



Financial Results 2025 Second Quarter

July 31, 2025

Notes to readers

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE 13-WEEKS, 26-WEEKS AND 52-WEEKS ENDED JUNE 29, 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 26-week periods ended June 29, 2025 and the 13-week and 26-week periods ended June 30, 2024 and has been prepared as of July 31, 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 ("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	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 and Canada.

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 trolley electric, 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. The joint mechanism allows the vehicle to bend when the bus turns a corner, yet have a continuous interior.

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

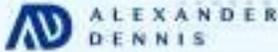
Infrastructure Solutions



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

16,198 EUs

of combined firm (6,082) and option (10,116) backlog^{NG}

\$13.5B

Value of total firm (\$4.9B) and option (\$8.6B) backlog^{NG}

275M+

Electric Service Miles Driven

35.3%

of total backlog^{NG} is ZEB EUs

640+

EV chargers delivered via Infrastructure Solutions™ since 2018

105+

Megawatts charging capacity delivered via Infrastructure Solutions™ since 2018

Financial Highlights for 2025 Second Quarter

\$868.2M

Total Revenue

\$116.2M

Gross Profit

\$70.8M

Adjusted EBITDA⁽¹⁾

\$15.7M

Free Cash Flow ⁽¹⁾

(\$1.35)

Net Loss Per Share

6,299 EUs

in LTM New Orders

6,082 EUs

In Firm Backlog⁽²⁾

1,076

EUs Delivered

(\$160.8M)

Net loss

(\$69.6M)

Net Cash used by operating activities

\$326.7M

Total Liquidity ⁽²⁾

\$0.09

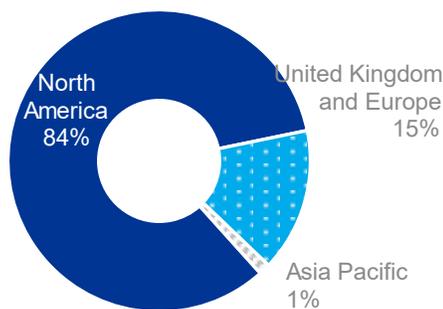
Adjusted Net Earnings Per Share ⁽³⁾

5,855 EUs

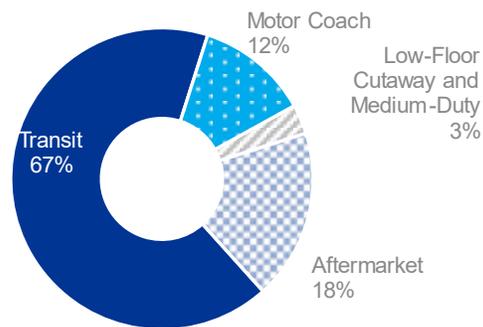
Active Bids

10,116 EUs

In Option Backlog⁽²⁾



Q2 Revenue by Geography

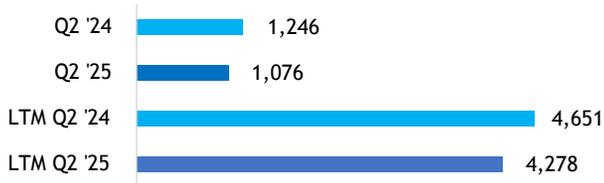


Q2 Revenue by Product

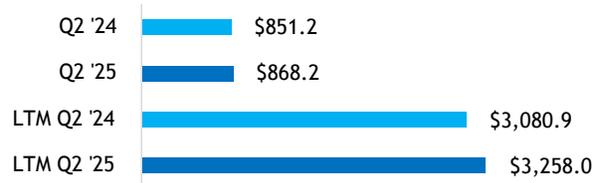
1. Represents a non-IFRS measure, meaning it is not a defined term under IFRS and does not have a standard meaning, so it may not be a reliable way to compare NFI to other companies. See Non-IFRS and Other Financial Measures section.
2. Represents a supplementary financial measure. See Non-IFRS and Other Financial Measures section.
3. Without consideration given to the minimum liquidity requirement of \$50 million under NFI's senior first lien credit facilities.
4. 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

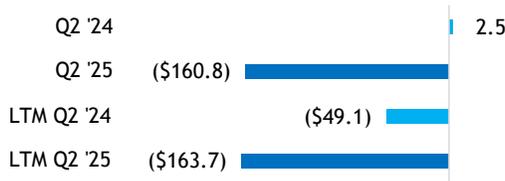
Deliveries (EUs)



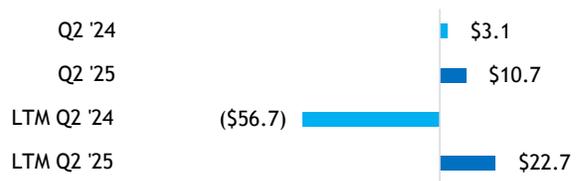
Revenue (\$ millions)



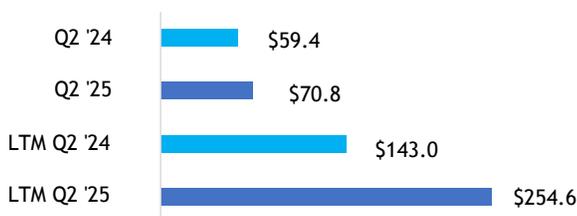
Net Earnings (Loss) (\$ millions)



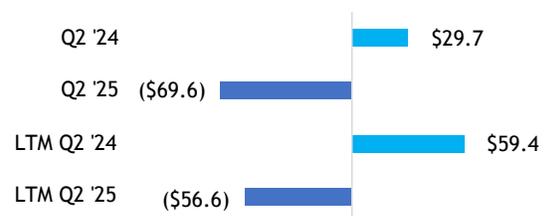
Adjusted Net Earnings (Loss)^{NG} (\$ millions)



Adjusted EBITDA^{NG} (\$ millions)



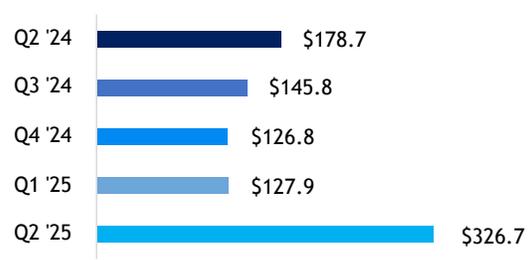
Net cash generated by (used in) operating activities (\$ millions)



Working Capital Days^{NG}



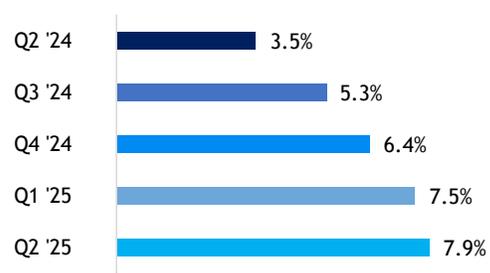
Total Liquidity^{NG} (\$ millions)



Backlog^{NG} (EUs)



ROIC^{NG}



2025 Q2 Highlights

During the second quarter of 2025, NFI saw year-over-year improvement in many of the Company's key operational and financial metrics, including revenue, gross margin, Total Liquidity^{NG}, and Adjusted EBITDA^{NG}. The Company saw significant improvement in its manufacturing segment margins and its backlog was \$13.5 billion. The quarter was impacted by several non-recurring items that impacted Net Loss, discussed in detail below.

Second Quarter Highlights

- **Deliveries:** 1,076 equivalent units ("EUs"), with 30.9% being battery- and fuel cell-electric buses ("ZEBs")
- **Revenue:** \$868.2 million, an increase of 2.0% year-over-year
- **Gross Margin:** \$116.2 million, an increase of 14.6% from 2024 Q2, with margin percentage of 13.4%
- **Net Loss:** \$160.8 million, with Net Loss per Share of \$1.35, impacted by non-recurring items totaling \$167.6 million, Adjusted Net Earnings of \$10.7 million and Adjusted Net Earnings of \$0.09 per share
- **Net cash used by operating activities:** \$69.6 million, driven by tax and interest expense, along with investments in working capital
- **Adjusted EBITDA^{NG}:** \$70.8 million, an increase of 19.2% year-over-year
- **Backlog^{NG}:** \$13.5 billion (6,082 EUs firm and 10,116 EUs options), up 14.4% year-over-year; ZEBs represent 35.3% of total backlog¹ EUs
- **ROIC^{NG}:** increased to 7.9%, up from 3.5% in 2024 Q2
- **Total Liquidity^{NG}:** \$326.7 million, up \$198.8 million from 2025 Q1. Improvement driven by NFI's 2025 refinancing discussed below

Outlined below are several key events that occurred during the second quarter and their impact on NFI's quarterly financial results. Full details are provided in the reconciliation tables starting on page 32.

