British Pounds Sterling.

QUARTERLY AND ANNUAL REPORTING PERIODS

The quarterly and annual reporting periods for Fiscal 2025 and Fiscal 2024 are as follows:

Period from December 30, 2024 to December 28, 2025				Period from January 1, 2024 to December 29, 2024			
("Fiscal 2025")				("Fiscal 2024")			
	Period End Date		# of Calendar Weeks		Period End Date		# of Calendar Weeks
Quarter 1	March 30, 2025	("2025 Q1")	13	Quarter 1	March 31, 2024	("2024 Q1")	13
Quarter 2	June 29, 2025	("2025 Q2")	13	Quarter 2	June 30, 2024	("2024 Q2")	13
Quarter 3	September 28, 2025	("2025 Q3")	13	Quarter 3	September 29, 2024	("2024 Q3")	13
Quarter 4	December 28, 2025	("2025 Q4")	13	Quarter 4	December 29, 2024	("2024 Q4")	13
Fiscal year	December 28, 2025		52	Fiscal year	December 29, 2024		52

Specific references and definitions are used throughout this MD&A that are not defined terms under IFRS and do not have standard meanings, so may not be a reliable way to compare NFI to other companies. Non-IFRS measures in this MD&A have been denoted with an "NG". Please see the "Non-IFRS and Other Financial Measures" section. References to LTM mean last-twelve months ("LTM"). References to North America mean the United States of America and Canada. Measures that are considered to provide information that lacks significance or meaningful analysis have been denoted with N.M. to signify "Not meaningful".

Notes to readers

The Company has two reportable segments which are the Company's strategic business units: Manufacturing Operations and Aftermarket Operations. The strategic business units offer different products and services, and are managed separately because they require different technology, marketing strategies and operations.

The Manufacturing Operations segment derives its revenue from the design, manufacture, service and support of new transit buses, motor coaches, medium-duty buses, and cutaway buses, the installation of infrastructure for electric vehicles and the third-party sales of fiberglass reinforced polymer components. Based on management's judgment and applying the aggregation criteria in IFRS 8.12, the Company's bus/coach manufacturing operations and medium-duty/cutaway manufacturing operations fall under a single reportable segment. Aggregation of these operating segments is based on the segments having similar economic characteristics with similar long-term average returns, products and services, production methods, distribution and regulatory environment.

The Aftermarket Operations segment derives its revenue from the sale of aftermarket parts for transit buses, coaches and medium-duty/cutaway buses, both for the Company's and third-party products.

Single and double deck buses manufactured by New Flyer and Alexander Dennis Limited ("Alexander Dennis" or "AD") are classified as "transit buses". ARBOC Specialty Vehicles, LLC manufactures body on-chassis or low floor "cutaway" and monocoque "medium-duty" buses that service transit, paratransit, and shuttle applications. Collectively, heavy-duty transit buses, medium-duty buses and cutaways, are referred to as "buses". A "motor coach" or "coach" is a 35-foot to 45-foot over-the-highway bus typically used for intercity transportation and travel over longer distances than heavy-duty transit buses, and is typically characterized by (i) high deck floor, (ii) baggage compartment under the floor, (iii) high-backed seats with a coach-style interior (often including a lavatory), and (iv) no accommodation for standing passengers. "Product lines" include heavy-duty transit buses, motor coaches, pre-owned coaches, cutaway and medium-duty buses.

Zero-emission buses ("ZEBs") refers to vehicles that do not have internal combustion engines. In the case of NFI, ZEBs include trolleyelectric, hydrogen fuel cell-electric, and battery-electric buses and motor coaches. All of the data presented in this MD&A with respect to the number of transit buses, medium-duty buses, cutaways and motor coaches is measured in, or based on, "equivalent units" (or "EUs"). One EU represents one production "slot", being one 30-foot, 35-foot, 40-foot, 45-foot heavy-duty transit bus, one double deck bus, one medium-duty bus, one cutaway bus or one motor coach, as the case may be, whereas one articulated transit bus represents two EUs as it takes up two production slots. An articulated transit bus is an extra-long transit bus (approximately 60-feet in length), composed of two passenger compartments connected by a joint mechanism.

A summary of the Company's order, delivery, and backlog^{NG} information can be found in Appendix B.

NFI's mobility solutions

Workforce Development + Training



Institute



MCI Academy
Training for Advancing Technology



Learning
Institute

Infrastructure Solutions



Financing



Buses + Coaches



Connected Vehicles + Diagnostics



Parts, Publications + Service



nfi.parts

Leaders in Propulsion-Agnostic Mobility Solutions



60+

Models with various propulsion offerings (battery electric, hydrogen, hybrid, CNG, and diesel)

44

Facilities Across the Group



13

Countries with an NFI vehicle in service

9,000+

Team Members Globally



15,606 EUs

of combined firm (5,774) and option (9,832) backlog^{NG}

\$13.2B

Value of total firm (\$4.8B) and option (\$8.4B) backlog^{NG}



305M+

Electric Service Miles Driven

35.1%

of total backlog^{NG} is ZEB EUs

650+

EV chargers delivered via Infrastructure Solutions™ since 2018

108+

Megawatts charging capacity delivered via Infrastructure Solutions™ since 2018

Financial Highlights for 2025 Third Quarter

\$879.9M

Total Revenue

(\$114.3M)

Gross Loss

\$80.9M

Adjusted EBITDA⁽¹⁾

\$14.8M

Free Cash Flow ⁽¹⁾

(\$1.18)

Net Loss Per Share

5,893 EUs

in LTM New Orders

5,774 EUs

In Firm Backlog⁽²⁾

1,114

EUs Delivered

(\$140.9M)

Net loss

\$83.9M

Net Cash generated by operating activities

\$386.0M

Total Liquidity ⁽²⁾

\$0.10

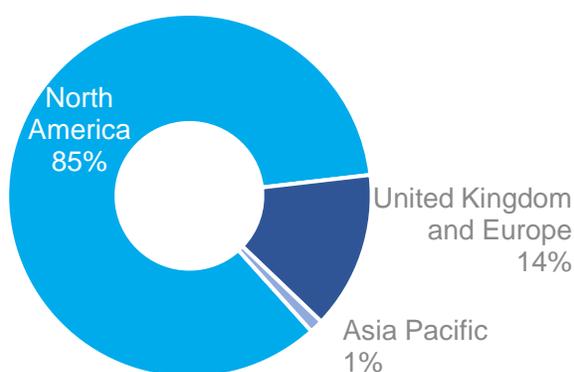
Adjusted Net Earnings Per Share⁽³⁾

7,503 EUs

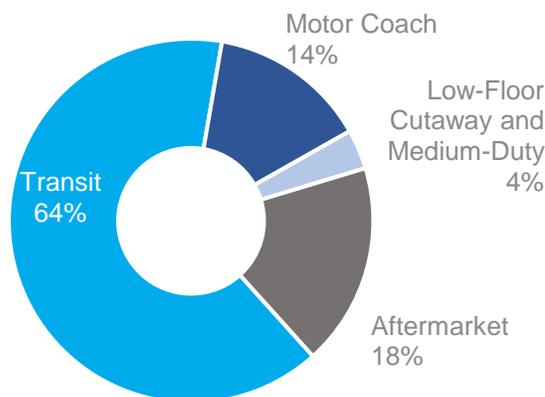
Active Bids

9,832 EUs

In Option Backlog⁽²⁾



Q3 Revenue by Geography

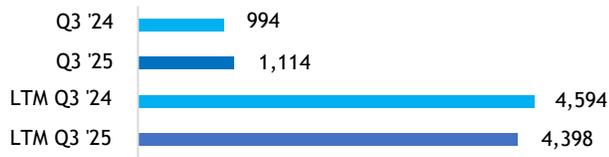


Q3 Revenue by Product

1. Represents a non-IFRS measure, meaning it is not a defined term under IFRS and does not have a standard meaning, so it may not be a reliable way to compare NFI to other companies. See Non-IFRS and Other Financial Measures section.
2. Represents a supplementary financial measure. See Non-IFRS and Other Financial Measures section.
3. Represents a non-IFRS ratio, meaning it is derived from a non-IFRS measure, which does not have a standard meaning, so it may not be a reliable way to compare NFI to other companies. The ratio is calculated using adjusted net earnings, which is a non-IFRS measure. See Non-IFRS and Other Financial Measures section.

Key Performance Indicators

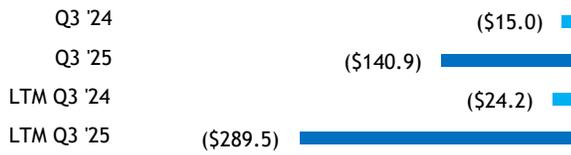
Deliveries (EUs)



Revenue (\$ millions)



Net Loss (\$ millions)



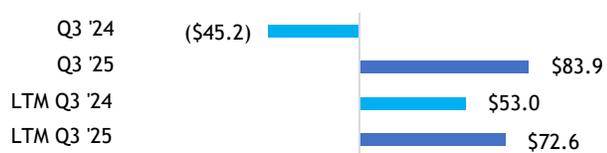
Adjusted Net (Loss) Earnings^{NG} (\$ millions)



Adjusted EBITDA^{NG} (\$ millions)



Net cash (used in) generated by operating activities (\$ millions)



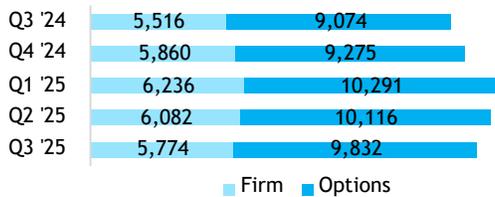
Working Capital Days^{NG}



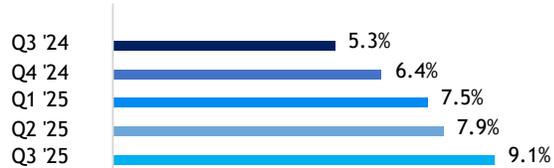
Liquidity^{NG} (\$ millions)



Backlog^{NG}



ROIC^{NG}



2025 Q3 Highlights

During the third quarter of 2025, NFI saw year-over-year improvement in many of the Company's key operational and financial metrics, including deliveries, revenue, Free Cash Flow, Liquidity^{NG}, Adjusted Net Earnings^{NG}, and Adjusted EBITDA^{NG}. The Company saw significant improvement in its manufacturing segment revenue, and per EU profitability and its backlog was \$13.2 billion. The quarter was negatively impacted by a battery recall campaign that impacted gross loss, net loss, and certain other financial metrics.

Third Quarter Highlights

- **Deliveries:** 1,114 equivalent units ("EUs"), with 27.6% being battery- and fuel cell-electric buses ("ZEBs")
- **Revenue:** \$879.9 million, an increase of 23.7% year-over-year
- **Gross Loss:** \$114.3 million, the Company would have reported a Gross Profit of \$115.6 million, with gross margin of 13.1%, without the impact of the battery recall warranty provisions
- **Net Loss:** \$140.9 million, with Net Loss per Share of \$1.18, impacted by the battery recall warranty provisions
- **Adjusted Net Earnings^{NG}:** \$12.1 million and Adjusted Net Earnings^{NG} per Share of \$0.10
- **Net cash generated by operating activities:** \$83.9 million, positively impacted by working capital benefits from battery recall warranty provision charges, advance customer payments, and decreases in interest and finance costs
- **Adjusted EBITDA^{NG}:** \$80.9 million, an increase of 52.1% year-over-year
- **Backlog^{NG}:** \$13.2 billion (5,774 EUs firm and 9,832 EUs options), up 7.0% year-over-year; ZEBs represent 35.1% of total backlog^{NG} EUs
- **ROIC^{NG}:** increased to 9.1%, up from 5.3% in 2024 Q3
- **Liquidity^{NG}:** \$386.0 million, a 169.0% increase from 2024 Q3

Outlined below are several key events that occurred during the third quarter that impacted NFI's quarterly financial results. Full details are provided in the reconciliation tables starting on page 25.

2025 North American Battery Recall

During the quarter, NFI initiated a voluntary recall with the National Highway Traffic Safety Administration and Transport Canada. The recall impacted approximately 700 battery-electric buses and coaches (primarily New Flyer buses) equipped with certain battery modules from a common supplier, XALT Energy, LLC (referred to as XALT). After issuing the recall, NFI deployed operational guidelines and software to limit the state of charge and speed of charging for the continued safe operation of the affected buses and coaches.

The Company has now determined that full battery replacement on these buses is required. NFI is finalizing its execution plan, with the replacement campaign expected to take approximately 18 to 24 months to complete, starting in the first half of 2026. In 2025 Q3, NFI recorded a warranty provision of \$229.9 million, reflecting the estimated costs for full battery replacement on all the vehicles impacted by the recall and estimated future costs associated with supporting vehicles in service that have other older XALT batteries (collectively, the Battery Recall). NFI has executed a tentative term sheet with XALT regarding the ongoing battery recall and is working towards a definitive agreement concerning the associated costs.

Amounts accrued for the Battery Recall are based on management's best estimates of the amounts that will ultimately be required to settle such items as of this writing. Adjustments to these figures may be made as changes in the cost estimates become known. These adjustments can have a favorable or unfavorable impact on NFI's results.

Additionally, on October 28, 2025, XALT announced its decision to exit battery manufacturing, advising that it will wind down its U.S. battery operations. XALT's wind down does not change NFI's expectation to finalize an agreement that meets the Company's operational requirements and the needs of its customers.

NFI had previously taken proactive steps to move its primary battery supply for New Flyer battery-electric buses to a different supplier, who has been providing battery systems to NFI since 2023. This supplier is expected to provide batteries on new battery-electric buses in production and potentially the replacement of batteries on buses impacted by the recall.

North American Transit Seat Supply

In October 2025, NFI formed a 50-50 joint-venture with GILLIG LLC to acquire the assets of American Seating. The strategic goal of the partnership is to accelerate the recovery of American Seating from recent production challenges and to ensure that American Seating can continue to provide a high level of service to all customers. American Seating had experienced various operational issues dating back to 2024 Q3, and while performance has improved from the peak disruption experienced in late 2024 and early 2025, the joint venture was put in place to provide long-term stability to support seat supply for the broader transit bus industry. Neither NFI nor GILLIG will be involved in day-to-day operations, instead both companies will each have representation on the board of directors of the joint venture to provide governance and oversight. An independent third-party management team will be responsible for improving operations while working with outgoing management on the transition plan.

The investment in American Seating does not change NFI's plans to utilize multiple suppliers and the Company's commitment to maintaining a diverse seat supply base with multiple Buy America compliant suppliers. As seat selection remains a customer-specified item, a healthy and flexible supply chain is important to match the demand of orders coming into production.

The number of buses essentially complete, apart from seats, was 66 EUs as of September 30, 2025, and approximately 50 EUs as of October 24, 2025. This was relatively consistent with the 56 EUs of buses missing seats as of July 18, 2025.

Alexander Dennis Consultation and Restructuring Update

In June 2025, Alexander Dennis announced it was entering into consultation on a new strategy regarding its United Kingdom ("UK") manufacturing operations in response to changing market dynamics. In September 2025, Alexander Dennis provided an update to the consultation that following intensive engagement with internal and external stakeholders, the Company intends to keep its Scottish manufacturing sites open and operational.

The proposal to maintain Scottish operations was made possible through the advocacy and intervention of the Scottish Government and Scottish Enterprise, combined with Alexander Dennis's trade union partners taking a constructive, solution-focused approach. A key element in creating this viable path forward for Alexander Dennis's Scottish manufacturing operations is a furlough program for roles that are required to sustain future manufacturing capacity. This program will run for 26 weeks to enable the required lead-times to get manufacturing back online.

Tariff Implications on North American Operations

During the quarter NFI continued to experience impacts from tariffs on the imports of steel and aluminum into the U.S., and tariffs associated with imports of certain goods from outside of North America used in its Canadian and U.S. manufacturing and aftermarket business. The Company is monitoring these tariffs and has adjusted pricing as required, although within the aftermarket segment there can be some timing impacts between the incurrence of tariffs and updates to price models. The Company has accrued tariff costs in certain areas, such as work-in-process ("WIP") inventory, with the expectation that the costs will be passed on to customers through contractual obligations that allow for increased sale prices on the affected vehicles. NFI's year-to-date results reflect the impact of certain tariffs recorded within its manufacturing and aftermarket business.

NFI continues to monitor the changing policy landscape and take necessary actions to limit, where possible, the impact and exposure to tariffs on the Company and its operations. NFI also continues to make progress on tariff cost recovery from customers who are currently receiving buses. The potential effect of tariffs on NFI's future operations and financial metrics are discussed in further detail within the Outlook section.

Market Demand

During the quarter NFI reported the following (see Appendix B for additional details):

- On an LTM basis, NFI reported new orders of 5,893 reflecting continued demand within NFI's markets
- Forward demand metrics remained strong in 2025 Q3 with 6,217 EUs in Bids Submitted to customers, 1,286 EUs in Bids in Process, and 22,956 EUs in the Company's forecasted five-year North American industry procurement.
- NFI's backlog^{NG}, with a combined value of nearly \$13.2 billion, is up 10.4% year-over-year.
- The Company also had 304 EUs in bid awards pending (where NFI had received notification of award from the customer, but formal purchase order documentation had not yet been finalized) as at the end of 2025 Q3. The combination of pending awards and active bids is expected to position NFI for new additions to its backlog^{NG}.

Financial Results

During the third quarter of 2025, NFI saw increased deliveries, higher revenues and improvements in Adjusted EBITDA. The Company benefitted from favourable sales mix as it executed on its improved backlog. The manufacturing segment was negatively impacted by the Battery Recall and timing delays from seat related supply disruption.

The Aftermarket segment delivered another quarter of strong performance, while sales mix and tariffs negatively impacted quarterly margins.

Full details of the Company's orders, deliveries, and backlog^{NG} information can be found in Appendix B.

Deliveries (EUs)						
	2025 Q3	2024 Q3	% Change	2025 Q3 LTM	2024 Q3 LTM	% Change
Transit buses	759	667	13.8 %	3,073	3,346	(8.2 %)
Motor coaches	138	168	(17.9 %)	584	689	(15.2 %)
Medium-duty and cutaway	217	159	36.5 %	741	559	32.6 %
New vehicle deliveries	1,114	994	12.1 %	4,398	4,594	(4.3 %)
Pre-owned coach	26	14	85.7 %	100	162	(38.3 %)
Zero-emission deliveries (included in the above totals)	308	243	26.7 %	1,296	964	34.4 %
Zero-emission deliveries as a percentage of total new vehicle deliveries	27.6 %	24.4 %	13.1 %	29.5 %	21.0 %	40.4 %

Revenue (\$ millions)						
	2025 Q3	2024 Q3	% Change	2025 Q3 LTM	2024 Q3 LTM ¹	% Change
Transit buses	563.4	417.5	34.9 %	2,195.4	1,925.8	14.0 %
Motor coaches	106.9	109.1	(2.0 %)	427.1	431.5	(1.0 %)
Medium-duty and cutaway	30.8	18.7	64.9 %	103.5	70.1	47.6 %
Total New Vehicle Revenue	701.1	545.3	28.6 %	2,726.0	2,427.4	12.3 %
Pre-owned coach	5.3	2.1	148.4 %	22.7	13.4	70.0 %
Infrastructure Solutions TM	13.1	7.5	73.8 %	43.8	19.7	121.9 %
Fiberglass reinforced polymer components	3.3	3.6	(7.6 %)	11.5	11.5	0.3 %
Manufacturing Revenue	722.8	558.6	29.4 %	2,804.0	2,472.0	13.4 %
Aftermarket	157.1	152.8	2.8 %	622.4	610.0	2.0 %
Total Revenue	879.9	711.3	23.7 %	3,426.4	3,082.0	11.2 %
North America	744.6	571.7	30.2 %	2,803.3	2,437.8	15.0 %
United Kingdom and Europe	126.0	133.3	(5.5 %)	576.5	597.3	(3.5 %)
Asia Pacific	9.2	6.3	45.7 %	46.6	46.9	(0.6 %)

1. In 2024 Q4, management identified that certain warranties were incorrectly classified and accounted for as service-type rather than assurance-type. The correction of this error resulted in an immaterial Fiscal 2024 adjustment which increased revenue and cost of sales by \$7.3 million, of which \$5.1 million was recorded in 2023 Q4. These changes are reflected in the 2024 Q3 LTM figures.

In 2025 Q3, Manufacturing deliveries increased by a total of 120 EUs, or 12.1 % from 2024 Q3. Transit deliveries increased from 667 EUs to 759 EUs in 2025 Q3, an increase of 92 EUs from 2024 Q3. 2025 Q3 LTM Transit deliveries decreased to 3,073 EUs compared to 3,346 EUs for 2024 Q3 LTM, a decrease of 273 EUs. LTM Transit deliveries were impacted by the seating supply challenges in North America and lower UK

volumes. Motor coach deliveries decreased from 168 EUs to 138 EUs in 2025 Q3, a decrease of 30 EUs from 2024 Q3. Medium-duty and cutaway deliveries increased to 217 EUs in 2025 Q3 from 159 EUs in 2024 Q3, an increase of 58 EUs.

Overall, zero-emission bus and coach deliveries for 2025 Q3 increased by 26.7 % from 2024 Q3. On an LTM basis, ZEB deliveries were 1,296 EUs compared to 964 EUs in 2024 Q3 LTM. ZEBs as a percentage of total new vehicle deliveries increased to 27.6 % in 2025 Q3 from 24.4 % in 2024 Q3. Transit is the primary driver of ZEB deliveries with fewer electric propulsion deliveries in coach and low-floor cutaways.

Manufacturing revenue for 2025 Q3 increased by \$164.3 million, or 29.4 %, compared to 2024 Q3. This increase was mainly due to favourable product mix within Transit, including higher ZEB deliveries, and increased medium-duty and low-floor cutaway bus deliveries, offset by lower UK Transit and North American coach deliveries.

Quarterly revenue of the Company's Infrastructure Solutions™ division was \$13.1 million for 2025 Q3, an increase of \$5.5 million from 2024 Q3. The increase is primarily due to the timing of delivery and completion of open contracts.

Aftermarket revenue for 2025 Q3 increased by \$4.3 million, or 2.8 %, compared to 2024 Q3. The increase is mainly related to increased sales volumes from public and private markets.

Net Loss (\$ millions, except per share amounts)						
	2025 Q3	2024 Q3	% Change	2025 Q3 LTM	2024 Q3 LTM	% Change
Manufacturing	(131.9)	(5.8)	N.M.	(197.8)	(2.8)	N.M.
Aftermarket	23.0	29.4	(21.9 %)	100.5	117.0	(14.1 %)
Corporate	(32.0)	(38.6)	17.2 %	(192.2)	(138.4)	(38.9 %)
Net loss	(140.9)	(15.0)	N.M.	(289.5)	(24.2)	N.M.
Adjusted net earnings (loss) ^{NG}	12.1	(4.8)	N.M.	39.7	(23.2)	N.M.
Net loss per Share	(1.18)	(0.13)	N.M.	(2.43)	(0.20)	N.M.
Adjusted net earnings (loss) per Share ^{NG}	0.10	(0.04)	N.M.	0.33	(0.20)	N.M.

Adjusted EBITDA ^{NG} (\$ millions)						
	2025 Q3	2024 Q3	% Change	2025 Q3 LTM	2024 Q3 LTM	% Change
Manufacturing	53.4	17.3	N.M.	174.4	60.0	190.8 %
Aftermarket	28.3	34.3	(17.5 %)	124.7	136.3	(8.5 %)
Corporate	(0.7)	1.5	(147.8 %)	(16.7)	(11.3)	(47.5 %)
Total Adjusted EBITDA^{NG}	80.9	53.2	52.1 %	282.4	185.0	52.6 %

Adjusted EBITDA^{NG} as a percentage of revenue

Manufacturing	7.4 %	3.1 %	138.7 %	6.2 %	2.4 %	158.3 %
Aftermarket	18.0 %	22.5 %	(20.0 %)	20.0 %	22.3 %	(10.3 %)
Total	9.2 %	7.5 %	22.7 %	8.2 %	6.0 %	36.7 %

In 2025 Q3, Manufacturing operations experienced a net loss of \$131.9 million compared to net loss of \$5.8 million in 2024 Q3. The decrease is primarily due to the Battery Recall and related warranty expense. Net loss also reflects the impact of a \$4.5 million expense for labour and overhead costs associated with seat supply disruption. This loss was offset by the improved revenue, deliveries, and margin profile from North American Transit operations. Manufacturing operations achieved Adjusted EBITDA^{NG} of \$53.4 million, an increase of \$36.0 million, from 2024 Q3 Adjusted EBITDA^{NG}. The increase in Manufacturing Adjusted EBITDA^{NG} from 2024 Q3 to 2025 Q3 was primarily due to higher average sales price per EU, favourable sales mix, and the impact of the adjustments for non-recurring events as stated above. The increase in 2025

Q3 LTM Manufacturing net loss and the increase in 2025 Q3 LTM Manufacturing Adjusted EBITDA^{NG} are primarily attributable to the same non-recurring items that impacted quarterly results.

2025 Q3 Aftermarket segment net earnings decreased by \$6.4 million, or 21.9 %, compared to 2024 Q3. The decrease was driven by unfavourable sales mix, lower program revenue, and the impact of tariffs. In 2025 Q3, the Aftermarket segment had an Adjusted EBITDA^{NG} of \$28.3 million, a \$6.0 million, or 17.5 %, year-over-year decrease, primarily due to the same items that impacted net earnings. Decrease in Aftermarket net earnings and decrease in Adjusted EBITDA^{NG} for 2025 Q3 LTM are primarily due to the same items that impacted quarterly results.

2025 Q3 Corporate net loss decreased by \$6.6 million compared to 2024 Q3 mainly due to the foreign exchange gains on non-current monetary items. Corporate Adjusted EBITDA^{NG} decreased by \$2.3 million compared to 2024 Q3, further discussion related to the impacts on Corporate net loss and Adjusted EBITDA^{NG} can be found in the results from operations section on page 19. The 2025 Q3 LTM Corporate net loss increased mainly due to non-recurring impacts because of the debt refinancing in 2025 Q2. 2025 Q3 LTM Corporate Adjusted EBITDA^{NG} decreased due to the same items that impacted quarterly results.

Net cash generated by (used in) operating activities and Free Cash Flow ^{NG} (\$ millions, except per share amounts)						
	2025 Q3	2024 Q3	% Change	2025 Q3 LTM	2024 Q3 LTM	% Change
Net cash generated by (used in) operating activities	83.9	(45.2)	N.M.	72.6	53.0	37.0 %
Free Cash Flow ^{NG}	14.8	2.0	N.M.	35.5	(15.7)	N.M.
Free Cash Flow ^{NG} (CAD dollars)	20.4	2.6	N.M.	49.2	(21.3)	N.M.
Free Cash Flow per Share ^{NG} (CAD dollars)	0.17	0.02	N.M.	0.41	(0.18)	N.M.

Cash generated by operating activities in 2025 Q3 was \$83.9 million, an increase of \$129.1 million, compared to cash used in operating activities of \$45.2 million in 2024 Q3. This increase in cash was primarily due to the increase non-cash working capital items, primarily the provisions, related to the Battery Recall. Additionally, decreases in interest and finance costs, and decreases in inventory and accounts receivable balances due to the receivable financing program, as well as advance payments contributed to the increases in cash. The 2025 Q3 LTM net cash generated by operating activities increased by 37.0 % compared to 2024 Q3 LTM, primarily due to the same items that impacted quarterly results.

Free Cash Flow^{NG} in 2025 Q3 increased by \$12.8 million, compared to 2024 Q3, mainly due to higher net cash generated by operating activities and lower interest costs, offset by increases in income tax expense, and cash capital expenditures.

	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3
Working Capital Days ^{NG}	49	53	52	52	53
Liquidity ^{NG,1} (\$ millions)	\$386.0	\$326.7	\$127.9	\$126.8	\$145.8
Backlog ^{NG} (EUs)	15,606	16,198	16,527	15,135	14,590
ROIC ^{NG}	9.1 %	7.9 %	7.5 %	6.4 %	5.3 %

1. The Company defines Liquidity as cash on-hand plus available capacity under its 2025 First Lien Facility. 2025 Q3 Liquidity includes the full cash portion attributed to NFI's captive insurance company of \$14.9 million. Prior quarters did not include the captive insurance cash in the calculations. 2024 Q3 Liquidity would have been \$158.2 million if it included the captive insurance cash.

At the end of 2025 Q3, Working Capital Days^{NG} were 49, a decrease from 53 days in both 2025 Q2 and 2024 Q3. The improvement is mainly due to increases in advance payments and milestone based billing structures, and extended payment terms with certain suppliers. Additionally, the increase in provisions related to the Battery Recall positively impacted the working capital balances. Offsetting this positive improvement was higher work-in-progress inventory reflecting the impact of seat supply disruption on North American transit deliveries. As the Company continues to ramp up production, NFI is continuing to focus efforts on lowering work-in-process inventory by working to resolve its supplier challenges and accelerate customer acceptance programs to lower working capital balances and improve Working Capital Days^{NG}.

The Company's Liquidity^{NG} position, which combines cash on-hand, plus available capacity under its 2025 First Lien Facility, was \$386.0 million at the end of 2025 Q3, an increase of \$59.3 million, or 18.2 % from 2025 Q2. The increase in the Liquidity^{NG} position was primarily due to increased Free Cash Flow, and improvements in working capital and lower working capital balances, including increased milestone billings and advance payments reflected in the Company's deferred revenue balances.

At the end of 2025 Q3, the Company's total backlog^{NG} (firm orders and options) was 15,606 EUs, a decrease of 3.7 % compared to 16,198 EUs at the end of 2025 Q2. Backlog^{NG} at the end of 2025 Q3 had a total dollar value of \$13.2 billion.

The 2025 Q3 ROIC^{NG} increased by 3.8 % to 9.1 % from 5.3% in 2024 Q3, due to the increase in Adjusted EBITDA^{NG} offset by a decrease in the invested capital^{NG}. Average invested capital^{NG} has decreased primarily driven by lower shareholders equity combined with lower debt carrying balances.

Outlook

NFI continues to see strong operational and financial metrics that support expectations for improvements to revenue, gross profit, Adjusted EBITDA^{NG}, Free Cash Flow^{NG}, and ROIC^{NG}, for the remainder of 2025 and into 2026 and beyond. Confidence in the long-term outlook comes as the Company executes on its backlog^{NG}, increases bus and coach production, and delivers on high-margin units while growing its aftermarket and Infrastructure SolutionsTM businesses.

Management believes market demand for NFI's products is evident through the Company's continued new orders and a strong public transit funding environment in North America. This funding environment drives the Company's North American Public Bid Universe which currently has active bids of 7,503 EUs, and a five-year forecasted customer demand of 22,956 EUs. In addition, the Company continues to see increases in market demand within public and private coach and low-floor cutaway markets. This demand is primarily driven by increasing ridership and travel, return-to-work initiatives, and an increase in average bus and coach fleet age.

NFI's strategy to provide the broadest offering of propulsion agnostic buses and coaches, built on common production lines, has positioned the Company well to realize upon growing demand as it can support customers' diverse fleet plans. This offering includes low and no-emission buses and coaches, alongside its broader solutions offering of aftermarket parts, training, Infrastructure SolutionsTM and facilitation of financing.

Strengthening NFI's Supply Chain

The highly customized nature of NFI's products can result in specific suppliers having a significant impact on the Company's operations and new vehicle production. NFI has implemented strategies to mitigate overall supply chain risk and those specifically related to ZEBs, including partnering with larger, more established suppliers, providing increased lead time for component purchases and carrying higher levels of inventory for certain components. The Company may continue to experience quarterly fluctuations in the delivery of buses and coaches based on supply availability and customer acceptance processes, which can be more detailed for ZEBs.

NFI currently only has three high-risk suppliers within the Company's top 800 suppliers. This is a significant decrease from previous years and was driven by a combination of improvements in global supply chain health and actions taken by NFI's supply and sourcing teams. The Company's recent joint venture investment in the assets of American Seating is expected to strengthen seat supply performance going forward.

One of the Company's battery suppliers, XALT, who has historically provided batteries on New Flyer buses and MCI coaches, recently announced it is winding down its U.S. battery manufacturing over the next six to eight months. NFI has previously taken proactive steps to move its primary battery supply on New Flyer battery-electric buses to a different supplier. XALT mainly provides battery systems for New Flyer fuel cell-electric buses, and NFI expects to secure sufficient supply for 2026 production of those vehicles prior to XALT ceasing operations.

Government Investments in Public Transportation

There are federal funding programs within the U.S., Canada and the UK that support the purchase of public transit buses and commuter coaches. This includes the U.S. Infrastructure Investment and Jobs Act ("IIJA") of 2021, the Canadian Public Transit Fund launched in 2024 and the UK's Zero Emission Bus Regional Areas (ZEBRA) funding programs. Generally, these funding programs provide visibility into order demand as they are multi-year programs that support firm orders and backlog options.

The Company's bus and coach product lines are primarily used for public transit, which remains a critical method of transportation and an economic enabler for cities around the world. Public transit has also been a significant and focused area of investment for governments as they seek to improve ridership access and reduce urban congestion. Enhanced public investments increased NFI's new orders throughout 2022, 2023, 2024 and now into 2025. The U.S. Federal Transit Administration (FTA) apportionments for 2025 amounted to approximately \$20.5 billion which will support public transportation fleets and infrastructure throughout the country. The initial proposal for U.S. FY 2026 funding is encouraging with initial support for \$19.6 billion in funding that would support future bus procurements and deliveries. The current U.S. administration continues to show strong support in enhancing infrastructure and transportation projects with funding continuing to be delivered to transit agencies and operators for previously approved projects through the FTA, even during the ongoing government shutdown.

Ridership levels in the U.S. remain on an upward trend, with the latest available APTA Ridership Trends Dashboard report (as of 2025 Q2) showing bus ridership growth of 1.8% year-over-year and 2.1% year-to-date. The increases in overall ridership can be attributed to various factors such as, but not limited to, increased services and bus routes, return-to-office mandates, and the continued growth of non-office jobs. Continued recovery in ridership levels is important to support the operating costs of transit agencies.

NFI continues to advance discussions and initiatives to improve bus manufacturing contract structures in the United States and Canada, and has been incorporating milestone billing payment structures into new contracts, which provide payments throughout the build period of a new vehicle, rather than receiving 100% of the purchase price following final delivery and customer acceptance. The Company has seen success in increasing advance and progress payments with growth in the Company's deferred revenue balances.

Construction for NFI's Project "True North", the all-Canadian build of its New Flyer subsidiary, continues to advance and the first bus entered production in September 2025. NFI expects that the facility will be fully completed in Winnipeg, Manitoba by December 2025. This facility is expected to increase NFI's Canadian manufacturing capacity by up to 240 EUs annually by 2027. Not only will this project allow for full Canadian bus builds, but it is expected that it will also make U.S. capacity available to service more U.S. customers across NFI's network.

As a market leader in North American transit bus and coach production, management believes NFI is well-positioned for both near- and long-term growth based on the Company's firm and option backlog and the multi-year funding commitments being made by governments in these markets.

While the UK has continued to see foreign competitors gain market share and a higher proportion of government funded procurements, NFI was encouraged by the Scottish Government's support to maintain production operations in Scotland. In addition, NFI has also seen increased desire by government leadership to ensure that funds allocated to the bus industry provide wider community and social benefit in the UK. While no local content requirements have been mandated, Alexander Dennis has seen increased customer demand that is expected to drive increased production and delivery volumes within the UK market in 2026. Alexander Dennis also continues to execute on its plan to lower overall operating costs in response to current market dynamics which are expected to improve its competitive position.

Other Markets

NFI's North American private customer markets served by MCI and ARBOC continue to experience recovery with volumes increasing and pricing more appropriately reflecting current input costs and inflation. Recent tariff developments may have a negative impact on overall private coach market demand, with expectations for higher average selling prices to reflect the addition of tariff costs on coaches entering the United States.

NFI's Aftermarket business primarily sells bus and coach parts to public and private customers, and also provides service to private operators. Following record financial performance in 2024, NFI anticipates that its Aftermarket segment will continue to generate strong revenue and margin contribution going forward, although growth rates are not expected to be as high as those seen in 2023 and 2024. There is potential for the aftermarket segment to see expanded program revenues in 2026 which would support revenue and margin expansion.

The Company also continues to focus on growing its NFI Infrastructure Solutions™ business to assist customers in assessing their charging infrastructure requirements and to manage infrastructure procurement and project installation. Since its inception in 2018, Infrastructure Solutions™ has been responsible for the delivery of 524 plug-in and 135 overhead charger projects, for a total of 108+ megawatts charging capacity, for 72 different customers.

Financial Guidance

Reflecting year-to-date financial performance and expected fourth quarter deliveries and aftermarket parts sales, NFI has made adjustments to tighten its expected financial guidance ranges for Fiscal 2025.

	2025 Original Guidance	2025 Updated Guidance
Revenue	\$3.8 to \$4.2 billion	\$3.5 to \$3.7 billion
ZEBs (electric) as a percentage of manufacturing sales	35% - 40%	approximately 35%
Adjusted EBITDA ^{NG}	\$320 to \$360 million	\$320 to \$340 million
Cash Capital Expenditures	\$50 to \$60 million	\$45 to \$50 million
ROIC ^{NG}	9% to 12%	9% to 12%

Revenue and ZEBs (electric) as a percentage of manufacturing sales: Updated range reflects year-to-date performance, expected deliveries and sales mix for the fourth quarter (which typically has higher sales volumes from private segment customers). Overall ZEB deliveries and sales for 2025 are expected to be on the lower end of the original guidance range reflecting timing impacts from customer acceptances and the impacts of some supply related disruption.

Adjusted EBITDA^{NG}: The higher end of the range was adjusted reflecting year-to-date performance within the manufacturing and aftermarket segments and lower ZEB deliveries. NFI expects year-over-year improvement in vehicle deliveries and improved gross margins, supporting expectations for the Company to report its highest ever quarterly Adjusted EBITDA^{NG} in 2025 Q4.

Cash Capital Expenditures: The range was updated to reflect year-to-date investments and expectations that cash capital expenditures for 2025 will be lower than original expectations, even as the Company has invested into new facilities and equipment.

Please refer to NFI's MD&A dated March 13, 2025, for information regarding the original assumptions and expectations for 2025 guidance that have been adjusted above to reflect the latest estimates. Note that the guidance numbers above include the year-to-date impact of U.S. and Canadian tariffs, but do not reflect the potential impact of tariffs on fourth quarter performance.

Tariff Impacts

During the third 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 various international jurisdictions. In addition, NFI also began to receive updated pricing from its suppliers reflecting the impacts of tariffs on input components they source and import into the U.S. NFI has been actively engaging with its customers to discuss the pricing impacts of tariffs on buses and coaches for their parts and commodities sourced from international suppliers, and has begun the process of negotiating and charging surcharges to reflect the costs of those tariffs.

NFI had seen stability in the overall tariff environment and its impact on operations during the third quarter, but did anticipate that it may experience some additional costs as suppliers increase prices to reflect the impact of tariffs on their products. A new tariff of 10% on all imports of buses and coaches into the United States from any jurisdiction went into effect on November 1st, 2025, and is expected to lead to increased pricing and tariff surcharges to end users. 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.

Tariff-driven cost increases may be more difficult to offset in the private coach market. However, the impact on NFI's 2025 results is moderated by the transactional sales model and current inventory of private coaches that are in the United States and have lower tariff costs. Over the medium and longer-term higher prices from tariffs may negatively impact overall demand (and production) within the private coach segment, as all importers now face a standard 10% tariff. NFI is assessing the potential impacts of these newly implemented tariffs and will adjust production and cost levels as required. 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 of 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, the current seat supply disruptions may be extended and/or exacerbated beyond management's current expectations, and 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.

Selected Quarterly and Annual Financial and Operating Information

The following selected unaudited interim condensed consolidated financial and operating information of the Company has been derived from and should be read in conjunction with the historical and current Financial Statements of the Company.