2025 Refinancing

During the quarter, NFI completed several activities related to strengthening its balance sheet, increasing liquidity, improving financial covenants and overall financial flexibility. This included the following:

- § In May 2025, NFI entered into a new two-year revolving credit facility (the "2025 First Lien Facility") with a total borrowing limit of \$845 million, which includes \$300 million in letter of credit availability, and improved covenants
- § In June 2025, NFI completed a \$600 million second lien notes offering (the "2025 Second Lien Debt") with a five-year term and a 9.250% coupon, paid semi-annually starting on January 1, 2026
- § With completion of the 2025 Second Lien Debt, the 2025 First Lien Facility was reduced to \$700 million and the term extended to four years. The \$50 million minimum liquidity covenant under the 2025 First Lien Facility was removed
- § Net proceeds from the 2025 Second Lien Debt were used to fully repay NFI's existing \$180 million second lien facility (originally entered into with Coliseum Capital Management, LLC and accounts managed by it (collectively "Coliseum"), in August 2023 - the "2023 Second Lien Facility"), a portion of the 2025 First Lien Facility, certain other existing indebtedness and certain other fees and expenses
- § The 2025 Refinancing resulted in the following financial impacts:
 - o A \$10.8 million early repayment fee associated with the 2023 Second Lien Facility
 - o A non-cash derecognition of \$26.0 million in derivative assets associated with refinancing activities undertaken in 2023
 - o Creation of a \$19.4 million derivative asset associated with the 2025 Second Lien Debt

North American Transit Seat Supply

NFI continued to see progress in seat supply performance and remains actively engaged with the challenged supplier on their recovery. During the second quarter the following activities took place:

- § The number of buses essentially complete, apart from seats, was 74 EUs as of June 30, 2025, and approximately 56 EUs as of July 18, 2025. Both of these numbers are down from the 91 EUs of buses missing seats as at May 2, 2025
- § A new Buy America compliant seat supplier began delivering seats to NFI's production lines during the quarter with expectations for increased supply during the second half of 2025
- § In the quarter, NFI recorded a \$9.7 million adjustment for the impacts of labour, overhead costs and liquidated damages associated with seat supply disruption

Alexander Dennis Consultation and Restructuring

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. The strategy includes the consolidation of three facilities into one UK production site, lowering costs and reducing the duplication of functions and activities. The strategy includes the following financial impacts:

- § Alexander Dennis expects up to 400 roles (or approximately 22% of its workforce) would be restructured, and recorded a \$14.8 million restructuring provision
- § NFI recorded a \$10.0 million non-cash goodwill impairment within the Alexander Dennis manufacturing cash generating unit (“CGU”) and an associated \$80.9 million intangible asset impairment. The impairment is associated with reductions in expected new vehicle demand in response to increased competition within the UK market
- § NFI also recorded a write-down of deferred tax assets of \$34.4 million for the derecognition of tax assets associated with Alexander Dennis’ UK operations

Tariff Implications on North American Operations

NFI continued to see costs related to 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 the impacts of these tariffs and has adjusted pricing where required. The Company has accrued tariff costs within work-in-process (“WIP”) inventory, with the expectation that they will be passed on to customers through contractual obligations that allow for increased sale prices on the affected vehicles.

NFI continues to monitor the changing policy landscape and take necessary actions to limit the impact and exposure to tariffs on the Company and its operations. NFI also continues to make progress on tariff cost recovery with customers who are currently receiving buses.

Market Demand and New Wins

During the quarter NFI reported the following:

- § Total firm and option orders of 822 EUs. While this was a decrease from the first quarter of 2025 and second quarter of 2024, the decline primarily relates to timing of new awards and the release of U.S. federal funding announcements in May 2025
- § On an LTM basis NFI reported new orders of 6,299 EUs reflecting several large-scale U.S. and Canadian customer orders
- § Forward demand metrics remained strong in 2025 Q2 with 4,144 EUs in Bids Submitted to customers, 1,711 EUs in Bids in Process and 28,624 EUs in the Company’s total North American Bid Universe
- § NFI’s backlog^{NG}, with a combined value of nearly \$13.5 billion, is up 14.4% year-over-year. See Appendix B for details
- § The Company also had 514 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 Q2. The combination of pending awards and active bids is expected to position NFI for new additions to its backlog^{NG} throughout 2025

Other Events in the Quarter

The Company completed their annual and special meeting of shareholders (the “Shareholder Meeting”) held on Friday May 9, 2025. All ten nominees listed in the management information circular dated March 21, 2025, were elected as directors of the Board, with Colin Robertson as Chair of the Board and Larry Edwards as Lead Independent Director.

In June 2025, Alexander Dennis assumed manufacturing operations of its North American contract manufacturing partner, Big Rig Manufacturing in Las Vegas. Through the transaction, Alexander Dennis now controls manufacturing of its double deck bus product and will be able to better meet growing demand across Canada and the United States for its clean diesel Enviro500 and zero-emission Enviro500EV CHARGE products. The transaction included a \$3 million purchase of assets (primarily inventory and equipment), with Alexander Dennis North America assuming a leased facility and the employees.

As of the end of 2025 Q2, NFI employed 9,057 team members across all of its global locations, up slightly from the 9,000 team members as of the end of 2024, reflecting additions to support the Company’s expanded Canadian production operations.

Financial Results

During the second quarter of 2025, NFI saw increases in the average sale price of its buses and coaches, and their associated per unit gross margin and Adjusted EBITDA^{NG} as the Company benefitted from favourable sales mix as it executed on its improved backlog. The manufacturing segment was negatively impacted by lower deliveries in the UK region where Alexander Dennis is actively executing on its strategic plan to improve operational efficiency and long-term competitiveness.

The Aftermarket segment delivered another quarter of strong performance, even as it saw a decrease from the highest revenue quarter in company history in 2024 Q2. The decrease was expected and is primarily related to the timing of retrofit and midlife extension programs in North America and parts purchases in international markets.

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

Deliveries (EUs)	2025 Q2	2024 Q2	% Change	2025 Q2 LTM	2024 Q2 LTM	% Change
Transit buses	747	915	(18.4 %)	2,981	3,478	(14.3 %)
Motor coaches	132	179	(26.3 %)	614	677	(9.3 %)
Medium-duty and cutaway	197	152	29.6 %	683	496	37.7 %
New vehicle deliveries	1,076	1,246	(13.6 %)	4,278	4,651	(8.0 %)
Pre-owned coach	18	28	(35.7 %)	87	175	(50.3 %)
Zero-emission deliveries (included in the above totals)	332	284	16.9 %	1,231	965	27.6 %
Zero-emission deliveries as a percentage of total new vehicle deliveries	30.9 %	22.8 %	35.5 %	28.8 %	20.7 %	38.7 %

Revenue (\$ millions)	2025 Q2	2024 Q2	% Change	2025 Q2 LTM	2024 Q2 LTM ¹	% Change
Transit buses	567.8	547.6	3.7 %	2,049.6	1,959.1	4.6 %
Motor coaches	100.1	113.1	(11.5 %)	429.3	418.7	2.5 %
Medium-duty and cutaway	27.5	19.2	43.0 %	91.4	64.1	42.6 %
Total New Vehicle Revenue	695.4	679.9	2.3 %	2,570.3	2,441.9	5.3 %
Pre-owned coach	5.3	2.2	140.1 %	19.5	15.4	26.6 %
Infrastructure Solutions™	8.3	4.4	87.6 %	38.3	14.2	170.3 %
Fiberglass reinforced polymer components	3.5	3.0	18.2 %	11.8	9.6	22.4 %
Manufacturing Revenue	712.5	689.5	3.3 %	2,639.9	2,481.1	6.4 %
Aftermarket	155.7	161.7	(3.7 %)	618.1	599.8	3.1 %
Total Revenue	868.2	851.2	2.0 %	3,258.0	3,080.9	5.7 %
North America	723.8	693.1	4.4 %	2,630.5	2,439.3	7.8 %
United Kingdom and Europe	133.8	150.4	(11.0 %)	583.8	589.6	(1.0 %)
Asia Pacific	10.5	7.7	36.5 %	43.7	52.0	(16.0 %)

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 Q4 2023 adjustment which increased revenue and cost of sales by \$7.3 million. Similarly, this policy was also applied retrospectively to 2023 Q3, which resulted in a restatement of quarterly revenue and cost of sales of \$0.7 million. These changes are reflected in the 2024 Q2 LTM figures.