(\$ thousands, except per Share figures)						
Fiscal Period	Quarter	Revenue	(Loss) earnings from operations	Net (loss) earnings	Adjusted EBITDA ^{NG}	(Loss) earnings per Share
2025						
	Q3	879,857	(165,634)	(140,879)	80,947	(1.18)
	Q2	868,169	26,757	(160,774)	70,811	(1.35)
	Q1	841,420	31,096	(6,486)	62,696	(0.05)
	Total	2,589,446	(107,784)	(308,140)	214,454	(2.58)
2024						
	Q4	836,989	36,034	18,564	67,886	0.16
	Q3	711,344	25,516	(14,993)	53,205	(0.13)
	Q2	851,233	36,362	2,547	59,411	0.02
	Q1	722,749	10,651	(9,414)	33,936	(0.08)
	Total	3,122,315	108,563	(3,296)	214,438	(0.03)
2023						
	Q4	796,712	25,555	(2,329)	38,455	(0.02)
	Q3	710,343	(13,760)	(39,926)	11,167	(0.42)
	Q2	660,292	(11,297)	(48,101)	12,178	(0.62)
	Q1	525,134	(21,749)	(45,964)	7,409	(0.60)
	Total	2,692,481	(21,251)	(136,164)	69,209	(1.48)

Comparison of Third Quarter 2025 Results

(\$ thousands)						
	2025 Q3	2024 Q3	39-Weeks Ended September 28, 2025	39-Weeks Ended September 29, 2024	52-Weeks Ended September 28, 2025 ¹	52-Weeks Ended September 29, 2024
Statement of (Loss) Earnings Data						
Revenue						
North America	620,685	449,730	1,810,352	1,448,194	2,310,162	1,949,385
United Kingdom and Europe	100,646	108,811	306,427	358,563	475,263	501,394
Asia Pacific	1,460	41	7,334	4,276	18,568	21,226
Manufacturing operations	722,791	558,582	2,124,113	1,811,033	2,803,993	2,472,005
North America	123,958	122,015	367,856	379,314	493,201	488,493
United Kingdom and Europe	25,388	24,491	76,175	74,449	101,254	95,858
Asia Pacific	7,720	6,256	21,302	20,530	27,987	25,681
Aftermarket operations	157,066	152,762	465,333	474,293	622,442	610,032
Total revenue	\$ 879,857	\$ 711,344	\$ 2,589,446	\$ 2,285,326	\$ 3,426,435	\$ 3,082,037
(Loss) earnings from operations	\$ (165,634)	\$ 25,516	\$ (107,784)	\$ 72,529	\$ (71,750)	\$ 98,084
(Loss) earnings before interest and income taxes	\$ (160,431)	\$ 23,920	\$ (252,188)	\$ 77,830	\$ (205,542)	\$ 100,587
Net loss	\$ (140,879)	\$ (14,993)	\$ (308,140)	\$ (21,859)	\$ (289,576)	\$ (24,190)
Adjusted EBITDA ^{NG}	\$ 80,947	\$ 53,205	\$ 214,453	\$ 146,552	\$ 282,339	\$ 185,006
Cash capital expenditures	\$ 12,842	\$ 7,309	\$ 26,375	\$ 21,792	\$ 34,897	\$ 31,914

See footnote on page 18.

Results of Operations

The discussion below with respect to revenue, operating costs, expenses, and earnings from operations has been divided between the Manufacturing and Aftermarket operations segments.

Revenue

(\$ thousands)			39-Weeks Ended September 28, 2025	39-Weeks Ended September 29, 2024
	2025 Q3	2024 Q3		
Manufacturing Revenue	722,791	558,582	2,124,113	1,811,033
Aftermarket Revenue	157,066	152,762	465,333	474,293
Total Revenue	879,857	711,344	2,589,446	2,285,326
(Loss) earnings from Operations	(165,634)	25,516	(107,784)	72,529
(Loss) earnings before interest and income taxes	(160,431)	23,920	(252,188)	77,830
Loss before income tax expense	(192,392)	(14,633)	(348,228)	(25,311)
Net loss	(140,879)	(14,993)	(308,140)	(21,859)

Manufacturing revenue for 2025 Q3 increased by \$164.2 million, or 29.4%, compared to 2024 Q3. This was mainly due to the increased deliveries during the period and an improved average selling price per unit delivered, which was approximately 3.2% higher year-over-year. Manufacturing revenue for 2025 Q3 YTD increased by \$313.1 million or 17.3%, compared to 2024 Q3 YTD. This improvement reflects a favourable sales mix and the completion of the previous inflation impacted contracts.

Aftermarket revenue for 2025 Q3 increased by \$4.3 million, or 2.8% compared to 2024 Q3. Aftermarket revenue for 2025 Q3 YTD decreased by \$9.0 million, or 1.9% compared to 2024 Q3 YTD. The revenue increase for the quarter was primarily driven by public and private market demand. The decrease in revenue on a year-to-date basis was primarily due to the lower program volumes.

Cost of sales

(\$ thousands)			39-Weeks Ended September 28, 2025	39-Weeks Ended September 29, 2024
	2025 Q3	2024 Q3		
Manufacturing				
Direct cost of sales	786,618	437,048	1,892,965	1,443,881
Depreciation and amortization	16,422	15,656	48,219	51,426
Other overhead	75,752	64,246	212,765	197,975
Manufacturing cost of sales	878,792	516,951	2,153,948	1,693,283
As percent of Manufacturing sales	121.6 %	92.5 %	101.4 %	93.5 %
Aftermarket				
Direct cost of sales	112,197	104,547	330,224	325,730
Depreciation and amortization	3,194	3,053	9,400	9,132
Aftermarket cost of sales	115,391	107,599	339,624	334,861
As percent of Aftermarket sales	73.5 %	70.4 %	73.0 %	70.6 %
Total Cost of sales	994,183	624,550	2,493,572	2,028,144
As percent of sales	113.0 %	87.8 %	96.3 %	88.7 %

1. In 2024 Q4, management identified that certain warranties were incorrectly classified and accounted for as service-type rather than assurance-type. The correction of this error resulted in an immaterial Fiscal 2024 adjustment which increased revenue and cost of sales by \$7.3 million, of which \$5.1 million was recorded in 2023 Q4. These changes are reflected in the 2024 Q3 LTM figures.

Cost of sales from Manufacturing operations in 2025 Q3 was \$878.8 million (121.6 % of Manufacturing operations revenue) compared to \$517.0 million (92.5 % of Manufacturing operations revenue) in 2024 Q3, an increase of \$361.8 million, or 70.0 %. Cost of sales from Manufacturing operations in 2025 Q3 YTD was \$2,153.9 million (101.4 % of Manufacturing operations revenue) compared to \$1,693.3 million (93.5 % of Manufacturing operations revenue) in 2024 Q3 YTD, an increase of \$460.7 million, or 27.2 %. The increase in both periods was driven by higher percentage of ZEB deliveries, and the impact of the Battery Recall. Manufacturing cost of sales increased as a percentage of revenue in 2025 Q3 and 2025 Q3 YTD, mainly due to the Battery Recall.

Cost of sales from Aftermarket operations in 2025 Q3 was \$115.4 million (73.5 % of Aftermarket revenue) compared to \$107.6 million (70.4 % of Aftermarket revenue) in 2024 Q3, an increase of \$7.8 million, or 7.2%. Cost of sales from Aftermarket operations in 2025 Q3 YTD was \$339.6 million (73.0 % of Aftermarket revenue) compared to \$334.9 million (70.6 % of Aftermarket revenue) in 2024 Q3 YTD, an increase of \$4.7 million or 1.4%. Cost of sales increased as a percentage of revenue in 2025 Q3 and 2025 Q3 YTD, mainly due to an unfavourable sales mix and the impact of tariffs.

The consolidated cost of sales for 2025 Q3 increased by \$369.6 million, or 59.2 %, compared to 2024 Q3. The consolidated cost of sales for 2025 Q3 YTD increased by \$465.4 million, or 22.9 % compared to 2024 Q3 YTD.

Gross Margins

(\$ thousands)				
	2025 Q3	2024 Q3	39-Weeks Ended September 28, 2025	39-Weeks Ended September 29, 2024
Manufacturing	(156,001)	41,631	(29,835)	117,751
Aftermarket	41,675	45,163	125,709	139,431
Total Gross Margins	<u>(114,326)</u>	<u>86,794</u>	<u>95,874</u>	<u>257,182</u>
As a percentage of sales revenue				
Manufacturing	(21.6%)	7.5 %	(1.4%)	6.5 %
Aftermarket	26.5 %	29.6 %	27.0 %	29.4 %
	<u>(13.0%)</u>	<u>12.2 %</u>	<u>3.7 %</u>	<u>11.3 %</u>

Manufacturing gross margin for 2025 Q3 of (\$156.0) million ((21.6 %) of Manufacturing revenue), decreased by \$197.6 million compared to a gross margin of \$41.6 million (7.5 % of Manufacturing revenue) for 2024 Q3. Manufacturing gross margin for 2025 Q3 YTD of \$29.8 million ((1.4 %) of Manufacturing revenue), decreased by \$147.6 million compared to a gross margin of \$117.8 million (6.5 % of Manufacturing revenue) for 2024 Q3 YTD. Manufacturing gross margin as a percentage of revenue decreased for both 2025 Q3 and 2025 Q3 YTD due to higher ZEB deliveries and the Battery Recall.

Aftermarket gross margins for 2025 Q3 of \$41.7 million (26.5 % of Aftermarket revenue) decreased by \$3.5 million, or 7.7 %, compared to 2024 Q3 gross margins of \$45.2 million (29.6 % of Aftermarket revenue). Aftermarket gross margins for 2025 Q3 YTD of \$125.7 million (27.0 % of Aftermarket revenue) decreased by \$13.7 million, or 9.8 %, compared to 2024 Q3 YTD gross margins of \$139.4 million (29.4 % of Aftermarket revenue). Aftermarket gross margin as a percentage of revenue decreased by 3.1% in 2025 Q3 and 2.4% 2025 Q3 YTD, primarily due to the unfavourable sales mix and negative impacts of tariffs.

Selling, general and administrative costs and other operating expenses (“SG&A”)

(\$ thousands)				
	2025 Q3	2024 Q3	39-Weeks Ended September 28, 2025	39-Weeks Ended September 29, 2024
Selling expenses	8,305	8,392	24,582	24,308
General and administrative expenses	44,925	52,415	174,567	157,792
Total SG&A	<u>53,230</u>	<u>60,807</u>	<u>199,149</u>	<u>182,100</u>

The consolidated SG&A for 2025 Q3 of \$53.2 million (6.0 % of consolidated revenue) decreased by \$7.6 million, or 12.5 %, compared to \$60.8 million (8.5 % of consolidated revenue) in 2024 Q3. The decrease in consolidated SG&A for 2025 Q3 was mainly related to the restructuring cost recoveries associated with maintaining AD’s Scottish manufacturing facilities. Consolidated SG&A increased year-over-year primarily due to increased production and related selling expenses.

Realized foreign exchange (gain) loss

In 2025 Q3, the Company recorded a realized foreign exchange gain of \$1.9 million compared to a loss of \$0.5 million in 2024 Q3. In 2025 Q3 YTD, the Company recorded a realized foreign exchange loss of \$4.5 million compared to a loss of \$2.6 million in 2024 Q3 YTD.

The Company uses foreign exchange forward contracts to buy various currencies in which it operates with U.S. dollars, Canadian dollars and GBP. The purchases of these currencies using foreign exchange forward contracts at favourable forward rates compared to the spot rates at settlement were the primary reason for the gains in 2025 Q3.

Loss from operations

Consolidated loss from operations in 2025 Q3 was \$165.6 million ((18.8 %) of consolidated revenue) compared to earnings of \$25.5 million (3.6 % of consolidated revenue) in 2024 Q3, a decrease of \$191.2 million. Consolidated loss from operations in 2025 Q3 YTD was \$107.8 million ((4.2 %) of consolidated revenue) compared to earnings of \$72.5 million (3.2 % of consolidated revenue) in 2024 Q3 YTD, a decrease of \$180.3 million.

Loss from operations attributable to the Manufacturing segment was \$131.9 million ((18.2 %) of Manufacturing revenue) compared to a loss of \$5.4 million ((1.0 %) of Manufacturing revenue) in 2024 Q3. Loss from Manufacturing operations in 2025 Q3 YTD was \$105.4 million ((5.0 %) of Manufacturing revenue) compared to losses of \$15.2 million ((0.8 %) of Manufacturing revenue) in 2024 Q3 YTD, an increase in losses of \$90.2 million. The decrease in earnings as a percentage of revenue is mainly due to the Battery Recall.

Earnings from operations related to Aftermarket operations in 2025 Q3 was \$23.0 million (14.6 % of Aftermarket revenue) compared to \$29.4 million (19.2 % of Aftermarket revenue) in 2024 Q3. Earnings from Aftermarket operations in 2024 Q3 YTD was \$73.2 million (15.7 % of Aftermarket revenue) compared to \$92.3 million (19.5 % of Aftermarket revenue) in 2024 Q3 YTD. Earnings from Aftermarket operations decreased due to less favourable product mix and lower sales volume.

Unrealized foreign exchange gain (loss)

The Company has recognized a net unrealized foreign exchange gain (loss) consisting of the following:

(\$ thousands)	2025 Q3	2024 Q3	39-Weeks Ended September 28, 2025	39-Weeks Ended September 29, 2024
Unrealized gain on forward foreign exchange contracts	1,843	2,991	7,031	3,789
Unrealized (loss) gain on other long-term monetary assets/liabilities	(505)	(4,576)	(4,635)	2,742
	1,338	(1,585)	2,396	6,531

At September 28, 2025, the Company had \$206.6 million of foreign exchange forward contracts to buy currencies in which the Company operates (U.S. dollars, Canadian dollars, or GBP). These foreign exchange contracts range in expiry dates from October 2025 to December 2026. The related asset of \$1.3 million (December 29, 2024: liability of \$1.3 million) is recorded on the unaudited interim condensed consolidated statements of financial position as a current derivative financial instruments liability and the corresponding change in the fair value of the foreign exchange forward contracts is recorded in the unaudited interim condensed consolidated statements of net loss and total comprehensive loss.

(Loss) earnings before interest and income taxes (“LBIT” or “EBIT”)

In 2025 Q3, the Company recorded LBIT of \$160.4 million compared to an EBIT of \$23.9 million in 2024 Q3. In 2025 Q3 YTD, the Company recorded LBIT of \$252.2 million compared to an EBIT of \$77.8 million in 2024 Q3 YTD. The decrease in EBIT in both periods was driven primarily by the Battery Recall and its impact on the Manufacturing segment, offset by sales of product with an improved margin profile.

Interest and finance costs

The interest and finance costs for 2025 Q3 of \$32.0 million decreased by \$6.6 million compared to \$38.6 million in 2024 Q3. This decrease is primarily due to the Company's debt refinancing that occurred in 2025 Q2.

The Company had a fair market value loss on its interest rate swap of \$0.2 million in 2025 Q3, compared to a loss of \$2.8 million in 2024 Q3. The interest rate swap had a fair market value gain of \$0.4 million in 2025 Q3 YTD, compared to a loss of \$1.2 million in 2024 Q3 YTD. The Company's cash conversion option on the convertible debt had a fair market value gain of \$2.1 million in 2025 Q3 compared to a loss of \$5.2 million in 2024 Q3. The cash conversion option had a fair market value gain of \$1.0 million in 2025 Q3 YTD, compared to a loss of \$1.1 million in 2024 Q3 YTD. The 2025 Q3 fair market value gain of the prepayment option related to the Company's second-lien debt was \$nil compared to a gain \$5.4 million in 2024 Q3. The Company's prepayment option had a fair market value gain of \$13.7 million in 2025 Q3 YTD, compared to a gain of \$8.5 million in 2024 Q3 YTD.

Loss before income taxes (“LBT”)

LBT in 2025 Q3 was \$192.4 million, an increase of \$177.8 million compared to the LBT of \$14.6 million in 2024 Q3. LBT for 2025 Q3 YTD of \$348.2 million increased by \$322.9 million compared to LBT of \$25.3 million in 2024 Q3 YTD. The primary drivers of the changes of LBT are addressed in the Loss from operations and Interest and finance costs sections above.

Income tax (recovery) expense

The income tax recovery for 2025 Q3 was \$51.5 million compared to an expense of \$0.4 million in 2024 Q3. The increased income tax recovery is primarily due to the increased loss before income tax.

The income tax recovery for 2025 Q3 YTD is \$40.1 million, compared to a recovery of \$3.5 million in 2024 Q3 YTD. The increase in the overall income tax recovery is primarily due to the increased loss before income tax offset by the deferred tax expense associated with the derecognition of deferred tax assets in the UK which no longer meet the criteria for recognition.

The Effective Tax Rate ("ETR") for 2025 Q3 was 26.8% and the ETR for 2024 Q3 was (2.5%). The ETR for 2025 Q3 YTD was 11.5% and the ETR for 2024 Q3 YTD was 13.6%. The 2025 Q3 YTD ETR was detrimentally impacted by the derecognition of deferred tax assets associated with the UK operations.

Income tax expense recognized in the unaudited interim condensed consolidated statement of net loss and total comprehensive loss as at September 28, 2025 does not include any amount related to BEPS Pillar Two ("Pillar Two") income taxes.

On July 4, 2025 new tax law (commonly referred to by its unofficial name, the 'One Big Beautiful Bill Act') was passed by the United States Government and signed into law. The impact of this legislation has been reflected in the financial statements and had minimal beneficial impact on the Company's current tax expense for the period.

Net loss

The Company reported net loss of \$140.9 million in 2025 Q3, a decrease of \$125.9 million, compared to net loss of \$15.0 million in 2024 Q3. The Company reported net losses of \$308.1 million in 2025 Q3 YTD, an increase of \$286.3 million, compared to a net loss of \$21.9 million in 2024 Q3 YTD. The decrease in net earnings for 2025 Q3 and 2025 Q3 YTD are primarily due to the Battery Recall, impairment loss on intangible assets, loss on debt extinguishment, and the pre-payment fee associated with the 2023 Second Lien Debt.

Net loss (\$ millions, except per Share figures)	2025 Q3	2024 Q3	39-Weeks Ended September 28, 2025	39-Weeks Ended September 29, 2024
(Loss) earnings from operations	(165,634)	25,516	(107,784)	72,529
Gain (loss) on disposition of property, plant and equipment and right-of-use assets	36	(11)	195	32
Impairment loss on intangible assets	-	-	(82,516)	(1,028)
Fee for early repayment of 2023 second lien debt	-	-	(10,825)	-
Impairment loss on goodwill	-	-	(9,965)	-
Impairment gain (loss) on property, plant and equipment	3,829	-	(504)	-
Loss on debt extinguishment	-	-	(43,185)	(234)
Unrealized foreign exchange gain (loss) on monetary items	1,338	(1,585)	2,396	6,531
Interest and finance costs	(31,961)	(38,553)	(96,040)	(103,141)
Income tax recovery (expense)	51,513	(360)	40,088	3,452
Net loss	(140,879)	(14,993)	(308,140)	(21,859)
Net loss per Share (basic)	(1.18)	(0.13)	(2.59)	(0.18)
Net loss per Share (fully diluted)	(1.18)	(0.13)	(2.59)	(0.18)

The Company recorded net loss per Share for 2025 Q3 of \$1.18 compared to net loss per Share of \$0.13 in 2024 Q3. The Company's net loss per Share for 2025 Q3 YTD of \$2.59 compared to net loss per Share of \$0.18 in 2024 Q3 YTD. The per Share net loss in 2025 Q3 increased primarily due to the same non-recurring items that impacted the net loss.

Cash Flow

The cash flows of the Company are summarized as follows:

(\$ thousands)	2025 Q3	2024 Q3	39-Weeks Ended September 28, 2025	39-Weeks Ended September 29, 2024
Cash (used in) generated by operating activities before non-cash working capital items and interest and income taxes paid	(144,219)	45,817	(58,214)	137,017
Interest paid	(12,531)	(45,824)	(79,834)	(90,924)
Income taxes paid	(9,912)	(9,788)	(36,959)	(264)
Cash flow provided by (invested in) working capital	250,531	(35,445)	230,066	(47,981)
Net cash generated by (used in) operating activities	83,869	(45,240)	55,059	(2,152)
Net cash (used in) generated by financing activities	(71,493)	38,262	8,059	44,844
Net cash used in investing activities	(17,450)	(10,340)	(40,008)	(31,197)

Cash flow from operating activities

The 2025 Q3 net cash generated by operating activities of \$83.9 million was mainly comprised of \$166.7 million net cash loss, offset by \$250.5 million in cash generated from working capital. The 2025 Q3 YTD net cash generated by operating activities of \$55.1 million was mainly comprised of \$173.8 million of net cash loss and \$228.8 million of cash provided by working capital. The 2024 Q3 YTD net cash used in operating activities of \$2.2 million was comprised of \$45.8 million of net cash earnings, \$90.9 million in interest payments, and \$48.0 million of cash invested in working capital.