In 2025 Q2, Manufacturing deliveries decreased by a total of 170 EUs, or 13.6 % from 2024 Q2. Transit deliveries decreased from 915 EUs to 747 EUs in 2025 Q2, a decrease of 168 EUs from 2024 Q2. Transit deliveries were impacted by the seat supply issue in NA and lower UK volumes. Motor coach deliveries decreased from 179 EUs to 132 EUs in 2025 Q2, a decrease of 47 EUs from 2024 Q2. Medium-duty and cutaway deliveries increased to 197 EUs in 2025 Q2 from 152 EUs in 2024 Q2, an increase of 45 EUs.

Overall, zero-emission bus and coach deliveries for 2025 Q2 increased by 16.9 % from 2024 Q2. On an LTM basis, ZEB deliveries were 1,231 compared to 965 in 2024 Q2 LTM. This represents the highest LTM ZEB deliveries in Company history. ZEBs as a percentage of total new vehicle deliveries increased to 30.9 % in 2025 Q2 from 22.8 % in 2024 Q2. Transit is the primary driver of ZEB deliveries with fewer electric propulsion deliveries in coach and low-floor cutaways.

Manufacturing revenue for 2025 Q2 increased by \$23.0 million, or 3.3 %, compared to 2024 Q2. 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 \$8.3 million for 2025 Q2, an increase of \$3.9 million from 2024 Q2. The increase is primarily due to the timing of delivery and completion of open contracts.

Aftermarket revenue for 2025 Q2 decreased by \$6.0 million, or 3.7 %, compared to 2024 Q2. The decrease was expected and is mainly related to reduced sales volumes from retrofit and midlife extension programs compared to the record sales volume achieved in 2024 Q2.

Net (Loss) Earnings (\$ millions, except per share amounts)						
	2025 Q2	2024 Q2	% Change	2025 Q2 LTM	2024 Q2 LTM	% Change
Manufacturing	(88.9)	7.4	(1301.8 %)	(71.7)	(36.9)	(94.3 %)
Aftermarket	23.5	30.1	(21.8 %)	106.9	114.8	(6.9 %)
Corporate	(95.4)	(35.0)	(172.5 %)	(198.9)	(127.0)	(56.6 %)
Net (loss) earnings	(160.8)	2.5	(6531.0 %)	(163.7)	(49.1)	(233.4 %)
Adjusted net earnings (loss) ^{NG}	10.7	3.1	245.2 %	22.7	(56.7)	140.0 %
Net (loss) earnings per Share	(1.35)	0.02	(6850.0 %)	(1.45)	(0.44)	(229.5 %)
Adjusted net earnings (loss) per Share^{NG}	0.09	0.03	200.0 %	0.20	(0.50)	140.0 %

Adjusted EBITDA ^{NG} (\$ millions)						
	2025 Q2	2024 Q2	% Change	2025 Q2 LTM	2024 Q2 LTM	% Change
Manufacturing	52.6	33.9	55.2 %	138.3	28.6	383.6 %
Aftermarket	30.6	35.0	(12.7 %)	130.7	133.6	(2.2 %)
Corporate	(12.3)	(9.4)	(30.2 %)	(14.4)	(19.2)	25.0 %
Total Adjusted EBITDA^{NG}	70.8	59.4	19.2 %	254.6	143.0	78.0 %

Adjusted EBITDA^{NG} as a percentage of revenue

Manufacturing	7.4 %	4.9 %	51.0 %	5.2 %	1.2 %	333.3 %
Aftermarket	19.6 %	21.6 %	(9.3 %)	21.1 %	22.3 %	(5.4 %)
Total	8.2 %	7.0 %	17.1 %	7.8 %	4.6 %	69.6 %

In 2025 Q2, Manufacturing operations experienced a net loss of \$88.9 million compared to net earnings of \$7.4 million in 2024 Q2. The decrease is primarily due to several non-recurring events that occurred during the quarter, including impairment charges related to the intangible assets of Transit for \$1.6 million, to the property, plant, and equipment, intangible assets and goodwill of Alexander Dennis for \$4.4 million, \$80.9 million and \$10.0 million, respectively. Alexander Dennis also recorded a \$14.8 million restructuring expense associated with planned headcount reductions in Scotland. Net loss also reflects the impact of a \$9.7 million expense for labour and overhead costs

associated with seat supply disruption. This loss was offset by the improved revenue and margin profile from North American Transit operations. Manufacturing operations achieved Adjusted EBITDA^{NG} of \$52.6 million, an increase of \$18.7 million, from 2024 Q2 Adjusted EBITDA^{NG}. The increase in Manufacturing Adjusted EBITDA^{NG} from 2024 Q2 to 2025 Q2 was primarily due to higher gross margins, favourable sales mix, and the impact of the adjustments for non-recurring events as stated above. The increase in 2025 Q2 LTM Manufacturing net loss and the increase in 2025 Q2 LTM Manufacturing Adjusted EBITDA^{NG} are primarily attributable to the same non-recurring items that impacted quarterly results.

The 2025 Q2 Aftermarket segment net earnings decreased by \$6.6 million, or 21.8 %, compared to 2024 Q2. The decrease was expected and is mostly driven by lower volumes as NFI delivered record program revenue in 2024 Q2 from North America midlife retrofit projects. In 2025 Q2, the Aftermarket segment had an Adjusted EBITDA^{NG} of \$30.6 million, a \$4.4 million, or 12.7 %, year-over-year decrease, primarily due to lower program sales volume. Decrease in Aftermarket net earnings and decrease in Adjusted EBITDA^{NG} for 2025 Q2 LTM are primarily due to the same items that impacted quarterly results.

The 2025 Q2 Corporate net loss increased by \$60.4 million compared to 2024 Q2 mainly due to the impacts of the 2025 refinancing transactions including a loss on debt extinguishment of \$43.2 million and a fee for early repayment of the Company's \$180 million second lien facility with Coliseum for \$10.8 million. Corporate Adjusted EBITDA^{NG} decreased by \$2.9 million compared to 2024 Q2, primarily due to increased operating expenses in 2025 Q2 as discussed in the results from operations section on page 18. The 2025 Q2 LTM Corporate net loss and 2025 Q2 LTM Corporate Adjusted EBITDA^{NG} increased due to the same items that impacted quarterly results.

Net cash (used in) generated by operating activities and Free Cash Flow ^{NG} (\$ millions, except per share amounts)	2025 Q2	2024 Q2	% Change	2025 Q2 LTM	2024 Q2 LTM	% Change
Net cash (used in) generated by operating activities	(69.6)	29.7	(334.3 %)	(56.6)	59.4	(195.3 %)
Free Cash Flow ^{NG}	15.7	1.1	1327.3 %	22.6	(60.8)	137.2 %
Free Cash Flow ^{NG} (CAD dollars)	21.7	1.5	1346.7 %	31.5	(82.6)	138.1 %
Free Cash Flow per Share ^{NG} (CAD dollars)	0.18	0.01	1700.0 %	0.28	(0.73)	138.4 %

Cash used in operating activities in 2025 Q2 was \$69.6 million, a decrease of \$99.3 million, or 334.3 %, compared to cash generated by operating activities in 2024 Q2 of \$29.7 million. This decrease in cash was primarily driven by increases in interest and income tax payments, offset by a decrease in inventory balances and accounts receivable balances due to the receivable financing program. The 2025 Q2 LTM net cash used in operating activities increased by 195.3 % compared to 2024 Q2 LTM, primarily due to the increase in net losses due to the same items that impacted quarterly results.

Free Cash Flow^{NG} in 2025 Q2 increased by \$14.6 million, or 1327.3 %, compared to 2024 Q2, mainly due to the labour and overhead costs associated with seat supply disruption and non-recurring items including restructuring costs and favourable changes in non-cash working capital balances.

	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2
Working Capital Days ^{NG}	53	52	52	53	52
Total Liquidity ^{NG} (\$ million)	\$326.7	\$127.9	\$126.8	\$145.8	\$178.7
Backlog ^{NG} (EUs)	16,198	16,527	15,135	14,590	14,605
ROIC ^{NG}	7.9 %	7.5 %	6.4 %	5.3 %	3.5 %

At the end of 2025 Q2, Working Capital Days^{NG} were 53, relatively unchanged from 52 days in both 2025 Q1 and 2024 Q2. Improvements continue to be driven by the Company's success in securing advance payments, milestone-based billing structures with customers, and extended payment terms with certain suppliers. 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 Total Liquidity^{NG} position, which combines cash on-hand, plus available capacity under its 2025 First Lien Facility, was \$326.7 million at the end of 2025 Q2, an increase of \$198.8 million, or 155.4 % from 2025 Q1. The increase in the Liquidity^{NG} position was primarily due to the refinancing that occurred during the quarter and from the increased milestone billings and advance payments reflected in the Company's deferred revenue balances.