Cash flow from financing activities

Cash generated by financing activities of \$71.5 million during 2025 Q3 is due to repayment of the Company's 2025 First Lien Facility, totaling \$66.0 million, and by repayments made to obligations under leases of \$5.5 million. Cash generated by financing activities of \$8.1 million during 2025 Q3 YTD compared to cash generated by financing activities of \$44.8 million in 2024 Q3 YTD. The decrease in 2025 Q3 YTD compared to 2024 Q3 YTD is due to the Company's additional secured debt in 2025 Q2.

Cash flow from investing activities

(\$ thousands)	2025 Q3	2024 Q3	39-Weeks Ended September 28, 2025	39-Weeks Ended September 29, 2024
Acquisition of intangible assets	(3,972)	(3,097)	(8,706)	(10,328)
Proceeds from disposition of property, plant and equipment	69	66	82	923
Investments in long-term restricted deposits	(705)	-	(5,009)	-
Acquisition of property, plant and equipment	(12,842)	(7,309)	(26,375)	(21,792)
Cash used in investing activities	(17,450)	(10,340)	(40,008)	(31,197)

Cash used in investing activities increased in 2025 Q3, primarily due to increased investments in long-term restricted deposits and property, plant and equipment, and the acquisition of intangible assets. Long-term restricted deposits are collateral for a certain amount of the Company's letters of credit.

Credit risk

Financial instruments which potentially subject the Company to credit risk and concentrations of credit risk consist principally of cash, accounts receivable and derivatives. Management believes that the credit risk associated with accounts receivable is mitigated by the significant proportion of counterparties that are well established public transit authorities. Additionally, the U.S. federal government funds a substantial portion of U.S. public sector customer payments - up to 80% of the capital cost of new transit buses, coaches or cutaways - while the remaining 20% comes from state and municipal sources. There are a few U.S. public sector customers that obtain 100% of their funding from state and municipal sources. Canadian customers have similar funding sources in Canada. The maximum exposure to the risk of credit for accounts receivables corresponds to their book value. Historically, the Company has experienced nominal bad debts as a result of the customer base being principally comprised of municipal and other local transit authorities.

The purchase of new coaches, transit buses or cutaways by private fleet operators is paid from the operators' own capital budgets and funded by their own cash flow or third-party financing. A significant portion of private fleet operators choose to finance new coach purchases with lending organizations. In some cases, MCI assists in arranging this financing. The Company has experienced a nominal amount of bad debts with its private sales customers as most transactions require payment on delivery. Management has not observed, and does not anticipate significant changes to credit risk.

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in the earnings statement within SG&A. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against SG&A in the unaudited interim condensed consolidated statements of net loss and total comprehensive loss.

The following table details the aging of the Company's receivables and related allowance for doubtful accounts:

\$ thousands	September 28, 2025	December 29, 2024
Current, including holdbacks	\$ 510,363	\$ 444,869
<u>Past due amounts but not impaired</u>		
1 - 60 days	44,511	28,531
Greater than 60 days	12,993	17,366
Less: Allowance for doubtful accounts	(936)	(1,035)
Total accounts receivables, net	\$ 566,931	\$ 489,731

The counterparties to the Company's derivatives are chartered Canadian banks and international financial institutions. The Company could be exposed to loss in the event of non-performance by the counterparty. However, credit ratings and concentration of risk of the financial institutions are monitored on a regular basis.

Commitments and Contractual Obligations

The following table describes the Company's maturity analysis of the undiscounted cash flows of leases and accrued benefit liabilities as at September 28, 2025:

\$ thousands	Total	2025	2026	2027	2028	2029	Post 2029
Leases	\$ 220,895	\$ 14,494	\$ 27,040	\$ 24,563	\$ 16,891	\$ 13,649	\$ 124,258
Accrued benefit liability	2,636	2,636	-	-	-	-	-
	\$ 223,531	\$ 17,130	\$ 27,040	\$ 24,563	\$ 16,891	\$ 13,649	\$ 124,258

As at September 28, 2025, outstanding surety bonds guaranteed by the Company totaled \$355.1 million (December 29, 2024: \$307.4 million). The estimated maturity dates of the surety bonds outstanding at September 28, 2025 range from December 2026 to December 2039. Management believes that adequate facilities exist to meet projected surety requirements.

The Company has not recorded a liability under these guarantees as management believes that no material events of default exist under any applicable contracts with customers.

The EDC guarantee facility in the amount of \$145 million consists of the PSG up to \$90 million and the Surety Reinsurance Support up to \$55 million.

The PSG program is in place to cover a standby letter of credit or letter of guarantee (in each case an "LOC"), required as part of a collateral package provided to support a surety facility where the new bonding capacity is a minimum of at least twice the face value of the LOC. The underlying surety facility must only be supporting surety bonds required under contracts entered into by NFI, and where such surety bonds are bid bonds, performance bonds, regulatory bonds, license and permit bonds.

As at September 28, 2025, there was \$132.0 million (December 29, 2024: \$134.7 million) outstanding under the guarantee facility and \$114.7 million of outstanding letters of credit (December 29, 2024: \$80.5 million).

Management believes that the Company was in compliance in all material respects with all applicable contractual obligations as at September 28, 2025. The Company has not provided for any costs associated with these letters of credit.

The Company does not have any off-balance sheet arrangements or any material capital asset commitments at September 28, 2025.

Through the normal course of operations, the Company has guaranteed payments and residual values to third-party lenders on behalf of customers. As at September 28, 2025, the Company had guaranteed \$1.2 million (December 29, 2024: \$2.1 million) of these arrangements. The Company has not provided for any of these costs, as it does not believe it will have to pay out on any of these arrangements.

Share Option Plan

The Board adopted a Share Option Plan (the “2013 Option Plan”) for NFI on March 21, 2013, under which certain employees of NFI and certain of its affiliates may receive grants of options to acquire Shares. The 2013 Option Plan was amended and restated on December 8, 2015, December 31, 2018 and August 5, 2020. Directors who are not employed with NFI are not eligible to participate in the 2013 Option Plan. A maximum of 3,600,000 Shares are reserved for issuance under the 2013 Option Plan. The options vest one-quarter on the first grant date anniversary and an additional one-quarter on the second, third and fourth anniversary of the grant date. The 2013 Option Plan expired on March 21, 2023, after which no new options were granted under the 2013 Option Plan.

The Board adopted a new share option plan on March 12, 2020 (the “2020 Option Plan”), which was approved by shareholders on May 7, 2020, and amended on August 5, 2020, under which certain employees of NFI and certain of its affiliates may receive grants of options to acquire Shares. Directors who are not employed with NFI are not eligible to participate in the 2020 Option Plan. A maximum of 3,200,000 Shares are reserved for issuance under the 2020 Option Plan. The options vest one-quarter on the first grant date anniversary and an additional one-quarter on the second, third and fourth anniversary of the grant date.

The following reconciles the Share options outstanding:

	2025 Q3 YTD		2024 Q3 YTD	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance at beginning of period	1,973,558	C\$24.25	2,015,400	C\$26.00
Granted during the period	320,059	C\$13.82	325,925	C\$13.57
Expired during the period	(219,274)	C\$31.72	(223,316)	C\$26.59
Exercised during the period	(18,215)	C\$11.01	(1,369)	C\$10.46
Balance at end of period	2,056,128	C\$21.94	2,116,640	C\$24.03

Restricted Share Unit Plan for Non-Employee Directors

Pursuant to the Company’s Restricted Share Unit Plan for Non-Employee Directors, a maximum of one million Shares are reserved for issuance to non-employee directors. The Company issued 19,415 director restricted share units (“Director RSUs”), with a total value of \$0.2 million, in 2025 Q3. Approximately \$0.1 million of the issued Director RSUs were exercised and exchanged for 6,763 Shares.

Critical accounting estimates and judgments

The Company’s critical accounting estimates and judgments can be found within note 2 of the unaudited interim condensed consolidated financial statements.

Standards Issued but not adopted

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements for the presentation and disclosure of information in the consolidated financial statements to help ensure they provide relevant information that faithfully represents the Company’s assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 - Presentation of Financial Statements once effective. Initial adoption of the requirements under IFRS 18 will be obligatory for annual reporting periods on or after January 1, 2027. The Company is currently assessing the impact of the adoption of IFRS 18 on its consolidated financial statements.

Non-IFRS and Other Financial Measures

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

Adjusted EBITDA^{NG} and Net Operating Profit after Taxes^{NG}

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 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 Q3	2024 Q3	39-Weeks Ended September 28, 2025	39-Weeks Ended September 29, 2024	52-Weeks Ended September 28, 2025	52-Weeks Ended September 29, 2024
Net loss	(140,879)	(14,993)	(308,140)	(21,859)	(289,576)	(24,190)
Addback						
Income tax (recovery) expense	(51,513)	360	(40,088)	(3,452)	(39,804)	(15,644)
Interest expense ⁸	31,961	38,553	96,040	103,141	123,838	140,420
Amortization	19,616	18,708	57,621	60,556	77,195	80,234
(Gain) loss on disposition of property, plant and equipment and right of use assets ¹⁵	(36)	11	(195)	(32)	29	(94)
Loss on debt modification ¹³	-	-	-	-	-	1,600
Loss on debt extinguishment ¹⁴	-	-	43,185	234	43,185	234
Fee for early repayment of 2023 second lien debt ¹⁶	-	-	10,825	-	10,825	-
Unrealized foreign exchange (gain) loss on non-current monetary items and forward foreign exchange contracts	(1,338)	1,585	(2,396)	(6,531)	(14,482)	(5,271)
Past service costs and other pension costs ¹²	-	-	-	-	-	(7,000)
Equity settled stock-based compensation	499	925	2,220	2,191	2,262	2,891
Unrecoverable insurance costs and other ⁷	-	-	-	116	-	1,009
Expenses incurred outside of normal operations ⁹	4,471	-	24,804	-	35,861	132
Battery Recall ¹⁸	229,859	-	229,859	-	229,859	-
Prior year sales tax provision ¹¹	-	-	-	-	-	41
Impairment loss on intangible assets ¹⁰	-	-	80,897	1,028	82,147	1,028
Impairment loss on goodwill ¹⁵	-	-	9,965	-	9,965	-
Impairment (recovery) loss on property, plant and equipment ¹⁵	(3,829)	-	504	-	504	-
Restructuring costs ⁶	(7,864)	8,056	9,352	11,160	10,531	9,616
Adjusted EBITDA^{NG}	80,947	53,205	214,453	146,552	282,339	185,006
Depreciation of property, plant and equipment and right of use assets	(12,299)	(10,718)	(35,190)	(36,276)	(46,695)	(48,124)
Tax at 31%	(21,281)	(13,171)	(55,571)	(34,186)	(73,050)	(42,433)
NOPAT^{NG}	47,367	29,316	123,691	76,091	162,594	94,449
Adjusted EBITDA ^{NG} is comprised of:						
Manufacturing	53,365	17,329	139,155	48,983	174,361	60,077
Aftermarket	28,319	34,333	91,918	106,771	124,688	136,251
Corporate	(737)	1,543	(16,620)	(9,202)	(16,710)	(11,322)

(Footnotes on page 27)

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 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)			39-Weeks Ended September 28, 2025	39-Weeks Ended September 29, 2024	52-Weeks Ended September 28, 2025	52-Weeks Ended September 29, 2024
	2025 Q3	2024 Q3				
Net cash generated by (used in) operating activities	83,869	(45,240)	55,059	(2,152)	72,551	52,974
Changes in non-cash working capital items ²	(250,531)	35,445	(230,066)	47,983	(223,172)	28,812
Interest paid ²	12,531	45,824	79,834	90,924	110,017	110,034
Interest expense ²	(28,411)	(30,837)	(91,894)	(93,998)	(122,527)	(125,904)
Income taxes paid (recovered) ²	9,912	9,788	36,959	264	38,755	(8,143)
Current income tax expense ²	(15,497)	(6,206)	(36,968)	(23,361)	(49,918)	(7,488)
Repayment of obligations under lease	(5,472)	(3,867)	(15,703)	(16,378)	(23,685)	(23,683)
Cash capital expenditures	(12,842)	(7,309)	(26,375)	(21,792)	(34,897)	(31,914)
Acquisition of intangible assets	(3,972)	(3,097)	(8,706)	(10,328)	(15,975)	(13,156)
Proceeds from disposition of property, plant and equipment	69	66	82	923	122	1,442
Defined benefit funding ³	704	975	2,172	2,475	2,527	3,393
Defined benefit expense ³	(816)	(1,237)	(2,708)	(2,829)	(3,650)	(3,523)
Past service costs and other pension costs ¹²	-	-	-	-	-	(7,000)
Expenses incurred outside of normal operations ⁹	4,471	-	24,804	-	35,861	132
Unrecoverable insurance costs and other ⁷	-	-	-	116	-	1,009
Asset impairment ¹⁷	-	-	(1,619)	-	(1,619)	-
Fee for early repayment of 2023 second lien debt ¹⁶	-	-	10,825	-	10,825	-
Battery Recall ¹⁸	229,859	-	229,859	-	229,859	-
Prior year sales tax provision ¹¹	-	-	-	-	-	41
Restructuring costs ⁶	(7,864)	8,056	9,352	11,160	10,531	12,170
Foreign exchange loss on cash held in foreign currency ⁴	(1,189)	(406)	(18)	(1,390)	(146)	(4,895)
Free Cash Flow ^{NG}	14,821	1,955	34,889	(18,382)	35,459	(15,699)
U.S. exchange rate ¹	1.3765	1.3516	1.3874	1.3516	1.3883	1.3585
Free Cash Flow (C\$) ^{NG}	20,401	2,642	48,404	(24,845)	49,227	(21,326)
Free Cash Flow per Share (C\$) ^{NG, 5}	0.1713	0.0222	0.4066	(0.2088)	0.4137	(0.1792)

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 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 Q3 was 119,083,747 and 119,028,532 for 2024 Q3. The weighted average number of Shares outstanding for 2025 Q3 LTM and 2024 Q3 LTM was 119,056,781 and 118,989,934, respectively.
6. 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 restructuring initiatives. In 2025 Q2, NFI recorded a \$14.8 million restructuring provision related to the expected role reductions at Alexander Dennis. Free Cash Flow^{NG} reconciling amounts are net of right-of-use asset and property, plant and equipment impairments. 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 role reductions.
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 Q3 includes a gain of \$0.2 million compared to a gain of \$0.2 million in 2024 Q3 for the interest rate swaps. 2025 Q3 includes a gain of \$2.1 million and 2024 Q3 includes a gain of \$5.2 million on the cash conversion option. The prepayment option related to the 2023 Second Lien Debt had a gain of \$16.0 million in 2025 Q3 and a gain of \$0.6 million in 2024 Q3.
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 Q3, \$4.5 million in labour and overhead costs were incurred as a result of the seat supply disruption, in addition to \$9.7 million recognized in 2025 Q2, \$10.6 million recognized and 2025 Q1, and \$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. In 2025 Q2, the Company recorded a \$80.9 million intangible asset impairment related to the Alexander Dennis manufacturing business unit.
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 recognized an accounting gain in 2023 Q3 stemming from the modification made to its prior 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. 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.
15. 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, and a \$10 million goodwill 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 impairment.
16. The Company assessed an early repayment fee of \$10.8 million associated with the 2023 Second Lien Debt.
17. In 2025 Q2, NFI recorded an impairment on the previously recorded California Air Resources Board (CARB) credit of \$1.6 million.

18. During 2025 Q3, NFI initiated a Battery Recall related to certain battery modules from a common supplier, XALT Energy, LLC. The recall impacted approximately 700 battery-electric buses and coaches (primarily New Flyer buses).

Adjusted Net Earnings (Loss)^{NG} and Adjusted Net Earnings (Loss) per Share^{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)		39-Weeks	39-Weeks	52-Weeks	52-Weeks
	2025 Q3	2024 Q3	Ended September 28, 2025	Ended September 29, 2024	Ended September 28, 2025	Ended September 29, 2024
Net loss	(140,879)	(14,993)	(308,140)	(21,859)	(289,576)	(24,190)
Adjustments, net of tax ^{1,2}						
Unrealized foreign exchange (gain) loss	(923)	1,094	(1,653)	(4,506)	(9,992)	(3,637)
Unrealized loss (gain) on interest rate swap	106	1,915	(246)	794	(689)	794
Unrealized (gain) loss on cash conversion option	(1,475)	3,598	(703)	779	(6,047)	1,134
Unrealized gain on prepayment option of second lien debt ³	-	(3,734)	(9,420)	(5,871)	(10,160)	(6,640)
Unrealized loss on second lien optional redemption	1,056	-	2,201	-	2,201	-
Loss on debt modification ⁴	-	-	-	-	-	1,104
Accretion associated to gain on debt modification	-	(345)	(1,013)	(1,007)	(1,703)	(1,458)
Loss on debt extinguishment ⁵	-	-	29,798	161	29,798	161
Equity settled stock-based compensation	344	638	1,532	1,511	1,561	1,994
(Gain) loss on disposition of property, plant and equipment	(25)	8	(135)	(22)	20	(65)
Past service costs and other pension costs ⁶	-	-	-	-	-	(4,830)
Unrecoverable insurance costs and other ⁷	-	-	-	80	-	696
Deferred tax assets not recognized ¹⁴	-	-	34,443	-	34,443	-
Expenses incurred outside of normal operations ⁸	3,085	-	17,115	-	24,744	(1,191)
Other tax adjustments	-	-	(6,311)	-	(6,311)	-
Impairment loss on goodwill ¹²	-	-	9,965	-	9,965	-
Battery Recall ¹⁵	158,603	-	158,603	-	158,603	-
Fee for early repayment of 2023 second lien debt ¹³	-	-	7,469	-	7,469	-
Impairment (recovery) loss on property, plant, and equipment ¹²	(3,829)	-	504	-	504	-
Accretion in carrying value of convertible debt and cash conversion option	1,500	1,419	4,414	4,174	5,854	5,511
Prior year sales tax provision ⁹	-	-	-	-	-	28
Impairment loss on intangible assets ¹⁰	-	-	80,897	709	81,760	709
Restructuring costs ¹¹	(5,426)	5,559	6,453	7,700	7,267	6,635
Adjusted Net Earnings (Loss) ^{NG}	12,137	(4,841)	25,773	(17,357)	39,711	(23,245)
Loss per Share (basic)	(1.18)	(0.13)	(2.59)	(0.18)	(2.43)	(0.20)
Loss per Share (fully diluted)	(1.18)	(0.13)	(2.59)	(0.18)	(2.43)	(0.20)
Adjusted Net Earnings (Loss) per Share (basic) ^{NG}	0.10	(0.04)	0.22	(0.15)	0.33	(0.20)
Adjusted Net Earnings (Loss) per Share (fully diluted) ^{NG}	0.10	(0.04)	0.22	(0.15)	0.33	(0.20)

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. As a result of the Company's refinancing in 2023, the Company has recognized an accounting gain stemming from the modification made to its prior secured facilities.
5. In 2024 Q2, the Company recognized an accounting loss for the debt extinguishment related to the amendments made to the MDC senior unsecured facility. In 2025 Q2, the Company recognized an accounting loss for the debt extinguishment as a result of the Company's comprehensive refinancing with the 2025 First Lien Facility.
6. 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.
7. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
8. 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 Q3, \$4.5 million in labour and overhead costs were incurred as a result of the seat supply disruption, in addition to \$9.7 million recognized in 2025 Q2, \$10.6 million recognized and 2025 Q1, and \$11.1 million recognized in 2024 Q4. 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 role reductions.
9. Provision for sales taxes as a result of a previous state sales tax review.
10. In 2024 Q1, the Company recognized an impairment loss on an NPD project for \$1.0 million. In 2025 Q2, the Company recorded a \$80.9 million intangible asset impairment related to the Alexander Dennis manufacturing business unit.
11. 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 role reductions at Alexander Dennis. Free Cash Flow^{NG} reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.
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 a \$4.3 million property, plant and equipment impairment, and a \$10 million goodwill 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 impairment.
13. The Company assessed a fee for early repayment associated with the 2023 Second Lien Debt.
14. 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.
15. During 2025 Q3, NFI initiated a Battery Recall related to certain battery modules from a common supplier, XALT Energy, LLC. The recall impacted approximately 700 battery-electric buses and coaches (primarily New Flyer buses).

Reconciliation of Shareholders' Equity to Invested Capital^{NG}

(\$ thousands)	2025 Q3	2025 Q2	2025 Q1	2024 Q4
Shareholders' Equity	417,925	557,787	703,529	707,754
Addback				
Long term debt	273,334	324,660	643,872	610,237
Second lien debt	607,887	611,056	174,202	173,741
Obligation under lease	134,973	129,738	129,629	129,511
Convertible debentures	231,841	233,567	221,540	218,020
Senior unsecured debt	33,659	33,322	51,051	50,040
Derivatives	(15,644)	(13,852)	(6,874)	(10,497)
Cash	(72,649)	(78,912)	(107,985)	(49,557)
Invested Capital ^{NG}	1,611,326	1,797,366	1,808,964	1,829,249
Average of invested capital ^{NG} over the quarter	1,704,346	1,803,165	1,819,107	1,836,095

	2024 Q3	2024 Q2	2024 Q1	2023 Q4
Shareholders' Equity	699,717	704,031	697,580	702,913
Addback				
Long term debt	610,624	576,145	562,324	536,037
Second lien debt	173,309	172,910	172,568	172,396
Obligation under lease	130,020	131,382	135,959	138,003
Convertible debentures	230,453	225,628	225,972	228,985
Senior unsecured debt	56,210	54,997	61,081	61,796
Derivatives	2,327	(2,740)	(1,783)	8,010
Cash	(59,720)	(77,445)	(68,491)	(49,615)
Invested Capital ^{NG}	1,842,940	1,784,908	1,785,210	1,798,525
Average of invested capital ^{NG} over the quarter	1,813,922	1,785,059	1,791,868	1,802,654

Invested Capital^{NG}

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

ROIC^{NG}

ROIC^{NG} is not a recognized measure under IFRS Accounting Standards and its components do not have standardized meanings prescribed by IFRS. Management believes that ROIC^{NG} is an important measure in evaluating the historical performance of the Company. The Company defines ROIC^{NG} as NOPAT^{NG} divided by average invested capital for the last 12-month period.

Liquidity^{NG}

Liquidity^{NG} is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS. The Company defines Liquidity^{NG} as cash on-hand plus available capacity under its 2025 First Lien Facility.

Working Capital Days^{NG}

Working Capital Days^{NG} is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS. The Company defines Working Capital Days^{NG} as the calculated number of days to convert working capital to cash. It is calculated by the number of days in the last twelve months (2025 Q3 LTM - 364 days) divided by the working capital turnover ratio (total sales for the last twelve months divided by average working capital for the last thirteen months).

Working Capital Days^{NG} is calculated based on the following line items on the unaudited interim condensed consolidated statement of financial position: Accounts Receivable and Inventories less Accounts Payables and Accrued Liabilities, Deferred Revenue and Provisions.

Book-to-Bill Ratio^{NG}

Book-to-bill ratio^{NG} is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS. The Company defines book-to-bill ratio^{NG} as new firm orders and exercised options divided by new deliveries.

Backlog^{NG}

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

Total Leverage Ratio^{NG}

Total Leverage Ratio^{NG} is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS. TLR^{NG} is calculated as aggregate indebtedness of the Company, not including the Company's Debentures and certain non-financial products, but including any senior unsecured or second lien indebtedness, less unrestricted cash and cash equivalents up to a maximum of \$50 million, divided by Adjusted EBITDA^{NG} (calculated on a trailing twelve-month basis).

Interest Coverage Ratio^{NG}

Interest Coverage Ratio^{NG} is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS.

ICR^{NG} for 2025 Q3 was calculated as the same trailing twelve month Adjusted EBITDA^{NG} as the Total Leverage Ratio^{NG} divided by 2025 Q3 interest expense on the Secured Facilities, the Debentures, any senior unsecured or second lien indebtedness and other interest and bank charges, and adjusted to a yearly equivalent by applying a multiplier of four.

ICR^{NG} for Fiscal 2024 was calculated as the same trailing twelve month Adjusted EBITDA^{NG} as the Total Leverage Ratio^{NG} divided by the trailing twelve-month interest expense on the prior secured facilities, the Debentures, any senior unsecured or second lien indebtedness and other interest and bank charges.

Senior Secured Net Leverage^{NG}

Senior Secured Net Leverage^{NG} includes the 2025 First Lien Facility and is calculated as indebtedness on those facilities, less unrestricted cash and cash equivalents up to a maximum of \$50 million, divided by Adjusted EBITDA^{NG} (calculated on a trailing twelve-month basis).

Capital Allocation Policy

The Company has a capital allocation policy based on an operating model intended to provide consistent and predictable cash flow and maintain a strong balance sheet. This policy has established guidelines that are reviewed by the Board on a quarterly basis and provides targets for maintaining financial flexibility, business investment, and return of capital to shareholders.

Maintaining Financial Flexibility

The Company plans to prudently use leverage to manage liquidity^{NG} risk. Liquidity^{NG} risk arises from the Company's financial obligations and from the management of its assets, liabilities, and capital structure. This risk is managed by regularly evaluating the liquid financial resources to fund current and long-term obligations, and to meet the Company's capital commitments in a cost-effective manner.

The main factors that affect liquidity^{NG} include sales volume and mix, production levels, cash production costs, working capital requirements, capital expenditure requirements, scheduled repayments of debt obligations, interest costs, funding requirements of the Company's pension plans, income taxes, credit capacity, letters of credit for surety bonds and expected future debt and equity capital market conditions.

The Company's liquidity^{NG} requirements are met through a variety of sources, including cash on hand, cash generated from operations, the 2025 First Lien Facility (see below), leases, and debt and equity capital markets. The Company believes that its cash position and capacity under its 2025 First Lien Facility, combined with anticipated future cash flows and access to capital markets, will be sufficient to fund operations, meet financial obligations as they come due, and provide the funds necessary for capital expenditures, and other operational needs. It is possible that unexpected events could significantly impair the Company's liquidity^{NG} and there can be no assurance that the Company would be able to obtain additional liquidity^{NG} when required in such circumstances. Please refer to Appendix A of this MD&A for identified liquidity risks.

At September 28, 2025, the Company had convertible debentures outstanding of C\$338 million ("Debentures"). The Debentures may be converted in whole or in part from time to time at the holder's option into 30.1659 Shares for each C\$1,000 principal amount of Debentures, representing a conversion price of approximately C\$33.15 per Share and total potential conversion of 10,196,074 shares.

The details of the covenants under the 2025 First Lien Facility are as follows:

	Total Leverage Ratio ^{NG}	Interest Coverage Ratio ^{NG}	Senior Secured Leverage Ratio ^{NG}
2025 Q3	<4.75x	>1.50x	≤3.00x
2025 Q4	<4.75x	>2.00x	≤3.00x
2026 Q1	<4.75x	>2.00x	≤3.00x
2026 Q2 and thereafter	<4.75x	>2.50x	≤3.00x

	September 28, 2025	December 29, 2024
Total Leverage Ratio ^{NG} (must be less than 4.75 [2024: must be less than 4.75])	3.37	4.37
Senior Secured Leverage Ratio ^{NG} (must be less than 3.00 [2024: must be less than 3.50])	0.89	3.09
Interest Coverage Ratio ^{NG} (must be greater than 1.50 [2024: must be greater than 1.25])	2.24	1.51

As of September 28, 2025, NFI's liquidity^{NG} was \$386.0 million. As part of the Company's efforts to improve working capital and liquidity^{NG}, the Company has secured milestone payments and deposits from certain customers. The Company remains focused on cash and liquidity management, including efforts to accelerate deliveries and customer acceptances, accelerating customer payments through the pursuit of advance payments and deposits wherever possible, and improving supplier payment terms.

The Company remains focused on deleveraging its balance sheet and returning to its targeted leverage levels of 1.5x to 2.5x total debt to Adjusted EBITDA^{NG}. Management believes it will achieve its longer-term leverage targets as the Company delivers on its backlog^{NG}, and benefits from record government investments in public transportation, and growing demand for its buses, coaches, parts and services provided by Infrastructure SolutionsTM services and Aftermarket sales. The reduction in leverage is also expected to be driven by increased production rates, the anticipated stabilization of parts and components supply, and the active focus on reducing working capital.

Compliance with financial covenants is reviewed quarterly by management and reported to the Board. Other than the requirements imposed by borrowing agreements, the Company is not subject to any externally imposed capital requirements. Capital management objectives are reviewed on a quarterly basis or when strategic capital transactions arise.

The Company continuously evaluates its capital structure to match liquidity and capital needs with a desire to lower overall interest expenses. On May 7, 2025, the Company entered into a 2025 First Lien Facility with a total borrowing capacity of \$845 million, which includes \$300 million in letter of credit availability, set for a two-year term. On June 13, 2025, the Company issued 2025 Second Lien Debt, as disclosed in Note 12 of the unaudited interim condensed consolidated financial statements, that decreased the total borrowing capacity to \$700 million and provided access to an additional \$250 million through an accordion feature and an extension to May 7, 2029. This new facility refinanced and replaced the Company's previous North American Facility and UK Facility, and the transaction has been accounted for as a debt extinguishment in accordance with IFRS 9.

Business Investment

The Company plans to invest in the current business for future growth and will continue to invest in common systems and LEAN manufacturing operations to improve quality and cost effectiveness, while also investing to expand the Company's expertise in ZEBs, Infrastructure Solutions™, and workforce development. The Company has made significant investments in its production facilities to achieve its strategy of offering the broadest range of vehicle offerings in heavy-duty transit, coach and low-floor cutaways. These investments have ensured that New Flyer has the ability to manufacture clean diesel, CNG, diesel electric hybrid and ZEBs across its network. Alexander Dennis has the ability to produce ZEBs and diesel buses at all of its facilities and MCI has invested in its production facilities to improve common line production for public and private markets, and internal combustion engines and ZEBs.

Alexander Dennis continues to advance its integrated aftermarket solution, AD24, which provides fleet telematics data, access to personalized online parts and technical publications plus connections to field support, service, training and invoice management. AD24 is one element of NFI's numerous investments into telematics solutions to assist customers to track detailed performance and maintenance metrics associated with their vehicles.

In October 2024, NFI announced that in response to growing demand for its products in Canada, the Company is expanding its Canadian manufacturing capabilities through its All Canadian Build project. NFI is co-investing in the project alongside government partners to support facility upgrades, zero-emission bus testing for Canadian customers, working capital, project administration, and other capital and operational costs. Construction activities began in October 2024 and the first bus entered production in September 2025, with expectations that the facility will be fully completed by December 2025, with a continued ramp-up in production over the following two years. In June 2025, Alexander Dennis assumed manufacturing operations of its North American contract manufacturing partner, Big Rig Manufacturing in Las Vegas. The transaction included a purchase of assets (primarily inventory and equipment), with Alexander Dennis North America assuming a leased facility and the employees.

The Company's capital allocation priorities are currently focused on deleveraging, product development, strengthening its balance sheet and supporting the recovery of operations. While the Company will consider business acquisitions and partnerships that will further grow and diversify the business, strengthen supply chain, and contribute to long-term competitiveness, its current focus remains on deleveraging efforts, that will primarily be driven by improved performance from the Company's manufacturing segment results. In addition, there are covenants under the 2025 First Lien Facility and 2025 Second Lien Debt that limit the Company's ability to make acquisitions, pay dividends and make capital expenditures. Investment decisions are based on several criteria, including but not limited to: investment required to maintain or enhance operations; enhancement of cost effectiveness through vertical integration of critical supply and sub-assembly in-sourcing; and acquisitions in current or adjacent markets that are considered accretive to the business.

Return of Capital to Shareholders

The Company maintains a Share dividend policy that is consistent with the Company's financial performance and the desire to retain certain cash flows to support the ongoing requirements of the business and to provide the financial flexibility to pursue revenue diversification and growth opportunities. Currently dividends have been suspended and future decisions on the resumption of dividend payments will be dependent on financial performance, compliance with the First Lien Facility and Second Lien Debt covenants, and capital allocation priorities.

The Company's 2025 Q3 Free Cash Flow^{NG} was C\$20.4 million, with no dividends declared during this period. For 2024 Q3, Free Cash Flow^{NG} was C\$2.6 million and no dividends were declared during the period.

Controls and Procedures

Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining internal controls over financial reporting (“ICFR”), as defined under rules adopted by the Canadian Securities Administrators. ICFR were designed under the supervision of, and with the participation of, the President and Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”). The Company’s ICFR are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS Accounting Standards.

Management adheres to the “Internal Control - Integrated Framework 2013” (“COSO 2013”) from the Committee of Sponsoring Organizations of the Treadway Commission.

Management, under the supervision of the CEO and CFO, evaluated the design and operational effectiveness of the Company’s ICFR as of September 28, 2025 in accordance with the criteria established in COSO 2013, and concluded that the Company’s ICFR are effective.

There have been no changes in our internal controls over financial reporting that occurred as of September 28, 2025 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

ICFR, no matter how well designed, have inherent limitations. Therefore, ICFR can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements.

Disclosure Controls

Management is responsible for establishing and maintaining disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required to be disclosed is reported within time periods prescribed by applicable securities legislation. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. The Company’s CEO and CFO have concluded that disclosure controls and procedures as at September 28, 2025 were effective.

Appendix A

Meaning of Certain References

References in this MD&A to the “Company” are to NFI and all of its direct or indirect subsidiaries, including New Flyer Industries Canada ULC (“NFI ULC”), New Flyer of America Inc. (“NFAI”), The Aftermarket Parts Company, LLC (“TAPC”), KMG Fabrication, Inc. (“KMG”), Carfair Composites Inc. (“CCI”) and Carfair Composites USA, Inc. (“CCUI”, and together with “CCI”, “Carfair”), The Reliable Insurance Company Limited, ARBOC Specialty Vehicles, LLC (“ARBOC”), New MCI Holdings, Inc. and its affiliated entities (collectively, “MCI”), and Alexander Dennis Limited and its affiliated entities (collectively, “AD”). References to “New Flyer” generally refer to NFI ULC, NFAI, TAPC, KMG, CCI, and CCUI. References in this MD&A to “management” are to senior management of NFI and the Company.

The Shares trade on the Toronto Stock Exchange (“TSX”) under the symbol NFI, and the Convertible Debentures trade on the TSX under the symbol NFI.DB. As at September 28, 2025, 119,075,877 Shares were issued and outstanding. Additional information about NFI and the Company, including NFI’s Annual Information Form and information circular, is available on SEDAR+ at <http://www.sedarplus.ca>.

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 MD&A 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 MD&A. 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 motor coach purchase contracts if it is unable to meet the applicable delivery deadlines under such contracts. 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 MD&A 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 MD&A (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.

Appendix B - 2025 Third Quarter Bid Universe and Order Activity

Demand for Transit Buses and Motor Coaches

The Company's "Total Bid Universe" metric tracks known active public competitions in Canada and the United States and attempts to provide an overall indication of anticipated heavy-duty transit bus and motor coach public sector market demand. It is a point-in-time snapshot of: (i) EUs in active competitions, defined as all requests for proposals received by the Company and in process of review plus bids submitted by the Company and awaiting customer action (what NFI considers to be active bids), and (ii) management's forecast, based on data provided by operators for their fleet replacement plans, of expected EUs to be placed out for competition over the next five years.

In 2025 Q3, active bids of 7,503 EUs were down 14.3% year-over-year, but an increase of 28.1% from 2025 Q2. The year-over-year decline was primarily driven by the timing of new awards with NFI recording 5,893 EUs of total new awards on an LTM basis. The quarter-over-quarter increase was primarily driven by the release of new awards and NFI finalizing several bids. The Company ended 2025 Q3 with 1,286 bids in process, and another 6,217 bids submitted, which is expected to continue to drive new orders in 2025 Q4 and into 2026.

The forecasted five-year North American industry procurement remains strong at 22,956 EUs. The Company expects that the forecasted five-year North American industry procurement will remain high in 2025 Q4 as transit agencies continue to formalize their short- and long-term procurement plans linked to the multi-billion funding programs announced and/or launched by governments in Canada and the U.S. As of 2025 Q3, the Total Bid Universe was 30,459 EUs, up 6.4% quarter-over-quarter and 3.4% year-over-year.

As at 2025 Q3, 14,022 EUs, or 46.0%, of the Total Bid Universe are ZEBs.

The Total Bid Universe EUs fluctuate significantly from quarter-to-quarter based on public tender activity procurement and award processes.

	Bids in Process (EUs)	Bids Submitted (EUs)	Active EUs	Forecasted Industry Procurement over 5 Years (EUs) ¹	Total Bid Universe (EUs)
2024 Q3	5,533	3,226	8,759	20,690	29,449
2024 Q4	3,437	3,657	7,094	21,797	28,891
2025 Q1	1,651	3,655	5,306	23,139	28,445
2025 Q2	1,711	4,144	5,855	22,769	28,624
2025 Q3	1,286	6,217	7,503	22,956	30,459

1. Management's estimate of anticipated future industry procurement over the next five years is based on direct discussions with select U.S. and Canadian transit authorities. This estimate includes potential public customers activity for New Flyer and MCI vehicles, but it excludes potential ARBOC and Alexander Dennis sales in Canada and the U.S.

Procurement of heavy-duty transit buses and motor coaches by the U.S. and Canadian public sector is typically accomplished through formal multi-year contracts and purchasing schedules (state and national contracts, agency purchasing contracts), while procurement by the private sector in North America, the UK and Europe and Asia Pacific is typically made on a transactional basis. As a result, the Company does not maintain a Total Bid Universe for private sector buses and coaches.

The sale of cutaway and medium-duty buses manufactured by ARBOC is accomplished on a transactional purchase order basis through non-exclusive third-party dealers who hold contracts directly with the customers. Bids are submitted by and agreements are held with a network of dealers. Cutaway and medium-duty bus activity is therefore not included in the Total Bid Universe metric.

Due to the transactional nature of the procurement process in the UK, European and Asia Pacific markets, Alexander Dennis does not have a Total Bid Universe metric like the one seen in North American public markets. Alexander Dennis does, however, maintain a current sales pipeline based on market demand by region. In the UK and Ireland there was an overall increase in market delivery volumes, however this growth primarily benefitted importers. Alexander Dennis has recently seen increased support for domestic manufacturers in Scotland through the support of the Scottish government. In addition, the number of UK procurements that are being led by local city councils rather than private operators is increasing, creating potential opportunities for increased focus on UK based manufacturing.

Order activity

New orders (firm and options) during 2025 Q3 totaled 644 EUs, a 38.7% decrease from 2024 Q3. The decrease is primarily driven by the timing of incoming new orders from transit agencies and the timing of U.S. government funding apportionments for fiscal year 2025. New

firm and option orders for 2025 Q3 LTM were 5,893 EUs, a decrease of 40.8% from 2024 Q3 LTM. The decrease reflects the record orders received in 2024 Q1 (5,421 EUs of total new orders). The timing of new orders can vary based on transit agency procurement processes.

In 2025 Q3, 237 option EUs converted to firm orders, which contributed to 957 EUs converted in 2025 Q3 LTM, representing a conversion ratio of 71.8%. *Further details on options are provided below under the "Options" section.*

In 2025 Q3, the Company received orders for 90 EUs of battery-electric, zero-emission vehicles, a decrease from the 227 EUs of ZEB orders in 2024 Q3 and a decrease from 248 EUs of ZEB orders in 2025 Q2. These 90 EUs of ZEBs equate to 14.0% of all new firm and option orders for the quarter.

304 EUs of new firm and option orders were pending from customers at the end of 2025 Q3, where approval of the award to the Company had been made by the customer's board, council, or commission, as applicable, but purchase documentation had not yet been received by the Company and therefore not yet included in the backlog^{NG}.