We Move People

At the end of 2025 Q2, the Company's total backlog^{NG} (firm orders and options) was 16,198 EUs, a decrease of 2.0 % compared to 16,527 EUs at the end of 2025 Q1. Backlog^{NG} at the end of 2025 Q2 had a total dollar value of \$13.5 billion.

The 2025 Q2 ROIC^{NG} increased by 4.4 % to 7.9 % from 2024 Q2, due to the increase in Adjusted EBITDA^{NG} offset by an increase in the invested capital base^{NG}. The increase in invested capital^{NG} is primarily due to an increase in long-term debt from the completion of the offering of 2025 Second Lien Debt and higher working capital balances.

Outlook

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

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 5,855 EUs, and a five-year forecasted customer demand of 22,769 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 UK and international business has seen softer demand when compared to North America, primarily due to increased foreign and domestic competition.

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.

As previously disclosed, 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, as currently evidenced by the seat supply disruption. The Company anticipates that there will continue to be challenges in receiving certain components as suppliers recover their operations and as NFI increases production of ZEBs (where the supply chain is not as experienced as in traditional propulsion systems). NFI has implemented strategies to mitigate overall supply chain risk and those specifically related to ZEBs, including the utilization of multiple battery suppliers for specific regions, 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.

Overall, NFI has continued to see a significant decline in the number of moderate and high-risk suppliers, now down to one supplier out of the Company's top 750 suppliers, driven by a combination of improvements in global supply chain health and actions taken by NFI's supply and sourcing teams.

Government Investments in Public Transportation

There are federal funding programs within the U.S., Canada and the U.K. 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 U.K.'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. Federal Transit Authority 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.

Ridership levels in the U.S. remain on an upward trend, with the latest available APTA Ridership Trends Dashboard report (as of 2025 Q1) showing bus ridership growth of 2.2% year-over-year. APTA's Ridership report discloses that the largest growth from this period comes from cities of 500,000 or less and is 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, including the purchase of aftermarket parts and services.

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. These new structures have been introduced into bids and contracts following the FTA's issuance of the February 2024 "Dear Colleague" letter to transit agencies that receive federal funding for bus purchases. While it will take time for the benefits of these structures to be fully reflected in NFI's financial results, the Company has seen success in increasing advance and progress payments with growth in the Company's deferred revenue balances.

Construction continues for Project “True North”, the all-Canadian build project of NFI’s Canadian New Flyer subsidiary, which is expected to increase its 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 free up U.S. capacity 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.

In the U.K., foreign competitors have continued to gain market share and a higher proportion of government funded procurements. NFI has seen a desire by government leadership to ensure that funds allocated to the bus industry provide wider community and social benefit in the U.K, but no local content requirements have been mandated. Alexander Dennis is executing on its plan to lower costs in response to current market dynamics and will continue its efforts to secure additional orders and awards, while promoting the benefits of increased domestic manufacturing.

Other Markets

NFI’s North American private customer markets served by MCI and ARBOC continue to see recovery with volumes increasing and pricing more appropriately reflecting current input costs and inflation. The North American motor coach space has been positive with strong demand in the tour and charter segment.

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 through the second half of 2025, although growth rates are not expected to be as high as those seen in 2023 and 2024. This expectation is driven by anticipated lower North American midlife program revenues in 2025.

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 523 plug-in and 118 overhead charger projects, for a total of 105+ megawatts (“MW”) charging capacity, for 72 different customers.

Financial Guidance

NFI financial guidance for Fiscal 2025 remains unchanged.

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

Please refer to NFI’s MD&A dated March 13, 2025 for information regarding the assumptions and expectations for 2025 guidance. Note that the guidance numbers above do not include the impact of U.S. and Canadian tariffs.

Tariff Impacts

During the second 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 US. NFI has been actively engaging with its customers to explain 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.

Going forward, NFI anticipates that the impact of tariffs will increase with U.S. tariffs now in effect on imports from numerous countries, and as suppliers increase prices to reflect the impact of those tariffs. NFI anticipates that a significant portion of increased costs resulting

from U.S. and Canadian tariffs impacting its public transit buses and public motorcoaches can be passed on to end customers through contractual obligations and through general price increases. This is likely to require negotiation with customers and such contractual protections may not cover all costs or be effective for extended periods.

Tariff-driven cost increases may be more difficult to offset in the private coach market. However, the impact on NFI is moderated by the transactional sales model and current inventory of private coaches that have lower tariff costs. Higher prices from tariffs may negatively impact overall demand (and production) within the private coach segment, although MCI's North American production may be at a price advantage compared to importers from Europe. 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 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, 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	Earnings (loss) from operations	Net (loss) earnings	Adjusted EBITDA ^{NG}	(Loss) earnings per Share
2025						
	Q2	868,169	26,757	(160,774)	70,811	(1.35)
	Q1	841,420	31,096	(6,486)	62,696	(0.05)
	Total	1,709,589	57,851	(167,260)	133,507	(1.40)
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 Second Quarter 2025 Results

(\$ thousands)						
	2025 Q2	2024 Q2	26-Weeks Ended June 29, 2025	26-Weeks Ended June 30, 2024	52-Weeks Ended June 29, 2025 ¹	52-Weeks Ended June 30, 2024
Statement of (Loss) Earnings Data						
Revenue						
North America	601,198	562,992	1,189,667	998,465	2,139,207	1,957,472
United Kingdom and Europe	108,244	125,839	205,781	249,752	483,428	495,935
Asia Pacific	3,012	736	5,874	4,235	17,149	27,798
Manufacturing operations	712,454	689,567	1,401,322	1,252,452	2,639,784	2,481,205
North America	122,627	130,151	243,899	257,298	491,259	481,971
United Kingdom and Europe	25,586	24,548	50,787	49,958	100,357	93,621
Asia Pacific	7,502	6,967	13,581	14,274	26,522	24,242
Aftermarket operations	155,715	161,666	308,267	321,530	618,138	599,834
Total revenue	\$ 868,169	\$ 851,233	\$ 1,709,589	\$ 1,573,982	\$ 3,257,922	\$ 3,081,039
Earnings from operations	\$ 26,757	\$ 36,362	\$ 57,851	\$ 47,013	\$ 119,401	\$ 58,808
(Loss) earnings before interest and income taxes	\$ (124,106)	\$ 38,699	\$ (91,757)	\$ 53,910	\$ (21,191)	\$ 75,127
Net (loss) earnings	\$ (160,774)	\$ 2,547	\$ (167,260)	\$ (6,867)	\$ (163,689)	\$ (49,122)
Adjusted EBITDA ^{NG}	\$ 70,811	\$ 59,411	\$ 133,504	\$ 93,347	\$ 254,595	\$ 142,969
Cash capital expenditures	\$ 7,634	\$ 6,271	\$ 13,533	\$ 14,483	\$ 29,364	\$ 33,121

See footnote on following page.

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)	2025 Q2	2024 Q2	26-Weeks Ended June 29, 2025	26-Weeks Ended June 30, 2024
Manufacturing Revenue	712,454	689,567	1,401,322	1,252,452
Aftermarket Revenue	155,715	161,666	308,267	321,530
Total Revenue	868,169	851,233	1,709,589	1,573,982
Earnings from Operations	26,757	36,362	57,851	47,013
(Loss) earnings before interest and income taxes	(124,106)	38,699	(91,757)	53,910
(Loss) earnings before income tax expense	(149,828)	4,764	(155,834)	(10,679)
Net (loss) earnings	(160,774)	2,547	(167,260)	(6,867)

Manufacturing revenue for 2025 Q2 increased by \$22.9 million, or 3.3%, compared to 2024 Q2. In 2025 Q2, revenue increased because of an improved average selling price per unit delivered, which was up approximately 20.3% year-over-year. Manufacturing revenue for 2025 Q2 YTD increased by \$148.9 million or 11.9%, compared to 2024 Q2 YTD. This improvement reflects a favourable sales mix and the completion of the previous inflation impacted contracts.

Aftermarket revenue for 2025 Q2 decreased by \$6.0 million, or 3.7% compared to the record sales achieved in 2024 Q2. Aftermarket revenue for 2025 Q2 YTD decreased by \$13.3 million, or 4.1% compared to 2024 Q2 YTD. The revenue decrease for both quarter-to-date and year-to-date was primarily driven by lower program volumes associated with midlife retrofit programs in the Company's North American operations.