	New Orders in Quarter (Firm and Option EUs)	LTM New Orders (Firm and Option EUs)	Option Conversions in Quarter (EUs)	LTM Option Conversions (EUs)
2024 Q3	1,050	9,946	168	482
2024 Q4	1,904	9,489	437	865
2025 Q1	2,523	6,591	116	850
2025 Q2	822	6,299	167	888
2025 Q3	644	5,893	237	957

Options

In 2025 Q3, 122 options expired, as compared to 59 options that expired in 2025 Q2, and 45 options that expired in 2024 Q3. Option expiries can vary significantly quarter-to-quarter. From 2021 to 2023, certain agencies allowed a portion of older options to expire as they re-evaluated their longer-term fleet planning decisions with an increased focus on the procurement of ZEBs rather than traditional internal combustion engine propulsion. NFI has replenished a significant number of expired options through new orders, with its option backlog^{NG} growing by approximately 131.9% from the end of 2021 to 2025 Q3. In 2025 Q3, the LTM option conversion rate decreased year-over-year by 3.1% to 71.8%. The Company's conversion rate can vary significantly from quarter-to-quarter and should be looked at on an annual or LTM basis.

A significant number of public transit and public coach contracts in the U.S. and Canada have a term of three to five years. In addition, some contracts in the UK and APAC also have multi-year terms. The table below shows the number of option EUs that have either expired or have been exercised annually over the past five years, as well as the current backlog^{NG} of options that will expire each year if not exercised.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
A) Options Expired (EUs)	819	1,920	575	268	256						3,838
B) Options Exercised (EUs)	1,110	638	404	865	520						3,537
C) Current Options by year of expiry (EUs)					444	1,481	1,337	1,593	3,877	1,100	9,832
D) Conversion rate % = B / (A+B)	58%	25%	41%	76%							

In addition to contracts for identified public customers, the Company has increased its focus on purchasing schedules (state and national contracts, and cooperative agency purchasing agreements) with the objective of having multiple available schedules, from which customers within a prescribed region or from defined list, can purchase. The Company is currently named on over 40 of these purchasing schedules, either directly or through its dealers. These schedules are not recorded in backlog^{NG} as they do not have defined quantities allocated to the Company or any other original equipment manufacturer. Once a customer makes an order under one of these agreements, the purchase is recorded as a firm order. The Company has received more than 3,000 vehicle awards from these schedules since the start of 2018, reflecting their growing use by North American transit agencies as a procurement alternative.

The Company's 2025 Q3 Book-to-Bill^{NG} ratio (defined as new firm orders and exercised options divided by new deliveries) was 72.4%, a decrease from 117.3% in 2024 Q3. This decrease was driven primarily by lower firm orders and higher deliveries in the quarter. 2025 Q3 LTM Book-to-Bill^{NG} ratio was 108.5%, a decrease from the rate of 115.4% for 2024 Q3 LTM.

Backlog^{NG}

The Company's total backlog^{NG} consists of buses sold primarily to U.S. and Canadian public transit and coach customers and private operators in the UK, U.S. and internationally. The majority of the backlog^{NG} relates to New Flyer transit buses for public customers with some of the backlog^{NG} consisting of units from MCI, AD, and ARBOC. Options for ARBOC vehicles are held by dealers, rather than the manufacturer, and are not included as options in the NFI backlog^{NG}, but are reflected in firm backlog^{NG} when the vehicles are ordered by the dealer.

Transit buses and motor coaches incorporating clean propulsion systems, including compressed natural gas, diesel-electric hybrid, and ZEBs, which consist of trolley-electric, fuel cell-electric, and battery-electric buses, represent approximately 57.3% of the total backlog^{NG} as of the end of 2025 Q3, this is flat with 2025 Q2. As at the end of 2025 Q3, there were 5,485 EUs of ZEBs in the backlog^{NG}, representing 35.1% of the total backlog^{NG}, relatively flat from 35.3% as at the end of 2025 Q2 and down from 41.0% as at the end of 2024 Q3.

	2025 Q3			2025 Q2			2024 Q3		
	Firm Orders	Options	Total	Firm Orders	Options	Total	Firm Orders	Options	Total
Beginning of period	6,082	10,116	16,198	6,236	10,291	16,527	5,370	9,235	14,605
New orders	569	75	644	771	51	822	998	52	1,050
Options exercised	237	(237)	—	167	(167)	—	168	(168)	—
Shipments ¹	(1,114)	—	(1,114)	(1,076)	—	(1,076)	(994)	—	(994)
Cancelled/expired	-	(122)	(122)	(16)	(59)	(75)	(26)	(45)	(71)
End of period	5,774	9,832	15,606	6,082	10,116	16,198	5,516	9,074	14,590
Consisting of:									
Heavy-duty transit buses	4,821	9,514	14,335	4,950	9,691	14,641	4,573	8,758	13,331
Motor coaches	395	318	713	434	425	859	282	316	598
Cutaway and medium-duty buses	558	—	558	698	—	698	661	—	661
Total Backlog^{NG}	5,774	9,832	15,606	6,082	10,116	16,198	5,516	9,074	14,590

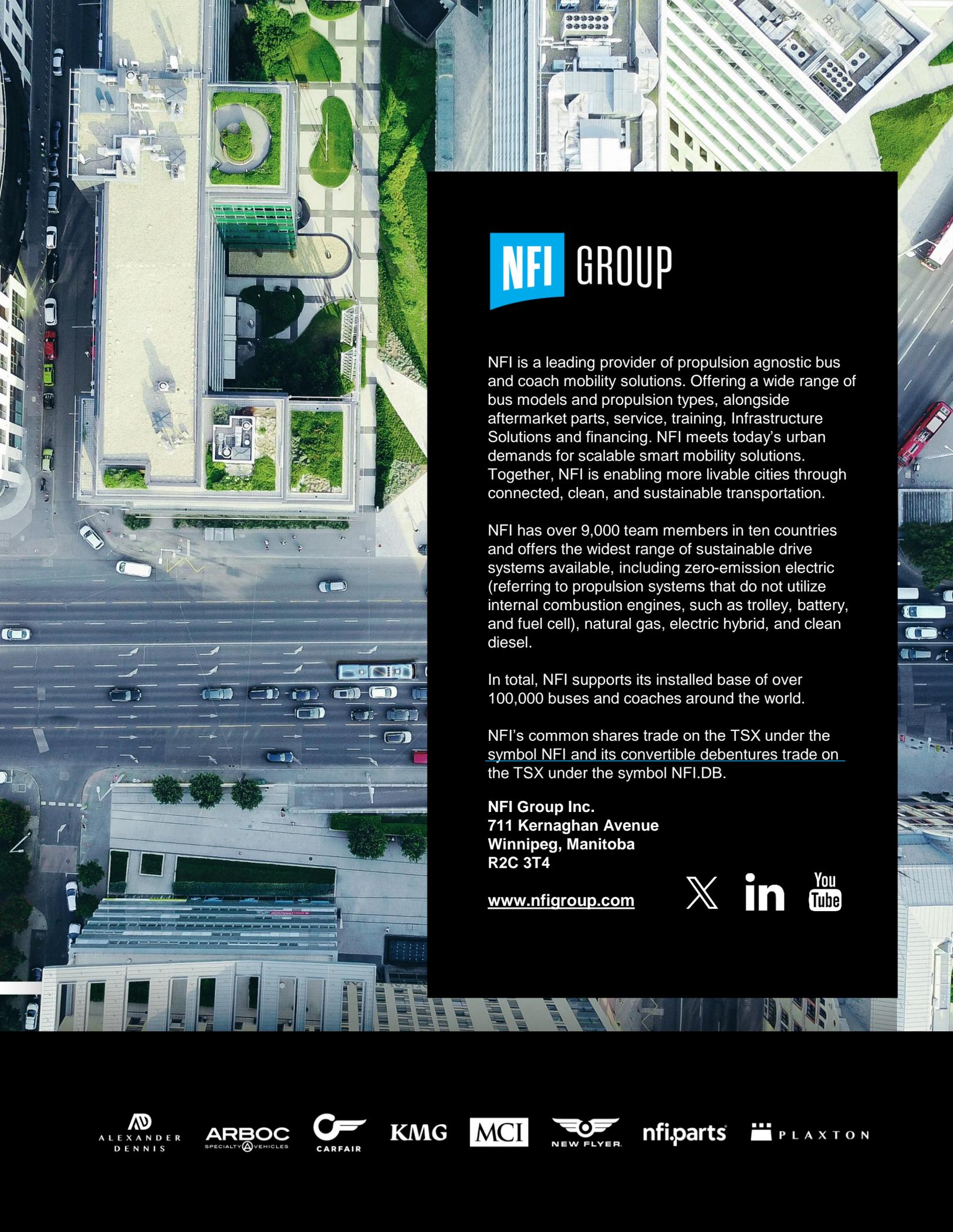
1. Shipments do not include delivery of pre-owned coaches as these coaches are not included in the backlog^{NG}.

At the end of 2025 Q3, the Company's total backlog^{NG} of 15,606 EUs (firm and options) increased by 7.0% from the end of 2024 Q3, driven by strong new awards in 2024 Q4 and 2025 Q1. Backlog^{NG} for 2025 Q3 has a total dollar value of \$13.2 billion, a 2.2% decrease from 2025 Q2 and a 10.4% increase from 2024 Q3.

The average price of an EU in total backlog^{NG} is now \$0.85 million, a 3.2% increase from 2024 Q3. This increase was driven by the impacts of improved pricing and general improvements in contract margins.

The summary of the values is provided below.

	2025 Q3		2025 Q2		2024 Q3	
		EUs		EUs		EUs
Total firm orders	\$4,780.9	5,774	\$4,871.3	6,082	\$4,168.8	5,516
Total options	\$8,461.3	9,832	\$8,672.6	10,116	\$7,830.5	9,074
Total backlog^{NG}	\$13,242.2	15,606	\$13,543.9	16,198	\$11,999.3	14,590



NFI GROUP

NFI is a leading provider of propulsion agnostic bus and coach mobility solutions. Offering a wide range of bus models and propulsion types, alongside aftermarket parts, service, training, Infrastructure Solutions and financing. NFI meets today's urban demands for scalable smart mobility solutions. Together, NFI is enabling more livable cities through connected, clean, and sustainable transportation.

NFI has over 9,000 team members in ten countries and offers the widest range of sustainable drive systems available, including zero-emission electric (referring to propulsion systems that do not utilize internal 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 trade on the TSX under the symbol NFI and its convertible debentures trade on the TSX under the symbol NFI.DB.

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Unaudited Interim Condensed Consolidated Financial Statements of

NFI GROUP INC.

September 28, 2025

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NFI GROUP INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET LOSS AND TOTAL COMPREHENSIVE LOSS
13-weeks and 39-weeks ended September 28, 2025 ("2025 Q3" and "2025 Q3 YTD", respectively) and 13-weeks and 39-weeks ended September 29, 2024 ("2024 Q3" and 2024 Q3 YTD, respectively)
(in thousands of U.S. dollars except per share figures)

	2025 Q3	2024 Q3	2025 Q3 YTD	2024 Q3 YTD
Revenue (note 18)	\$ 879,857	\$ 711,344	\$ 2,589,446	\$ 2,285,326
Cost of sales (note 4)	994,183	624,550	2,493,572	2,028,144
Gross (loss) profit	(114,326)	86,794	95,874	257,182
Sales, general and administration costs and other operating expenses	53,230	60,807	199,149	182,100
Foreign exchange (gain) loss	(1,922)	471	4,509	2,553
(Loss) earnings from operations	(165,634)	25,516	(107,784)	72,529
Gain (loss) on disposition of property, plant and equipment and right-of-use asset	36	(11)	195	32
Fee for early repayment of 2023 second lien debt (note 12)	-	-	(10,825)	-
Loss on debt extinguishment (note 10, 11, 12)	-	-	(43,185)	(234)
Impairment recovery (loss) on property, plant and equipment (note 6)	3,829	-	(504)	-
Impairment loss on goodwill (note 6)	-	-	(9,965)	-
Impairment loss on intangible assets (note 6)	-	-	(82,516)	(1,028)
Unrealized foreign exchange gain (loss) on monetary items	1,338	(1,585)	2,396	6,531
(Loss) earnings before interest and income taxes	(160,431)	23,920	(252,188)	77,830
Interest and finance costs				
Interest on long-term debt	19,131	22,617	63,023	65,540
Interest on convertible debt	3,056	3,113	9,191	9,339
Interest on senior unsecured debt (note 10)	-	1,461	989	4,565
Accretion in carrying value of long-term debt and second lien debt (note 11, 12)	796	2,352	5,598	6,966
Accretion in carrying value of convertible debt (note 13)	2,174	2,055	6,396	6,048
Accretion in carrying value of senior unsecured debt (note 10)	73	73	219	247
Interest expense on lease liability	2,441	2,791	7,479	7,659
Other interest and bank charges	4,744	1,513	14,983	9,006
Fair market value gain on prepayment option of 2023 second lien debt (note 12)	-	(5,412)	(13,653)	(8,508)
Fair market value loss (gain) on interest rate swap (note 17b)	153	2,775	(357)	1,151
Fair market value loss optional redemption of 2025 second lien debt (note 12)	1,530	-	3,190	-
Fair market value (gain) loss on cash conversion option (note 13)	(2,137)	5,214	(1,018)	1,128
	31,961	38,553	96,040	103,141
Loss before income tax expense	(192,392)	(14,633)	(348,228)	(25,311)
Income tax (recovery) expense (note 9)	(51,513)	360	(40,088)	(3,452)
Net loss for the period	\$ (140,879)	\$ (14,993)	\$ (308,140)	\$ (21,859)
Other comprehensive loss				
Actuarial gain (loss) on defined benefit pension plan - this item will not be reclassified subsequently to profit or loss	2,161	(3,911)	3,774	4,724
Unrealized foreign exchange (loss) gain on translation of foreign operations - this item will not be reclassified subsequently to profit or loss	(1,667)	13,649	12,096	11,726
Total comprehensive loss for the period	(140,385)	(5,255)	(292,270)	(5,409)
Net loss per share (basic) (note 15)	\$ (1.18)	\$ (0.13)	\$ (2.59)	\$ (0.18)
Net loss per share (diluted) (note 15)	\$ (1.18)	\$ (0.13)	\$ (2.59)	\$ (0.18)

The accompanying notes are an integral part of the consolidated financial statements.

NFI GROUP INC.**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**As at September 28, 2025
(in thousands of U.S. dollars)

	September 28, 2025	December 29, 2024
Assets		
Current		
Cash	\$ 72,649	\$ 49,557
Accounts receivable (note 3, 17e)	566,931	489,731
Inventories (note 4)	948,869	959,633
Income tax receivable	8,786	1,980
Other current asset (note 5, 17a)	7,243	6,937
Derivative financial instruments (note 17a, b, c)	1,328	-
Prepaid expenses and deposits	27,623	25,342
	1,633,429	1,533,180
Property, plant and equipment (note 6)	204,090	192,670
Right-of-use asset	112,183	108,092
Derivative financial instruments (note 12, 17a, b)	15,890	12,347
Goodwill and intangible assets (note 6)	863,866	956,954
Accrued benefit asset	12,913	9,299
Other long-term assets (note 5, 17a)	45,338	43,670
Deferred tax assets	146,437	57,920
	\$ 3,034,146	\$ 2,914,132
Liabilities		
Current		
Accounts payable and accrued liabilities	654,700	627,536
Income tax payable	9,349	4,640
Derivative financial instruments (note 17a, b, c)	-	1,340
Current portion of long-term liabilities (note 7)	446,603	290,413
Senior unsecured debt (note 10)	33,659	19,609
	1,144,311	943,538
Accrued benefit liability	2,380	2,511
Obligations under leases	115,664	112,699
Deferred compensation obligation	3,063	1,671
Deferred revenue	26,508	29,323
Provisions (note 8)	167,070	48,037
Deferred tax liabilities	44,024	33,315
Derivative financial instruments (note 13, 17a, b)	1,574	2,855
Senior unsecured debt (note 10)	-	30,431
Long-term debt (note 11)	271,899	610,237
Second lien debt (note 12)	607,887	173,741
Convertible debentures (note 13)	231,841	218,020
	\$ 2,616,221	\$ 2,206,378
Commitments and contingencies (note 19)		
Shareholders' equity		
Share capital (note 14)	1,241,908	1,241,397
Stock option and restricted share unit reserve	16,179	14,249
Accumulated other comprehensive income	26,606	10,736
Deficit	(866,768)	(558,628)
	\$ 417,925	\$ 707,754
	\$ 3,034,146	\$ 2,914,132

The accompanying notes are an integral part of the consolidated financial statements.

NFI GROUP INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended September 28, 2025

(in thousands of U.S. dollars)

	Share Capital	Stock Option and Restricted Share Unit Reserve	Accumulated Other Comprehensive Earnings	Deficit	Total Shareholders' Equity
Balance, December 31, 2023	\$ 1,240,163	\$ 13,673	\$ 4,409	(555,332)	\$ 702,913
Net loss	-	-	-	(21,859)	(21,859)
Other comprehensive earnings	-	-	16,450	-	16,450
Equity transaction cost	7	-	-	-	7
Share-based compensation, net of deferred income taxes	-	2,193	-	-	2,193
Shares issued	1,188	(1,175)	-	-	13
Balance, September 29, 2024	\$ 1,241,358	\$ 14,691	\$ 20,859	(577,191)	\$ 699,717
Net earnings	-	-	-	18,563	18,563
Other comprehensive loss	-	-	(10,123)	-	(10,123)
Share-based compensation, net of deferred income taxes	-	(440)	-	-	(440)
Shares issued	39	(2)	-	-	37
Balance, December 29, 2024	\$ 1,241,397	\$ 14,249	\$ 10,736	(558,628)	\$ 707,754
Net loss	-	-	-	(308,140)	(308,140)
Other comprehensive earnings	-	-	15,870	-	15,870
Share-based compensation, net of deferred income taxes	-	2,220	-	-	2,220
Shares issued (note 14)	511	(290)	-	-	221
Balance, September 28, 2025	\$ 1,241,908	\$ 16,179	\$ 26,606	(866,768)	\$ 417,925

The accompanying notes are an integral part of the consolidated financial statements.

NFI GROUP INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

13-weeks and 39-weeks ended September 28, 2025 ("2025 Q3" and "2025 Q3 YTD", respectively) and 13-weeks and 39-weeks ended September 29, 2024 ("2024 Q3" and "2024 Q3 YTD")
(in thousands of U.S. dollars)

	2025 Q3	2024 Q3	2025 Q3 YTD	2024 Q3 YTD
Operating activities				
Net loss for the period	\$ (140,879)	\$ (14,993)	\$ (308,140)	\$ (21,859)
Income tax (recovery) expense	(51,513)	360	(40,088)	(3,452)
Depreciation of property, plant and equipment	12,299	10,719	35,190	36,277
Amortization of intangible assets	7,316	7,991	22,430	24,281
Impairment (recovery) loss on property, plant and equipment (note 6)	(3,829)	-	504	-
Impairment loss on intangible assets (note 6)	-	-	82,516	1,028
Impairment loss on goodwill (note 6)	-	-	9,965	-
Share-based compensation	499	925	2,220	2,191
Interest and finance costs recognized in profit or loss	32,568	38,747	107,522	110,516
Unrealized foreign exchange (gain) loss on monetary items	(1,338)	1,585	(2,396)	(6,531)
Foreign exchange loss on cash held in foreign currency	1,189	407	18	1,390
Fair value adjustment on derivative financial instrument	(607)	(198)	(11,481)	(7,380)
(Gain) loss on disposition of property, plant and equipment	(36)	11	(195)	(32)
Loss on debt extinguishment (note 10, 11, 12)	-	-	43,185	234
Defined benefit expense	816	1,237	2,708	2,829
Defined benefit funding	(704)	(975)	(2,172)	(2,475)
Cash (used in) generated by operating activities before non-cash working capital items and interest and income taxes paid	(144,219)	45,817	(58,214)	137,017
Changes in non-cash working capital items (note 16)	250,531	(35,445)	230,066	(47,981)
Cash generated by operating activities before interest and income taxes paid	106,312	10,372	171,852	89,036
Interest paid	(12,531)	(45,824)	(79,834)	(90,924)
Income taxes paid	(9,912)	(9,788)	(36,959)	(264)
Net cash generated by (used in) operating activities	83,869	(45,240)	55,059	(2,152)
Financing activities				
Repayment of obligations under lease	(5,472)	(3,867)	(15,703)	(16,378)
Repayment of senior unsecured debt	-	-	(20,000)	-
(Repayment of) proceeds from credit facilities	(66,045)	42,116	43,541	61,202
Proceeds on share issuance	24	13	221	13
Share issuance costs	-	-	-	7
Net cash (used in) generated by financing activities	(71,493)	38,262	8,059	44,844
Investing activities				
Acquisition of intangible assets	(3,972)	(3,097)	(8,706)	(10,328)
Proceeds from disposition of property, plant and equipment	69	66	82	923
Long-term restricted deposits	(705)	-	(5,009)	-
Acquisition of property, plant and equipment	(12,842)	(7,309)	(26,375)	(21,792)
Net cash used in investing activities	(17,450)	(10,340)	(40,008)	(31,197)
Effect of foreign exchange rate on cash	(1,189)	(407)	(18)	(1,390)
(Decrease) increase in cash	(6,263)	(17,725)	23,092	10,105
Cash – beginning of period	78,912	77,445	49,557	49,615
Cash – end of period	\$ 72,649	\$ 59,720	\$ 72,649	\$ 59,720

The accompanying notes are an integral part of the consolidated financial statements.