Cost of sales

(\$ thousands)	2025 Q2	2024 Q2	26-Weeks Ended June 29, 2025	26-Weeks Ended June 30, 2024
Manufacturing				
Direct cost of sales	550,347	548,858	1,106,347	1,006,833
Depreciation and amortization	16,641	17,631	31,797	35,770
Other overhead	70,269	67,775	137,013	133,729
Manufacturing cost of sales	637,256	634,264	1,275,156	1,176,332
As percent of Manufacturing sales	89.4 %	92.0 %	91.0 %	93.9 %
Aftermarket				
Direct cost of sales	111,490	112,549	218,027	221,183
Depreciation and amortization	3,183	2,981	6,206	6,079
Aftermarket cost of sales	114,673	115,530	224,233	227,262
As percent of Aftermarket sales	73.6 %	71.5 %	72.7 %	70.7 %
Total Cost of sales	751,929	749,794	1,499,389	1,403,594
As percent of sales	86.6 %	88.1 %	87.7 %	89.2 %

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 Q4 2024 adjustment which increased revenue and cost of sales by \$7.3 million. Similarly, this policy was also applied retrospectively to 2023 Q3, which resulted in a restatement of quarterly revenue and cost of sales of \$0.7 million. These changes are reflected in the 2024 Q2 LTM figures.

The consolidated cost of sales for 2025 Q2 increased by \$2.1 million, or 0.3 %, compared to 2024 Q2. The consolidated cost of sales for 2024 Q2 YTD increased by \$95.8 million, or 6.8 % compared to 2024 Q2 YTD.

Cost of sales from Manufacturing operations in 2025 Q2 was \$637.3 million (89.4 % of Manufacturing operations revenue) compared to \$634.3 million (92.0 % of Manufacturing operations revenue) in 2024 Q2, an increase of \$3.0 million, or 0.5 %. Cost of sales from Manufacturing operations in 2025 Q2 YTD was \$1,275.2 million (91.0 % of Manufacturing operations revenue) compared to \$1,176.3 million (93.9 % of Manufacturing operations revenue) in 2024 Q2 YTD, an increase of \$98.9 million, or 8.4%. The increase in both periods was driven by higher percentage of ZEB deliveries. Manufacturing cost of sales decreased as a percentage of revenue in 2025 Q2 and 2025 Q2 YTD, mainly due to an improvement in operational efficiencies that has resulted from improved supply availability.

Cost of sales from Aftermarket operations in 2025 Q2 was \$114.7 million (73.6 % of Aftermarket revenue) compared to \$115.5 million (71.5 % of Aftermarket revenue) in 2024 Q2, a decrease of \$0.9 million, or 0.7%. Cost of sales from Aftermarket operations in 2025 Q2 YTD was \$224.2 million (72.7% of Aftermarket revenue) compared to \$227.3 million (70.7% of Aftermarket revenue) in 2024 Q2 YTD, a decrease of \$3 million or 1.3%. Cost of sales decreased as a percentage of revenue in 2025 Q2 and 2025 Q2 YTD, mainly due to improved sales mix and an improvement in operational efficiencies.

Gross Margins

(\$ thousands)				
	2025 Q2	2024 Q2	26-Weeks Ended June 29, 2025	26-Weeks Ended June 30, 2024
Manufacturing	75,198	55,303	126,166	76,120
Aftermarket	41,042	46,136	84,034	94,268
Total Gross Margins	116,240	101,439	210,200	170,388
As a percentage of sales revenue				
Manufacturing	10.6 %	8.0 %	9.0 %	6.1 %
Aftermarket	26.4 %	28.5 %	27.3 %	29.3 %
	13.4 %	11.9 %	12.3 %	10.8 %

Manufacturing gross margin for 2025 Q2 of \$75.2 million (10.6 % of Manufacturing revenue), increased by \$19.9 million compared to a gross margin of \$55.3 million (8.0 % of Manufacturing revenue) for 2024 Q2. Manufacturing gross margin for 2025 Q2 YTD of \$126.2 million (9.0% of Manufacturing revenue), increased by \$50.1 million compared to a gross margin of \$76.1 million (6.1% of Manufacturing revenue) for 2024 Q2 YTD. Manufacturing gross margin as a percentage of revenue increased in 2025 Q2 YTD, mainly due to an improvement in favorable product mix and the completion of all legacy-inflation impacted contracts in the first half of 2024.

Aftermarket gross margins for 2025 Q2 of \$41.0 million (26.4 % of Aftermarket revenue) decreased by \$5.1 million, or 11.0 %, compared to 2024 Q2 gross margins of \$46.1 million (28.5 % of Aftermarket revenue). Aftermarket gross margins for 2025 Q2 YTD of \$84.0 million (27.3% of Aftermarket revenue) decreased by \$10.2 million, or 10.8%, compared to 2024 Q2 YTD gross margins of \$94.3 million (29.3% of Aftermarket revenue). Aftermarket gross margin as a percentage of revenue decreased by 2%, primarily driven by lower midlife retrofit programs in the Company's North American operations.

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

(\$ thousands)				
	2025 Q2	2024 Q2	26-Weeks Ended June 29, 2025	26-Weeks Ended June 30, 2024
Selling expenses	8,173	8,098	16,277	15,916
General and administrative expenses	74,511	56,165	129,641	105,377
Total SG&A	82,684	64,263	145,918	121,293

The consolidated SG&A for 2025 Q2 of \$82.7 million (9.5 % of consolidated revenue) increased by \$18.4 million, or 28.7 %, compared to \$64.3 million (7.5 % of consolidated revenue) in 2024 Q2. Consolidated SG&A increased year-over-year primarily due to the \$14.8 million in non-recurring restructuring costs related to Alexander Dennis, and the increased production and related selling expenses.

Realized foreign exchange loss

In 2025 Q2, the Company recorded a realized foreign exchange loss of \$6.8 million compared to a loss of \$0.8 million in 2024 Q2. In 2025 Q2 YTD, the Company recorded a realized foreign exchange loss of \$6.4 million compared to a loss of \$2.1 million in 2023 Q2 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 unfavourable forward rates compared to the spot rates at settlement were the primary reason for the losses in the fiscal periods.

Earnings from operations

Consolidated earnings from operations in 2025 Q2 was \$26.8 million (3.1 % of consolidated revenue) compared to earnings of \$36.4 million (4.3 % of consolidated revenue) in 2024 Q2, a decrease of \$19.6 million, or 26.4 %. Consolidated earnings from operations in 2025 Q2 YTD were \$57.9 million (3.4% of consolidated revenue) compared to earnings of \$47.0 million (3.0% of consolidated revenue) in 2024 Q2 YTD, an improvement of \$10.9 million, or 23.2%. Further explanations for these results are provided in the subsequent paragraphs below.

In 2025 Q2, earnings from operations attributable to the Manufacturing segment were \$18.8 million (2.6 % of Manufacturing revenue) compared to earnings of \$9.6 million (1.4 % of Manufacturing revenue) in 2024 Q2. Earnings from Manufacturing operations in 2025 Q2 YTD were \$16.5 million (1.2% of Manufacturing revenue) compared to losses of \$9.8 million ((0.8%) of Manufacturing revenue) in 2024 Q2 YTD, an increase of \$26.3 million, or 268.8%. The increase in earnings as a percentage of revenue is mainly attributable to a favourable product mix and the completion of legacy inflation impacted contracts.

Earnings from operations related to Aftermarket operations in 2025 Q2 were \$23.5 million (15.1 % of Aftermarket revenue) compared to \$30.1 million (18.6 % of Aftermarket revenue) in 2024 Q2. Earnings from Aftermarket operations in 2024 Q2 YTD were \$50.3 million (16.3% of Aftermarket revenue) compared to \$62.9 million (19.6% of Aftermarket revenue) in 2024 Q2 YTD. Earnings from Aftermarket operations decreased due to less favourable product mix and lower sales volume.

Unrealized foreign exchange (loss) gain

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

(\$ thousands)	2025 Q2	2024 Q2	26-Weeks Ended June 29, 2025	26-Weeks Ended June 30, 2024
Unrealized gain (loss) on forward foreign exchange contracts	3,972	(398)	5,188	798
Unrealized (loss) gain on other long-term monetary assets/liabilities	(4,021)	3,023	(4,131)	7,318
	(49)	2,625	1,057	8,116

At June 29, 2025, the Company had \$108.4 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 September 2025 to November 2025. The related liability of \$2.0 million (December 29, 2024: \$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) earnings and total comprehensive (loss) earnings.