1. CORPORATE INFORMATION

1.1 Corporate information

NFI Group Inc. (“NFI”) was incorporated on June 16, 2005 under the laws of the Province of Ontario (NFI and its subsidiaries collectively referred to as the “Company”). The Company is a leading independent global bus manufacturer providing a comprehensive suite of mass transportation solutions under brands: New Flyer® (heavy-duty transit buses), Alexander Dennis (“AD”) (single and double-deck buses), MCI® (motor coaches), ARBOC® (low-floor cutaway and medium-duty buses) and NFI Parts™ (aftermarket parts sales). NFI’s common shares (the “Shares”) are listed on the Toronto Stock Exchange (“TSX”) under the symbol “NFI”. NFI’s convertible debentures are listed on the TSX under the symbol “NFI.DB”.

These unaudited interim condensed consolidated financial statements (the “Statements”) were approved by NFI’s board of directors (the “Board”) on November 6, 2025.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these Statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Statement of Compliance

The Statements are unaudited and have been prepared in accordance with IAS® Standards (“IAS”) 34, Interim Financial Reporting, and do not include all the information required for annual financial statements.

2.2 Basis of preparation

The Statements were prepared on a going concern basis in accordance with IFRS® Accounting Standards which require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

In preparing these Statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied by the Company in its audited consolidated financial statements as at and for the 52-week period ended December 29, 2024 (“Fiscal 2024”).

2.3 Principles of consolidation

The Statements include the accounts of the Company’s subsidiaries.

Subsidiaries are entities over which NFI has control, where control is achieved when NFI: has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. NFI holds 100% of the voting rights in, and therefore controls, all of its subsidiaries.

Inter-company transactions between subsidiaries are eliminated on consolidation.

2.4 Fiscal periods

	Period from December 30, 2024 to December 28, 2025 ("Fiscal 2025")			Period from January 1, 2024 to December 29, 2024 ("Fiscal 2024")		
	Period End Date		# of Calendar Weeks	Period End Date		# of Calendar Weeks
Quarter 1	March 30, 2025	("2025 Q1")	13	March 31, 2024	("2024 Q1")	13
Quarter 2	June 29, 2025	("2025 Q2")	13	June 30, 2024	("2024 Q2")	13
Quarter 3	September 28, 2025	("2025 Q3")	13	September 29, 2024	("2024 Q3")	13
Quarter 4	December 28, 2025	("2025 Q4")	13	December 29, 2024	("2024 Q4")	13
Fiscal year	December 28, 2025		52	December 29, 2024		52

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.5 Functional and presentation currency

The Company operates with multiple functional currencies. The Statements are presented in U.S. dollars as this presentation is most meaningful to financial statement users. References to “\$” are to U.S. dollars, references to “C\$” are to Canadian dollars and references to “£” are to British pounds sterling (“GBP”). For those subsidiaries with different functional currencies, exchange rate differences arising from the translation of items that form part of the net investment in the foreign operation are recorded in unrealized foreign exchange gain on translation of foreign operations in other comprehensive loss.

2.6 Standards issued but not yet adopted

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements for the presentation and disclosure of information in the consolidated financial statements to help ensure they provide relevant information that faithfully represents the Company’s assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 - Presentation of Financial Statements once effective. Initial adoption of the requirements under IFRS 18 will be obligatory for annual reporting periods on or after January 1, 2027.

The Company is currently assessing the impact of the adoption of IFRS 18 on its consolidated financial statements.

3. ACCOUNTS RECEIVABLE

	September 28, 2025	December 29, 2024
Trade, net of allowance for doubtful accounts (note 17e)	\$ 528,522	\$ 449,081
Other	38,409	40,650
	<u>\$ 566,931</u>	<u>\$ 489,731</u>

In the normal course of its business, the Company has entered into facilities with certain financial institutions whereby it can sell, without credit recourse, eligible receivables to such financial institutions. As at September 28, 2025, trade receivables of \$9.1 million were derecognized under these facilities. Accounts receivables are derecognized under this agreement as financial assets when the rights to receive cash flows have been transferred and substantially all of the risks and rewards of the asset have been transferred.

4. INVENTORIES

	September 28 2025	December 29, 2024
Raw materials	\$ 362,687	\$ 394,521
Work in process	411,447	477,398
Finished goods	174,735	87,714
	<u>\$ 948,869</u>	<u>\$ 959,633</u>

	2025 Q3	2024 Q3	2025 Q3 YTD	2024 Q3 YTD
Cost of inventories recognized as expense and included in cost of sales	\$ 712,863	\$ 587,724	\$ 2,116,269	\$ 1,930,613
Write-(up) down of inventory to net realizable value in cost of sales	(561)	1,216	517	2,148

5. OTHER LONG-TERM ASSETS

	September 28, 2025	December 29, 2024
Restricted deposit(s) (note 17b)	\$ 50,253	\$ 46,999
Long-term accounts receivable	2,328	3,608
Less: current portion of restricted deposit(s)	7,243	6,937
	<u>\$ 45,338</u>	<u>\$ 43,670</u>

5. OTHER LONG-TERM ASSETS (Continued)

Long-term restricted deposit(s) is collateral for certain of the Company's letters of credit.

On March 22, 2024, the Company entered into a contribution agreement with Manitoba Development Corporation ("MDC"), pursuant to which the Company received C\$10 million on December 6, 2024, for the purpose of adding to its Canadian production capabilities to allow for all Canadian build of transit buses. The restricted and cash equivalent balances relating to this MDC agreement is currently recorded as current portion of restricted deposits.

6. GOODWILL AND INTANGIBLE ASSETS

During the fourth quarter of each fiscal year, the Company performs annual goodwill and indefinite-life intangible assets impairment test for each of its cash generating units ("CGUs"). Management has determined that for purposes of this evaluation the Company has five CGUs: North America Bus and Coach manufacturing, ARBOC, AD manufacturing, AD parts and NFI parts. The Company also performs goodwill and indefinite-life intangible assets impairment tests whenever events or circumstances occur which, in management's judgment, could reduce the recoverable amount of one or more CGUs below its carrying amount. Potential impairment indicators include, but are not limited to, (i) the results of the most recent annual impairment test, in particular the magnitude of the excess of recoverable amount over carrying amount observed, (ii) significant downward revisions to a CGU's budgeted net cash flows, and (iii) significant increases in market interest rates or other market rates of return that are likely to affect the discount rate used in calculating a CGU's value-in-use and decrease the CGU's recoverable amount materially.

In June 2025, Alexander Dennis initiated a consultation on a new strategy for its United Kingdom (UK) manufacturing operations. The proposed restructuring aimed to align the UK business with evolving market conditions, reduce overall costs, streamline responsibilities, and enhance efficiency by eliminating duplicate functions and activities. As part of the statutory consultation process, up to 400 roles were placed at risk of redundancy. The strategy included the closure of the Falkirk, Scotland manufacturing facility and the suspension of production lines at the Larbert, Scotland facility upon completion of existing contracts. In the second quarter, the Company recognized an impairment charge of \$4.3 million related to property, plant, and equipment, \$80.9 million related to intangible assets, and \$10 million related to goodwill reflecting revised expectations for future cash flows.

In September 2025, Alexander Dennis announced its intention to keep the Larbert, Scotland manufacturing facility open and operational, and to limit the expected role reductions. Alexander Dennis continues to propose further changes to its business structure, with expectations that some roles not directly linked to Scottish manufacturing remain at risk of redundancy in the ongoing statutory consultation. Based on these factors management considered if indicators of impairment were present at the period end date and concluded that no indication of impairment existed. Management also considered whether indicators for reversal of impairment were present and determined that as a result of decision to keep Larbert facility open, an impairment recovery of \$3.8 million related to property, plant and equipment should be recognized at period end date.

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7. CURRENT PORTION OF LONG-TERM LIABILITIES

	September 28, 2025	December 29, 2024
Obligations under leases	\$ 19,307	\$ 16,811
Deferred compensation obligation	6,342	3,939
Deferred revenue	254,366	220,601
Provisions (note 8)	165,153	49,062
Government of Canada loan (note 11)	1,435	-
	\$ 446,603	\$ 290,413

8. PROVISIONS

The Company generally provides its customers with a base warranty on the entire vehicle, a corrosion warranty on the related structure and in some situations a defect warranty on batteries, beyond what is provided by the battery original equipment manufacturer.

The other category includes the restructuring provision consisting of costs associated with the closure and termination of the lease in respect of the Guildford, UK facility operated by AD, which has been terminated in May 2025. It also includes a provision for the costs in relation to the announced redundancy at the Alexander Dennis facilities and onerous contracts when the unavoidable costs of meeting the contract are greater than the economic benefits expected to be received under it. In September 2025, Alexander Dennis announced its intention to keep the Lambert, Scotland manufacturing facility open and operational, which resulted in recoveries of \$12.6 million related to previously expected role reductions.

During the 2025 third quarter, the Company issued a voluntary recall for buses and coaches equipped with certain battery modules from supplier, XALT Energy, LLC ("XALT"). The battery recall impacts approximately 700 battery-electric buses and coaches (primarily New Flyer buses). NFI recorded a warranty provision of \$227.8 million, reflecting the estimated costs for full battery replacement on all the vehicles impacted by the recall and estimated future costs associated with supporting vehicles in service that have other older XALT batteries.

The Company's insurance risk retention provision is based on insurance risk which the Company has not mitigated with third party insurance.

	Insurance Risk Retention	Warranty	Other	Total
December 31, 2023	\$ 30,429	\$ 63,158	\$ 2,432	\$ 96,019
Additions	15,014	69,607	7,757	92,378
Amounts used/realized	(12,956)	(68,949)	(7,344)	(89,249)
Unused provision	80	-	(1,167)	(1,087)
Unwinding of discount and effect of changes in the discount rate	-	(138)	-	(138)
Exchange rate differences	10	(816)	(18)	(824)
December 29, 2024	\$ 32,577	\$ 62,862	\$ 1,660	\$ 97,099
Additions	4,894	309,526	16,066	330,486
Amounts used/realized	(9,401)	(70,314)	(4,433)	(84,148)
Unused provision	-	-	(12,568)	(12,568)
Unwinding of discount and effect of changes in the discount rate	-	(59)	-	(59)
Exchange rate differences	(9)	1,341	81	1,413
	28,061	303,356	806	332,223
Less: current portion (note 7)	1,957	162,390	806	165,153
September 28, 2025	\$ 26,104	\$ 140,966	-	\$ 167,070

9. INCOME TAX (RECOVERY) EXPENSE

The income tax recovery for 2025 Q3 was \$51.5 million compared to an expense of \$0.4 million in 2024 Q3. The increased income tax recovery was primarily due to the increased loss before income tax.

The income tax recovery for 2025 Q3 YTD was \$40.1 million, compared to a recovery of \$3.5 million in 2024 Q3 YTD. The increase in the overall income tax recovery was primarily due to the increased loss before income tax offset by the deferred tax expense associated with the derecognition of deferred tax assets in the UK which no longer meet the criteria for recognition.

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9. INCOME TAX (RECOVERY) EXPENSE (CONTINUED)

The Effective Tax Rate ("ETR") for 2025 Q3 was 26.8% and the ETR for 2024 Q3 was (2.5%). The ETR for 2025 Q3 YTD was 11.5% and the ETR for 2024 Q3 YTD was 13.6%. The 2025 Q3 YTD ETR was detrimentally impacted by the derecognition of deferred tax assets associated with the UK operations.

Income tax recovery recognized in the unaudited interim condensed consolidated statement of net loss and total comprehensive loss as at September 28, 2025 does not include any amount related to BEPS Pillar Two ("Pillar Two") income taxes.

On July 4, 2024, new tax law (commonly referred to by its unofficial name, the "One Big Beautiful Bill Act") was passed by the United States Government and signed into law. The impact of this legislation has been reflected in the financial statements and has minimal beneficial impact on the Company's current tax expense for the period.

10. SENIOR UNSECURED DEBT

On January 10, 2024, the Company entered into amended agreements with EDC to increase the size of the Guarantee Facility from \$100 million to \$125 million. The amended Guarantee Facility was made up of an Account Performance Security Guarantee ("PSG") up to \$50 million and Surety Reinsurance Support up to \$75 million.

On July 17, 2024, the Company entered into an amended agreement with EDC to increase the size of the Guarantee Facility from \$125 million to \$145 million, and an increase on PSG up to \$90 million and a decrease in Surety Reinsurance Support up to \$55 million.

All amounts outstanding under the EDC supply chain financing facility have been repaid as of June 13, 2025. The Guarantee Facility remains outstanding as of September 28, 2025.

	Face Value	Unamortized Transaction Costs	Net Book Value September 28, 2025	Net Book Value December 29, 2024
MDC	\$ 35,905	\$ 215	\$ 35,690	\$ 34,683
Unamortized interest benefit	(2,031)	-	(2,031)	(4,252)
EDC	-	-	-	19,609
Less: current portion of senior unsecured debt	33,874	215	33,659	19,609
	\$ -	\$ -	\$ -	\$ 30,431

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11. LONG-TERM DEBT

	Face Value	Unamortized Transaction Costs	Net Book Value September 28, 2025	Net Book Value December 29, 2024
2023 First lien North America (“NA”) revolving credit facility, Secured (“NA Revolving Facility”)	\$ -	\$ -	\$ -	\$ 172,392
2023 First lien NA term loan, Secured (“NA Non-Revolving Facility”)	-	-	-	400,000
2023 First lien UK revolving credit facility, Secured (“UK Revolving Facility”)	-	-	-	17,336
2023 First lien UK term loan, Secured (“UK Non-Revolving Facility”)	-	-	-	20,516
Gain on debt modification	-	-	-	(5,795)
Government of Canada Loan	6,458	672	5,786	5,788
2025 First lien revolving credit facility, Secured (“2025 First Lien Facility”)	271,921	4,373	267,548	-
	278,379	5,045	273,334	610,237
Less: current portion of long-term debt (note 7)	1,435	-	1,435	-
	\$ 276,944	\$ 5,045	\$ 271,899	\$ 610,237

The Company entered into an agreement for up to C\$10 million in interest-free financing through the Government of Canada to support the Motor Coach Industries Winnipeg facility enhancements and zero-emission product development and growth.

On May 7, 2025, the Company entered into the 2025 First Lien Facility with a total borrowing capacity of \$845 million, which included \$300 million in letters of credit availability, set for a two-year term. On June 13, 2025, the Company issued 2025 Second Lien Debt, as disclosed in Note 12, that decreased the total borrowing capacity to \$700 million and provided access to an additional \$250 million through an accordion feature and an extension to May 7, 2029. This new facility refinanced and replaced the Company’s North American Facility and UK Facility, and the transaction has been accounted for as a debt extinguishment in accordance with IFRS 9.

As at September 28, 2025, \$114.7 million outstanding letters of credit were drawn against the 2025 First Lien Facility. The 2025 First Lien Facility bears interest at a rate equal to SOFR or U.S. base rate for loans denominated in U.S. dollars, CORRA or a Canadian prime rate for loans denominated in Canadian dollars, SONIA for loans denominated in pounds sterling, and EURIBOR for loans denominated in euros, plus an applicable margin in those rates, and matures on May 7, 2029.

12. SECOND LIEN DEBT

	Face Value	Unamortized Transaction Costs	Net Book Value September 28, 2025	Net Book Value December 29, 2024
2023 Second Lien Debt	\$ -	\$ -	\$ -	\$ 173,741
Prepayment Option (note 17b)	-	-	-	(12,347)
2025 Second Lien Debt	619,080	11,193	607,887	-
Optional Redemption (note 17b)	(15,890)	-	(15,890)	-
	\$ 603,190	\$ 11,193	\$ 591,997	\$ 161,394

The 2023 Second Lien Debt financing was secured against all of the Company’s assets, with interest at an annual coupon of 14.5%, payable semi-annually on January 2 and July 2 of every year commencing on January 2, 2024.

The 2023 Second Lien Debt was financed by funds and accounts managed by Coliseum Capital Management LLC.

On June 13, 2025, the Company issued \$600 million in aggregate principal amount of 9.250% second lien senior secured notes (“2025 Second Lien Debt”) due July 1, 2030. The gross proceeds received from the offering of the 2025 Second Lien Debt were used to pay certain related fees and expenses and repay outstanding balances under the Company’s senior unsecured (EDC) debt disclosed in Note 10, North American Facility and UK Facility disclosed in Note 11 and 2023 Second Lien Debt. This 2025 Second Lien Debt has resulted in the debt extinguishment of the 2023 Second Lien Debt in accordance with IFRS 9.

12. SECOND LIEN DEBT (CONTINUED)

The Company recognized a loss on debt extinguishment of \$32.5 million on the 2023 Second Lien Debt including the prepayment option.

At any time prior to July 1, 2027, the Company can exercise an option to redeem the 2025 Second Lien Debt at a redemption price equal to 100% of the aggregate principal amount plus a "make-whole" premium. At any time on or after July 1, 2027, the Company can exercise an option to redeem the 2025 Second Lien Debt at a redemption equal to 104.625% in 2027, 102.313% in 2028, and 100.000% in 2029 and thereafter.

The optional redemption had a fair value of \$15.9 million at September 28, 2025, which resulted in the recording of a loss of \$1.5 million on the Company's unaudited interim condensed consolidated statement of net loss and total comprehensive loss.

13. CONVERTIBLE DEBENTURES

On December 2, 2021, NFI completed a public offering of C\$300 million aggregate principal of convertible debentures (the "Debentures") and an additional C\$38 million aggregate principal of Debentures were issued on December 14, 2021, pursuant to the partial exercise of the over-allotment option, bearing interest at a rate of 5% per annum, payable semi-annually on January 15 and July 15 commencing on July 15, 2022. The Debentures will mature on January 15, 2027 (the "Maturity Date").

The Debentures may be converted in whole or in part from time to time at the holder's option into 30.1659 Shares for each C\$1,000 principal amount of Debentures ("Conversion Price"), representing a Conversion Price of approximately C\$33.15 per Share, prior to maturity and subject to adjustment in certain circumstances.

NFI has the option to settle the conversion in either Shares or cash (the "Cash Conversion Option"), with the Cash Conversion Option determined to be a financial liability. The fair value of the Debentures and Cash Conversion Option are classified as separate liabilities. The Debenture component will accrete to its final redemption amount of C\$338 million less all conversions, at the Maturity Date at an effective interest rate over the five-year term of the Debentures.