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

In 2025 Q2, the Company recorded LBIT of \$124.1 million compared to an EBIT of \$38.7 million in 2024 Q2. The decrease in EBIT was driven primarily by the goodwill and asset impairment in the Manufacturing segment. In 2025 Q2 YTD, the Company recorded LBIT of \$91.8 million compared to an EBIT of \$53.9 million in 2024 Q2 YTD. The decrease in EBIT was driven primarily by the non-recurring events that happened during 2025 Q2 and reduced inefficiencies as supply chain continues to normalize, offset by sales of product with an improved margin profile.

Interest and finance costs

The interest and finance charges for 2025 Q2 of \$25.7 million decreased by \$8.3 million compared to \$33.9 million in 2024 Q2. The decrease is primarily due to a fair market value gain on the Company's prepayment option of the 2023 Second Lien Debt. The Company's prepayment option of 2023 Second Lien Debt had a fair market value gain of \$16.0 million in 2025 Q2.

The Company had a fair market value gain on its interest rate swap of \$0.3 million in 2025 Q2, compared to a gain of \$0.2 million in 2024 Q2. The interest rate swap had a fair market value gain of \$0.5 million in 2025 Q2 YTD, compared to a gain of \$1.6 million in 2024 Q2 YTD. The Company's cash conversion option had a fair market value loss of \$2.9 million in 2025 Q2 compared to a gain of \$0.1 million in 2024 Q2. The cash conversion options had a fair market value loss of \$1.1 million in 2025 Q2 YTD, compared to a gain of \$4.1 million in 2024 Q2 YTD. The 2025 Q2 fair market value gain of the prepayment option related to the Company's second-lien debt was \$16.0 million compared to a gain \$0.6 in 2024 Q2. The Company's prepayment option had a fair market value gain of \$13.7 million in 2025 Q2 YTD, compared to \$3.1 in 2024 Q2 YTD.

On January 26, 2024, NFI entered into an agreement for a new interest rate swap to hedge its exposure to changing interest rates. The swap carries an interest rate of 4.6%, had a notional value of \$500 million until October 25, 2024, and thereafter a notional value of \$450 million until its expiry. On April 25, 2025 the swap expired. Please see note 17c of the unaudited interim condensed consolidated financial statements for disclosure of financial instruments and risk management.

(Loss) earnings before income taxes (“LBT” or “EBT”)

LBT in 2025 Q2 was \$149.8 million, a decrease of \$154.6 million compared to the EBT of \$4.8 million in 2024 Q2. LBT for 2025 Q2 YTD of \$155.8 million decreased by \$145.1 million compared to EBT loss of \$10.7 million in 2024 Q2 YTD. The primary drivers of the changes of LBT are addressed in the Earnings from operations and Interest and finance costs sections above.

Income tax expense (recovery)

The income tax expense for 2025 Q2 was \$10.9 million compared to an expense of \$2.2 million in 2024 Q2. The increased income tax expense is primarily due to the deferred tax expense associated with the derecognition of deferred tax assets in the UK which no longer meet the criteria for recognition.

The income tax expense for 2025 Q2 YTD is \$11.4 million, compared to a recovery of \$3.8 million in 2024 Q2 YTD. The increase in the overall income tax expense is primarily due to the deferred tax expense associated with the derecognition of deferred tax assets in the UK which no longer meet the criteria for recognition, offset by the tax benefit associated with reduced earnings before tax.

The Effective Tax Rate (“ETR”) for 2025 Q2 was (7.3%) and the ETR for 2024 Q2 was 46.6%. The ETR for 2025 Q2 YTD was (7.3%) and the ETR for 2024 Q2 YTD was 35.7%. The 2025 Q2 and 2025 Q2 YTD ETR were 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) earnings and total comprehensive (loss) earnings as at June 29, 2025 does not include any amount related to BEPS Pillar Two (“Pillar Two”) income taxes.

Pillar Two is not expected to have a material impact on the Company’s tax expense.

On July 4, 2025 new tax law (commonly referred to by its unofficial name, the One Big Beautiful Bill Act) was signed into law by President Trump. As of the balance sheet date, this legislation is not considered to be substantially enacted and the financial statements do not reflect the impact of this legislation. It is anticipated that this legislation will have minimal beneficial impact on the Company’s current tax expense for 2025.

Net (loss) earnings

The Company reported net loss of \$160.8 million in 2025 Q2, a decrease of \$158.2 million, compared to net earnings of \$2.5 million in 2024 Q2. The Company reported net losses of \$167.3 million in 2025 Q2 YTD, a decrease of \$160.4 million, compared to net losses of \$6.9 million in 2024 Q2 YTD. The decrease in net earnings for 2025 Q2 and 2025 Q2 YTD are primarily due to the impairment loss on intangible assets, loss on debt extinguishment, and the pre-payment fee associated with the 2023 Second Lien Debt discussed in the sections above.

Net (loss) earnings (\$ millions, except per Share figures)	2025 Q2	2024 Q2	26-Weeks Ended June 29, 2025	26-Weeks Ended June 30, 2024
Earnings from operations	26,757	36,362	57,851	47,013
Gain (loss) on disposition of property, plant and equipment and right-of-use assets	10	(54)	159	43
Impairment loss on intangible assets	(82,516)	-	(82,516)	(1,028)
Fee for early repayment of second lien debt	(10,825)	-	(10,825)	-
Impairment loss on goodwill	(9,965)	-	(9,965)	-
Impairment loss on property, plant and equipment	(4,333)	-	(4,333)	-
Loss on debt extinguishment	(43,185)	(234)	(43,185)	(234)
Unrealized foreign exchange (loss) gain on monetary items	(49)	2,625	1,057	8,116
Interest and finance costs	(25,723)	(33,935)	(64,078)	(64,589)
Income tax (expense) recovery	(10,945)	(2,217)	(11,425)	3,812
Net (loss) earnings	(160,774)	2,547	(167,260)	(6,867)
Net (loss) earnings per Share (basic)	(1.35)	0.02	(1.40)	(0.06)
Net (loss) earnings per Share (fully diluted)	(1.35)	0.02	(1.40)	(0.06)

The Company recorded net loss per Share for 2025 Q2 of \$1.35 compared to net earnings per Share of \$0.02 in 2024 Q2. The Company's net loss per Share for 2025 Q2 YTD of \$1.40 compared to net loss per Share of \$0.06 in 2024 Q2 YTD. The per Share net loss in 2025 Q2 decreased 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 Q2	2024 Q2	26-Weeks Ended June 29, 2025	26-Weeks Ended June 30, 2024
Cash generated by operating activities before non-cash working capital items and interest and income taxes paid	36,082	57,244	86,010	91,202
Interest paid	(33,685)	(11,919)	(67,303)	(45,100)
Income taxes (paid) recovered	(27,788)	6,519	(27,047)	9,524
Cash flow invested in working capital	(44,218)	(22,111)	(20,470)	(12,538)
Net cash (used in) generated by operating activities	(69,609)	29,733	(28,810)	43,088
Net cash generated by (used in) financing activities	58,442	(10,850)	79,552	6,582
Net cash used in investing activities	(19,583)	(10,509)	(22,558)	(20,857)

Cash flow from operating activities

The 2025 Q2 net cash used in operating activities of \$69.6 million was mainly comprised of \$25.4 million net loss as well as \$44.2 million of cash invested in working capital. The 2025 Q2 YTD net cash used in operating activities of \$28.8 million was mainly comprised of \$9.0 million of net cash loss and \$20.5 million of cash invested in working capital. The 2024 Q2 YTD net cash used in operating activities of \$43.1 million was comprised of \$55.6 million of net cash earnings, \$45.1 million in interest payments, and \$12.5 million of cash invested in working capital.

Cash flow from financing activities

Cash generated by financing activities of \$58.4 million during 2025 Q2 is due to proceeds received from the Company's 2025 First Lien Facility, totaling \$83.1 million, offset by repayments made to obligations under leases of \$4.9 million. Cash generated by financing activities of \$79.6 million during 2025 Q2 YTD compared to cash generated by financing activities of \$6.6 million in 2024 Q2 YTD. The improvement in 2025 Q2 YTD compared to 2024 Q2 YTD is due to the increased proceeds from the Company's new secured debt.

Cash flow from investing activities

(\$ thousands)	2025 Q2	2024 Q2	26-Weeks Ended June 29, 2025	26-Weeks Ended June 30, 2024
Acquisition of intangible assets	(2,530)	(4,375)	(4,734)	(7,231)
Proceeds from disposition of property, plant and equipment	15	137	13	857
Investments in long-term restricted deposits	(9,434)	-	(4,304)	-
Acquisition of property, plant and equipment	(7,634)	(6,271)	(13,533)	(14,483)
Cash used in investing activities	(19,583)	(10,509)	(22,558)	(20,857)

Cash used in investing activities increased in 2025 Q2, primarily due to increased investments in long-term restricted deposits and property, plant and equipment, offset by decreased investments in 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	June 29, 2025		December 29, 2024	
Current, including holdbacks	\$	522,989	\$	444,869
<u>Past due amounts but not impaired</u>				
1 - 60 days		48,407		28,531
Greater than 60 days		19,845		17,366
Less: allowance for doubtful accounts		(939)		(1,035)
Total accounts receivables, net	\$	590,302	\$	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 June 29, 2025:

\$ thousands	Total	2025	2026	2027	2028	2029	Post 2029
Leases	\$ 210,915	15,283	24,636	22,109	14,587	11,476	122,824
Accrued benefit liability	2,912	2,912					
	\$ 213,827	18,195	24,636	22,109	14,587	11,476	122,824

As at June 29, 2025, outstanding surety bonds guaranteed by the Company totaled \$342.3 million (December 29, 2024: \$307.4 million). The estimated maturity dates of the surety bonds outstanding at June 29, 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 LC. 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 June 29, 2025, there was \$138.5 million (December 29, 2024: \$134.7 million) outstanding under the guarantee facility.

Management believes that the Company was in compliance in all material respects with all applicable contractual obligations as at June 29, 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 June 29, 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 June 29, 2025, the Company had guaranteed \$1.9 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 Q2 YTD		2024 Q2 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	(192,075)	C\$34.16	(223,316)	C\$26.59
Exercised during the period	(15,795)	C\$10.89	—	—
Balance at end of period	2,085,747	C\$21.68	2,118,009	C\$24.02

Restricted Share Unit Plan for Non-Employee Directors

Pursuant to the Company’s Restricted Share Unit Plan for Non-Employee Directors, a maximum of 1 million Shares are reserved for issuance to non-employee directors. The Company issued 28,319 director restricted share units (“Director RSUs”), with a total value of \$0.2 million, in 2025 Q2. Approximately \$0.1 million of the issued Director RSUs were exercised and exchanged for 10,012 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.

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 June 29, 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 Q2	<4.75x	>1.25x	≤3.00x
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

\$ thousands	June 29, 2025	December 29, 2024
Liquidity ^{NG} Position	\$ 326,700	\$ 126,800
Total Leverage Ratio ^{NG} (must be less than 4.75 [2024: must be less than 4.75])	3.97	4.37
Senior Secured Leverage Ratio ^{NG} (must be less than 3.00 [2024: must be less than 3.50])	1.21	3.09
Interest Coverage Ratio ^{NG} (must be greater than 1.25 [2024: must be greater than 1.25])	1.81	1.51

As of June 29, 2025, NFI's liquidity^{NG} was \$326.7 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 Solutions™ 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 decreases the total borrowing capacity to \$700 million and provides 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.

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 builds are planned for the fourth quarter of 2025, with a continued ramp-up through 2026.

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 and contribute to long-term competitiveness, its current focus remains on deleveraging efforts. 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 and compliance with the First Lien Facility and Second Lien Debt covenants.

The Company's 2025 Q2 Free Cash Flow^{NG} was C\$21.7 million, with no dividends declared during this period. For 2024 Q2, Free Cash Flow^{NG} was C\$1.5 million and no dividends were declared during the period.

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 Q2	2024 Q2	26-Weeks Ended June 29, 2025	26-Weeks Ended June 30, 2024	52-Weeks Ended June 29, 2025	52-Weeks Ended June 30, 2024
Net (loss) earnings	(160,774)	2,547	(167,260)	(6,867)	(163,689)	(49,122)
Addback						
Income taxes paid (recovery)	10,945	2,217	11,425	(3,812)	12,069	(20,550)
Interest expense ⁸	25,723	33,935	64,078	64,589	130,429	144,799
Amortization	19,824	20,611	38,005	41,848	76,287	82,996
(Loss) gain on disposition of property, plant and equipment and right of use assets ¹⁵	(10)	54	(159)	(43)	76	(206)
Gain on debt modification ¹³	-	-	-	-	-	(8,908)
Loss on debt extinguishment ¹⁴	43,185	234	43,185	234	43,185	234
Fee for early repayment of 2023 second lien debt ¹⁶	10,825	-	10,825	-	10,825	-
Unrealized foreign exchange loss (gain) on non-current monetary items and forward foreign exchange contracts	49	(2,625)	(1,057)	(8,116)	(11,558)	(8,467)
Past service costs and other pension costs ¹²	-	-	-	-	-	(7,000)
Equity settled stock-based compensation	1,352	877	1,721	1,266	2,688	2,643
Unrecoverable insurance costs and other ⁷	-	(28)	-	116	-	1,009
Expenses incurred outside of normal operations ⁹	9,697	-	20,333	-	31,390	440
Prior year sales tax provision ¹¹	-	-	-	-	-	101
Impairment loss on intangible assets ¹⁰	80,897	-	80,897	1,028	82,147	1,028
Impairment loss on goodwill ¹⁵	9,965	-	9,965	-	9,965	-
Impairment loss on property, plant and equipment ¹⁵	4,333	-	4,333	-	4,333	-
Restructuring costs ⁶	14,800	1,589	17,213	3,104	26,448	3,972
Adjusted EBITDA^{NG}	70,811	59,411	133,504	93,347	254,598	142,969
Depreciation of property, plant and equipment and right of use assets	(12,147)	(12,502)	(22,891)	(25,558)	(45,114)	(50,996)
Tax at 31%	(18,186)	(14,542)	(34,290)	(21,015)	(64,939)	(28,512)
NOPAT^{NG}	40,478	32,367	76,323	46,774	144,542	63,461
Adjusted EBITDA ^{NG} is comprised of:						
Manufacturing	52,557	33,873	85,787	31,654	138,322	28,586
Aftermarket	30,552	34,981	63,600	72,438	130,703	133,596
Corporate	(12,299)	(9,443)	(15,883)	(10,745)	(14,430)	(19,213)

(Footnotes on page 30)

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 and 2023 First Lien Facilities to finance working capital and therefore has excluded the impact of working capital in calculating Free Cash Flow^{NG}.

The Company defines Free Cash Flow per Share^{NG} as Free Cash Flow^{NG} divided by the average number^{NG} of Shares outstanding.

(\$ thousands, except per Share figures)						
	2025 Q2	2024 Q2	26-Weeks Ended June 29, 2025	26-Weeks Ended June 30, 2024	52-Weeks Ended June 29, 2025	52-Weeks Ended June 30, 2024
Net cash (used in) generated by operating activities	(69,609)	29,733	(28,810)	43,088	(56,558)	59,429
Changes in non-cash working capital items ²	44,218	22,111	20,470	12,538	62,809	4,472
Interest paid ²	33,685	11,919	67,303	45,100	143,310	97,286
Interest expense ²	(31,157)	(29,611)	(63,483)	(63,161)	(124,953)	(131,457)
Income taxes paid (recovered) ²	27,788	(6,519)	27,047	(9,524)	38,631	(17,952)
Current income tax expense ²	(8,988)	(12,157)	(21,471)	(17,155)	(40,627)	(4,294)
Repayment of obligations under lease	(4,859)	(6,002)	(10,231)	(12,511)	(22,080)	(23,862)
Cash capital expenditures	(7,634)	(6,271)	(13,533)	(14,483)	(29,364)	(33,121)
Acquisition of intangible assets	(2,530)	(4,375)	(4,734)	(7,231)	(15,100)	(13,461)
Proceeds from disposition of property, plant and equipment	15	137	13	857	119	2,421
Defined benefit funding ³	751	674	1,468	1,500	2,798	3,414
Defined benefit expense ³	(1,403)	(649)	(1,892)	(1,592)	(4,071)	(2,979)
Past service costs and other pension costs ¹²	-	-	-	-	-	(7,000)
Expenses incurred outside of normal operations ⁹	9,697	-	20,333	-	31,390	440
Equity hedge	-	-	-	-	-	2,844
Unrecoverable insurance costs and other ⁷	-	(28)	-	116	-	1,009
Asset impairment ¹⁷	(1,619)	-	(1,619)	-	(1,619)	-
Fee for early repayment of 2023 second lien debt ¹⁶	10,825	-	10,825	-	10,825	-
Prior year sales tax provision ¹¹	-	-	-	-	-	101
Restructuring costs ⁶	14,800	1,589	17,213	3,104	26,448	6,526
Foreign exchange loss (gain) on cash held in foreign currency ⁴	1,677	580	1,171	(981)	637	(4,624)
Free Cash Flow^{NG}	15,657	1,131	20,070	(20,335)	22,595	(60,808)
U.S. exchange rate ¹	1.3852	1.3680	1.4100	1.3584	1.3928	1.3579
Free Cash Flow (C\$)^{NG}	21,688	1,547	28,006	(27,623)	31,471	(82,572)
Free Cash Flow per Share (C\$)^{NG, 5}	0.1822	0.0130	0.2352	(0.2322)	0.2791	(0.7322)