	Face Value	Unamortized Transaction Costs	Net Book Value September 28, 2025	Net Book Value December 29, 2024
Convertible Debentures	\$ 234,527	\$ 2,686	\$ 231,841	\$ 218,020
Cash Conversion Options (note 17b)	1,421	-	1,421	2,345
	\$ 235,948	\$ 2,686	\$ 233,262	\$ 220,365

14. SHARE CAPITAL

	September 28, 2025	December 29, 2024
Authorized - Unlimited		
Issued - 119,084,964 Common Shares (December 29, 2024: 119,035,071)	\$ 1,241,908	\$ 1,241,397

The following is a summary of changes to the issued and outstanding Shares during the period:

Shares	Number (000s)	Net Book Value
Balance - December 29, 2024	119,035	\$ 1,241,397
Stock options exercised	22	200
Director Restricted Share Units ("Director RSU") exercised	28	311
Balance - September 28, 2025	119,085	\$ 1,241,908

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15. LOSS PER SHARE

	2025 Q3	2024 Q3	2025 Q3 YTD	2024 Q3 YTD
Net loss attributable to equity holders	\$ (140,880)	\$ (14,993)	\$ (308,140)	\$ (21,859)
Weighted average number of Shares in issue	119,083,747	119,028,532	119,064,077	118,999,446
Weighted average number of Shares for diluted earnings per Share	119,083,747	119,028,532	119,064,077	118,999,446
Net loss per Share (basic)	\$ (1.1830)	\$ (0.1260)	\$ (2.5880)	\$ (0.1837)
Net loss per Share (diluted)	\$ (1.1830)	\$ (0.1260)	\$ (2.5880)	\$ (0.1837)

Basic net loss per Share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of Shares outstanding during the period.

Diluted net loss per Share is calculated using the same method as basic net loss per Share except that the average number of Shares outstanding includes the potential dilutive effect of convertible debentures, outstanding stock options, and Director RSUs granted by the Company, as determined by the treasury stock method.

16. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital items

	2025 Q3	2024 Q3	2025 Q3 YTD	2024 Q3 YTD
Accounts receivable	\$ 23,372	\$ 29,806	\$ (77,200)	\$ 8,957
Other current asset	382	-	-	-
Income tax receivable	(9,542)	112	(6,815)	(3,080)
Inventories	(23,854)	(131,294)	6,482	(207,171)
Prepaid expenses and deposits	(1,806)	5,777	(2,281)	69
Accounts payable and accrued liabilities	49,950	12,638	27,164	54,229
Income tax payable	8,577	(2,333)	4,710	-
Deferred revenue	(8,100)	47,470	30,950	102,594
Provisions	216,651	(4,781)	235,124	(4,036)
Other	(5,099)	7,160	11,932	457
	\$ 250,531	\$ (35,445)	\$ 230,066	\$ (47,981)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair value measurement of financial instruments

The Company has made the following classifications:

Cash	Fair value through profit or loss
Restricted deposit	Fair value through profit or loss
Receivables	Amortized cost
Deposits	Amortized cost
Accounts payables and accrued liabilities	Amortized cost
Convertible Debt	Amortized cost
Other long-term liabilities	Amortized cost
Long-term debt	Amortized cost
Second lien debt	Amortized cost
Derivative financial instruments	Fair value through profit or loss

(b) Fair value measurement of financial instruments

The Company categorizes its fair value measurements of financial instruments recorded at fair value according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 - Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date.

Level 2 - Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates and credit risks) and inputs that are derived from or corroborated by observable market data.

Level 3 - Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable data, including assumptions about risk.

The following table presents the carrying amounts and fair values of financial liabilities and financial assets, including their levels in the fair value hierarchy. The table excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

September 28, 2025			
	Fair value level	Carrying amount	Fair value
Financial assets recorded at fair value			
Cash	Level 1	\$ 72,649	\$ 72,649
Restricted deposit(s) (note 5)	Level 1	50,253	50,253
Foreign exchange forward contracts	Level 2	1,328	1,328
Derivative financial instrument assets - current		\$ 124,230	\$ 124,230
Optional Redemption (note 12)	Level 2	15,890	15,890
Derivative financial instrument assets - long term		\$ 15,890	\$ 15,890
Financial liabilities recorded at fair value			
Interest Rate Swap	Level 2	153	153
Cash Conversion Option (note 13)	Level 2	1,421	1,421
Derivative financial instrument liabilities - long term		\$ 1,574	\$ 1,574

December 29, 2024			
	Fair value level	Carrying amount	Fair value
Financial assets recorded at fair value			
Cash	Level 1	\$ 49,557	\$ 49,557
Restricted deposit(s) (note 5)	Level 1	46,999	46,999
Derivative financial instrument assets - current		\$ 96,556	\$ 96,556
Prepayment Option (note 12)	Level 2	12,347	12,347
Derivative financial instrument assets - long term		\$ 12,347	\$ 12,347
Financial liabilities recorded at fair value			
Foreign exchange forward contracts	Level 2	1,340	1,340
Derivative financial instrument liabilities - current		\$ 1,340	\$ 1,340
Interest Rate Swap	Level 2	510	510
Cash Conversion Option (note 13)	Level 2	2,345	2,345
Derivative financial instrument liabilities - long term		\$ 2,855	\$ 2,855

(c) Risk Management

At September 28, 2025, the Company had \$206.6 million of foreign exchange forward contracts to buy currencies in which the Company operates (U.S. dollars, Canadian dollars, or GBP). These foreign exchange contracts range in expiry dates from October 2025 to December 2026. The related asset of \$1.3 million (December 29, 2024: liability of \$1.3 million) is recorded on the unaudited interim condensed consolidated statements of financial position as a current derivative financial instruments asset and the corresponding change in the fair value of the foreign exchange forward contracts is recorded in the unaudited interim condensed consolidated statements of net loss and the total comprehensive loss.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(d) Liquidity Management

The Company's principal sources of funds are cash generated from its operating activities, share and other issuances and borrowing capacity remaining on its 2025 First Lien Facility.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At September 28, 2025, the Company had a cash balance of \$72.6 million (December 29, 2024: \$49.6 million), \$271.9 million drawn under the 2025 First Lien Facility (December 29, 2024: \$581 million), and \$114.7 million of outstanding letters of credit (December 29, 2024: \$80.5 million). The liquidity position as at September 28, 2025 is \$386.0 million.

The details of the covenants under the 2025 First Lien Facility are as follows:

	Total Leverage Ratio	Interest Coverage Ratio	Senior Secured Leverage Ratio
2025 Q3	<4.75x	>1.50x	≤3.00x
2025 Q4	<4.75x	>2.00x	≤3.00x
2026 Q1	<4.75x	>2.00x	≤3.00x
2026 Q2 and thereafter	<4.75x	>2.50x	≤3.00x

Senior Secured Leverage Ratio ("SSLR") is calculated as the aggregate indebtedness of the Company, not including any permitted second lien, unsecured and subordinated indebtedness, divided by earnings before interest, taxes, depreciation, and amortization including any non-recurring costs (calculated on a trailing twelve-month basis).

The calculation of the liquidity position under the 2025 First Lien Facility at September 28, 2025 is provided below.

	September 28, 2025	December 29, 2024
Total Leverage Ratio (must be less than 4.75 [2024: must be less than 4.75])	3.37	4.37
Senior Secured Leverage Ratio (must be less than 3.00 [2024: must be less than 3.50])	0.89	3.09
Interest Coverage Ratio (must be greater than 1.50 [2024: must be greater than 1.25])	2.24	1.51

Compliance with financial covenants under the 2025 First Lien Facility is reported quarterly to the Board. Other than the requirements imposed by letters of credit collateral (note 5) and borrowing agreements, the Company is not subject to any externally imposed capital requirements. Capital management objectives are reviewed on an annual basis or when strategic capital transactions arise. As at September 28, 2025, the Company was in compliance with all covenant requirements.

Under the terms of the 2025 First Lien Facility, the Company cannot declare or pay dividends, until certain financial conditions exist. Currently dividends have been suspended and future decisions on the resumption of dividend payments will be dependent on financial performance and compliance with 2025 First Lien Facility covenants.

The following table outlines the maturity analysis of the undiscounted cash flows of certain non-financial liability and committed leases as at September 28, 2025:

	Total	2025	2026	2027	2028	2029	Post 2029
Leases	\$ 220,895	\$ 14,494	\$ 27,040	\$ 24,563	\$ 16,891	\$ 13,649	\$ 124,258
Accrued benefit liability	2,636	2,636	-	-	-	-	-
	\$ 223,531	\$ 17,130	\$ 27,040	\$ 24,563	\$ 16,891	\$ 13,649	\$ 124,258

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(e) Credit risk

Financial instruments in an asset position, which potentially subject the Company to credit risk and concentrations of credit risk, consist principally of cash, accounts receivable and derivative financial instruments. Management has assessed that the credit risk associated with accounts receivable is mitigated by the significant proportion for which the counterparties are well-established transit authorities, which are government entities in North America.

	September 28, 2025	December 29, 2024
Current, including holdbacks	\$ 510,363	\$ 444,869
<u>Past due amounts but not impaired</u>		
1 - 60 days	44,511	28,531
Greater than 60 days	12,993	17,366
Less: Allowance for doubtful accounts	(936)	(1,035)
<u>Total accounts receivables, net</u>	<u>\$ 566,931</u>	<u>\$ 489,731</u>

As at September 28, 2025, there was no amount that would otherwise be past due or impaired whose terms have been renegotiated.

(f) Capital management

The Company's objectives in managing capital are to deploy capital to provide an appropriate return to shareholders and to maintain a capital structure that provides the flexibility to take advantage of growth and development opportunities, maintain existing assets, meet financial obligations and enhance the value for the shareholders. The capital structure of the Company consists of cash, long-term debt, other long-term liabilities and shareholders' equity. The Company manages capital to ensure an appropriate balance between debt and equity. In order to maintain or adjust its capital structure, the Company may from time to time raise additional capital from various sources, including capital markets.

18. SEGMENT INFORMATION

The Company has two reportable segments which are the Company's strategic business units: Manufacturing Operations and Aftermarket Operations. The strategic business units offer different products and services, and are managed separately because they require different technology, marketing strategies, and operations. For each of the strategic business units, the Company's President and CEO reviews internal management reports on a monthly basis.

The Manufacturing Operations segment derives its revenue from the design, manufacture, service and support of new transit buses, motor coaches, medium-duty, cutaway buses, and installation of infrastructure for electric vehicles and the sales of fiberglass reinforced polymer components. Based on management's judgment and applying the aggregation criteria in IFRS 8.12 - Operating segments, the Company's bus/coach manufacturing operations and medium-duty/cutaway manufacturing operations fall under a single reportable segment. Aggregation of these operating segments is based on the segments having similar economic characteristics with similar long-term average returns, products and services, production methods, distribution and regulatory environment.

The Aftermarket Operations segment derives its revenue from the sale of aftermarket parts and service for transit buses, coaches and medium-duty/cutaway buses, both for the Company's and third-party products.

There is no inter-segment revenue. Intercompany revenues do occur but are eliminated on consolidation and thus, are not presented in the Statements. Unallocated items in the consolidated earnings before income taxes primarily include unrealized foreign exchange gains or losses, debt extinguishment costs, interest and finance costs and corporate overhead costs.

The unallocated total assets of the Company primarily include cash, certain intangible assets, and derivative financial instruments. Corporate assets that are shared by both operating segments are allocated fully to the Manufacturing Operations segment.

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18. SEGMENT INFORMATION (Continued)

Segment information about (loss) earnings and assets is as follows:

	2025 Q3			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	\$ 722,791	\$ 157,066	\$ -	\$ 879,857
Operating costs and expenses	906,190	134,102	31,957	1,072,249
(Loss) earnings before income tax expense	(183,399)	22,964	(31,957)	(192,392)
Total assets	2,179,013	563,091	292,042	3,034,146
Addition of capital expenditures	12,275	567	-	12,842
Addition of intangible assets	3,972	-	-	3,972
Impairment gain on property, plant, and equipment	(3,829)	-	-	(3,829)
Indefinite-life intangible assets	224,055	18,901	-	242,956
Goodwill	214,379	191,376	-	405,755

	2025 Q3 YTD			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	\$ 2,124,113	\$ 465,333	\$ -	\$ 2,589,446
Operating costs and expenses	2,377,771	392,104	167,799	2,937,674
(Loss) earnings before income tax expense	(253,658)	73,229	(167,799)	(348,228)
Total assets	2,179,013	563,091	292,042	3,034,146
Addition of capital expenditures	25,808	567	-	26,375
Addition of intangible assets	8,706	-	-	8,706
Impairment loss on property, plant, and equipment	504	-	-	504
Impairment loss on intangible assets	82,516	-	-	82,516
Impairment loss on goodwill	9,965	-	-	9,965
Indefinite-life intangible assets	224,055	18,901	-	242,956
Goodwill	214,379	191,376	-	405,755

	2024 Q3			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	\$ 558,582	\$ 152,762	\$ -	\$ 711,344
Operating costs and expenses	564,008	123,360	38,609	725,977
(Loss) earnings before income tax expense	(5,426)	29,402	(38,609)	(14,633)
Total assets	2,150,569	472,110	286,127	2,908,806
Addition of capital expenditures	6,705	604	-	7,309
Addition of intangible assets	3,097	-	-	3,097
Indefinite-life intangible assets	247,728	18,887	-	266,615
Goodwill	224,217	191,296	-	415,513

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18. SEGMENT INFORMATION (Continued)

	2024 Q3 YTD			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	\$ 1,811,033	\$ 474,293	\$ -	\$ 2,285,326
Operating costs and expenses	1,826,252	381,960	102,425	2,310,637
(Loss) earnings before income tax expense	(15,219)	92,333	(102,425)	(25,311)
Total assets	2,150,569	472,110	286,127	2,908,806
Addition of capital expenditures	21,188	604	-	21,792
Addition of intangible assets	10,328	-	-	10,328
Indefinite-life intangible assets	247,728	18,887	-	266,615
Goodwill	224,217	191,296	-	415,513

The Company's revenue by geography is summarized below:

	2025 Q3	2024 Q3	2025 Q3 YTD	2024 Q3 YTD
North America	\$ 744,643	\$ 571,745	\$ 2,178,208	\$ 1,827,508
UK and Europe	126,034	133,302	382,602	433,012
Asia Pacific	9,180	6,297	28,636	24,806
Total	\$ 879,857	\$ 711,344	\$ 2,589,446	\$ 2,285,326

The Company's disaggregated manufacturing revenue by major product type is provided below. The Aftermarket operations revenue does not have similarly disaggregated categories.

	2025 Q3	2024 Q3	2025 Q3 YTD	2024 Q3 YTD
Transit buses	\$ 563,363	\$ 417,537	\$ 1,681,531	\$ 1,414,646
Motor coaches	106,923	109,104	304,205	309,793
Medium-duty and cutaway buses	30,773	18,666	81,802	55,626
Pre-owned coach	5,334	2,148	14,343	7,588
Infrastructure solutions™	13,062	7,518	32,250	14,633
Fiberglass reinforced polymer components	3,336	3,609	9,982	8,747
Manufacturing revenue	\$ 722,791	\$ 558,582	\$ 2,124,113	\$ 1,811,033

19. COMMITMENTS AND CONTINGENCIES

- (a) In the normal course of business, the Company receives notice of potential legal proceedings or is named as a defendant in legal proceedings, including those that may be related to negligence, product liability, wrongful dismissal and other employment-related matters, contractual disputes or personal injury. Many claims are covered by the Company's insurance policies. Management does not currently expect any of the current claims to have a material adverse effect on the Company's financial position, results of operations or cash flows.
- (b) Through the normal course of operations, the Company has indemnified the surety companies providing surety bonds ("surety bond") required under various contracts with customers. In the event that the Company fails to perform under a contract and the surety companies incur a cost on a surety bond, the Company is obligated to repay the costs incurred in relation to the claim up to the value of the bond.

The Company's guarantee under each bond issued by the surety companies expires on completion of obligations under the customer contract to which the bond relates. The estimated maturity dates of the surety bonds outstanding at September 28, 2025 range from December 2026 to December 2039.

At September 28, 2025, outstanding surety bonds guaranteed by the Company totaled \$355.1 million (December 29, 2024: \$307.4 million). The Company has not recorded any liability under these guarantees, as management believes that no material events of default exist under any contracts with customers.

19. COMMITMENTS AND CONTINGENCIES (CONTINUED)

- (c) The EDC guarantee facility in the amount of \$145 million consists of the PSG up to \$90 million and the Surety Reinsurance Support up to \$55 million.

The PSG program under the EDC guarantee facility is in place to cover a standby letters of credit or letters of guarantee (in each case an "LC"), required as part of a collateral package provided to support a surety facility where the new bonding capacity is a minimum of at least twice the face value of the LC. The PSG and Surety Reinsurance Support programs must only be used to support surety bonds required under contracts entered into by the Company, and where such surety bonds are bid bonds, performance bonds, regulatory bonds, license and permit bonds.

The Surety Reinsurance Support program is in place to cover surety bond(s) issued on behalf of the Company, provided that such surety bond is a bid bond, performance bond, regulatory bond, license and permit bond. Surety reinsurance support is not to exceed 75% of the surety bond amount.

As at September 28, 2025, there was \$132.0 million (December 29, 2024: \$134.7 million) outstanding under the Guarantee Facility.

As at September 28, 2025, management believes that the Company was in compliance in all material respects with all applicable contractual obligations and the Company has not provided for any costs associated with these letters of credit.

- (d) Through the normal course of operations, the Company has guaranteed payments and residual values to third-party lenders on behalf of customers. As at September 28, 2025, the Company had guaranteed \$1.2 million (December 29, 2024: \$2.1 million) of these arrangements. The Company has not provided for any of these costs, as it does not believe it will have to pay out on any of these arrangements.
- (e) On September 20, 2025, the Company announced a voluntary recall in coordination with the National Highway Traffic Safety Administration and Transport Canada. This recall, related to certain battery modules supplied by a third-party vendor, affects approximately 700 battery-electric buses and coaches (primarily New Flyer buses).

The Company has now determined that full battery replacement on these buses is required. NFI is finalizing its execution plan, with the replacement campaign expected to take approximately 18 to 24 months to complete, starting in the first half of 2026. NFI has recorded a warranty provision of \$227.8 million, reflecting the estimated costs for full battery replacement on all the vehicles impacted by the recall and estimated future costs associated with supporting vehicles in service that have other older XALT batteries. The amounts accrued reflect management's best estimate of the potential costs and adjustments may be made as changes in the cost estimates become known.

NFI has executed a tentative term sheet with XALT regarding the ongoing battery recall and is working toward a definitive agreement concerning the associated costs. Although a non-binding term sheet has been executed with the supplier the outcome of these discussions remains uncertain. As such, no recoverable amount has been recognized in the financial statements at this time.

20. SUBSEQUENT EVENTS

- (a) On October 17, 2025, the President of the United States issued a proclamation introducing Section 232 tariffs on medium- and heavy-duty trucks, certain truck parts, and buses. Effective November 1, 2025, these tariffs imposed a 10% duty on all imports of buses and coaches into the United States from any country.

While the Company expects that a significant portion of the increased costs related to public transit buses and motorcoaches will be recoverable through contractual pass-through provisions and pricing adjustments, the tariffs may result in higher sales prices for private coach operators. This could lead to reduced demand and production volumes. In addition, the timing of tariff payments, vehicle deliveries, and cash proceeds from sales may create short-term cash flow pressures. The Company is assessing the potential financial impact of these tariffs, including the possibility of smaller order sizes and changes in customer purchasing behavior.

- (b) On October 21, 2025, NFI Group Inc and GILLIG LLC announced that a 50/50 joint venture was formed to acquire the assets of American Seating Inc, a key producer of seats for transit, motorcoach, and rail applications.

The asset acquisition was being completed through a joint venture, called "GR Seating, LLC" (GR Seating), which has assumed the ownership of American Seating's key assets, including its equipment, inventory, brand, and intellectual property. Operations will continue at the existing facilities in Grand Rapids, Michigan, under the "American Seating" name.

20. SUBSEQUENT EVENTS (CONTINUED)

- (c) On October 28, 2025, XALT announced a strategic decision to wind down U.S. battery manufacturing operations. NFI has worked closely with XALT to mitigate potential impacts on planned production and customer support. The parties have executed a preliminary term sheet and are negotiating a final agreement addressing NFI's safety recalls and ongoing vehicle production. In response, NFI has transitioned the primary battery supply for New Flyer battery-electric buses to a different supplier, who has supplied battery systems to NFI since 2023.

XALT supplies battery systems for New Flyer fuel cell-electric buses, and NFI expects to secure sufficient supply for the majority of 2026 production prior to XALT ceasing operations.