1. U.S. exchange rate (C\$ per US\$) is the average exchange rate for the period.
2. Changes in non-cash working capital are excluded from the calculation of Free Cash Flow^{NG} as these temporary fluctuations are managed through the Secured 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 (gain) 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 Q2 was 119,064,892 and 118,997,650 for 2024 Q2. The weighted average number of Shares outstanding for 2025 Q2 LTM and 2024 Q2 LTM was 119,042,977 and 112,775,058, respectively.
6. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with restructuring initiatives. 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.
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 Q2 includes a gain of \$0.3 million compared to a gain of \$0.2 million in 2024 Q2 for the interest rate swaps. 2025 Q2 includes a gain of \$2.9 million and 2024 Q2 includes a gain of \$0.1 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 Q2 and a gain of \$0.6 million in 2024 Q2.
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 Q2, \$9.7 million in labour and overhead costs were incurred as a result of the seat supply disruption, in addition to \$10.6 million recognized in 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 had recognized an accounting gain in 2023 Q3 stemming from the modification made to its Secured Facilities. In 2023 Q4, an accounting loss was recorded to adjust the gain on debt modification.
14. In 2024 Q2, the Company recognized an accounting loss for the debt extinguishment related to the amendments made to the MDC senior unsecured facility. 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.
16. The company was assessed an early repayment fee of \$10.8 million was 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.

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)						
	2025 Q2	2024 Q2	26-Weeks Ended June 29, 2025	26-Weeks Ended June 30, 2024	52-Weeks Ended June 29, 2025	52-Weeks Ended June 30, 2024
Net (loss) earnings	(160,774)	2,547	(167,260)	(6,867)	(163,689)	(49,122)
Adjustments, net of tax ^{1, 2}						
Unrealized foreign exchange loss (gain)	34	(1,811)	(729)	(5,600)	(7,974)	(5,842)
Unrealized (gain) loss on interest rate swap	(236)	(118)	(352)	(1,121)	1,120	171
Unrealized loss (gain) on cash conversion option	1,968	(80)	772	(2,819)	(974)	(1,409)
Unrealized (gain) loss on prepayment option of second lien debt ³	(11,006)	(380)	(9,420)	(2,137)	(13,894)	(2,578)
Unrealized loss on second lien optional redemption	1,145	-	1,145	-	1,145	-
Accretion in carrying value of long-term debt associated with debt modification ⁴	-	-	-	-	-	1,014
Gain on debt modification ⁵	-	-	-	-	-	(6,146)
Accretion associated to gain on debt modification	(304)	(336)	(1,013)	(662)	(2,048)	(1,113)
Loss on debt extinguishment ⁶	29,798	161	29,798	161	29,798	161
Equity swap settlement fee ⁷	-	-	-	-	-	2,428
Equity settled stock-based compensation	933	605	1,188	873	1,855	1,823
(Gain) loss on disposition of property, plant and equipment	(7)	37	(110)	(30)	53	(143)
Past service costs and other pension costs ⁸	-	-	-	-	-	(4,830)
Unrecoverable insurance costs and other ⁹	-	(19)	-	80	-	696
Deferred tax assets not recognized ¹⁶	34,443	-	34,443	-	34,443	-
Expenses incurred outside of normal operations ¹⁰	6,691	-	14,030	-	21,659	(978)
Other tax adjustments	(6,311)	-	(6,311)	-	(6,311)	201
Impairment loss on goodwill ¹⁴	9,965	-	9,965	-	9,965	-
Fee for early repayment of 2023 second lien debt ¹⁵	7,469	-	7,469	-	7,469	-
Impairment loss on property, plant, and equipment ¹⁴	4,333	-	4,333	-	4,333	-
Accretion in carrying value of convertible debt and cash conversion option	1,468	1,388	2,914	2,755	5,773	5,410
Prior year sales tax provision ¹¹	-	-	-	-	-	70
Impairment loss on intangible assets ¹²	80,897	-	80,897	709	81,760	709
Restructuring costs ¹³	10,212	1,096	11,877	2,141	18,250	2,740
Adjusted Net Earnings (Loss) ^{NG}	10,718	3,090	13,636	(12,517)	22,733	(56,738)
(Loss) earnings per Share (basic)	(1.35)	0.02	(1.40)	(0.06)	(1.45)	(0.44)
(Loss) earnings per Share (fully diluted)	(1.35)	0.02	(1.40)	(0.06)	(1.45)	(0.44)
Adjusted Net Earnings (Loss) per Share (basic) ^{NG}	0.09	0.03	0.11	(0.11)	0.20	(0.50)
Adjusted Net Earnings (Loss) per Share (fully diluted) ^{NG}	0.09	0.03	0.11	(0.11)	0.20	(0.50)

1. Addback items are derived from the historical financial statements of the Company.
2. The Company has utilized a rate of 31.0% to tax effect the adjustments for the periods above.
3. The unrealized gain on the prepayment option is related to the Company's second lien debt instrument.
4. Normalized to exclude the over accretion of transaction costs relating to the Company's Secured Facility.
5. As a result of the Company's refinancing in 2023, the Company has recognized an accounting gain stemming from the modification made to its Secured Facilities.
6. In 2024 Q2, the Company recognized an accounting loss for the debt extinguishment related to the amendments made to the MDC senior unsecured facility. 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.
7. In Fiscal 2023, the Company settled its equity swaps which were used to hedge the exposure associated with changes in value of its Shares with respect to outstanding management restricted units ("Management RSUs") and a portion of the outstanding performance share units ("PSUs"), and deferred share units ("DSUs").
8. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. In 2022 Q2, \$7.0 million liability was recorded related to the anticipated closure of MCI's Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2.
9. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
10. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. Also included is the additional labour costs associated with the shortage of the specified item.
11. Provision for sales taxes as a result of a previous state sales tax review.
12. In 2024 Q1, the Company recognized an impairment loss on an NPD project for \$1.0 million. In 2025 Q2, the Company recorded a \$80.9 million intangible asset impairment related to the Alexander Dennis manufacturing business unit.
13. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with other restructuring initiatives. 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.
14. 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.
15. The company was assessed a fee for early repayment associated with the 2023 Second Lien Debt.
16. 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.

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

(\$ thousands)	2025 Q2	2025 Q1	2024 Q4	2024 Q3
Shareholders' Equity	557,787	703,529	707,754	699,717
Addback				
Long term debt	324,660	643,872	610,237	610,624
Second lien debt	611,056	174,202	173,741	173,309
Obligation under lease	129,738	129,629	129,511	130,020
Convertible debentures	233,567	221,540	218,020	230,453
Senior unsecured debt	33,322	51,051	50,040	56,210
Derivatives	(13,852)	(6,874)	(10,497)	2,327
Cash	(78,912)	(107,985)	(49,557)	(59,720)
Invested Capital^{NG}	1,797,366	1,808,964	1,829,249	1,842,940
Average of invested capital ^{NG} over the quarter	1,803,165	1,819,107	1,836,095	1,813,922
	2024 Q2	2024 Q1	2023 Q4	2023 Q3
Shareholders' Equity	704,031	697,580	702,913	706,177
Addback				
Long term debt	576,145	562,324	536,037	583,948
Second lien debt	172,910	172,568	172,396	172,975
Obligation under lease	131,382	135,959	138,003	130,102
Convertible debentures	225,628	225,972	228,985	221,427
Senior unsecured debt	54,997	61,081	61,796	60,838
Derivatives	(2,740)	(1,783)	8,010	6,814
Cash	(77,445)	(68,491)	(49,615)	(75,498)
Invested Capital^{NG}	1,784,908	1,785,210	1,798,525	1,806,783
Average of invested capital ^{NG} over the quarter	1,785,059	1,791,868	1,802,654	1,803,734

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 Q2 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} is calculated as the same trailing twelve month Adjusted EBITDA^{NG} as the Total Leverage Ratio^{NG} divided by trailing twelve-month interest expense on the 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).

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 June 29, 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 June 29, 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 June 29, 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 June 29, 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 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 has taken various steps to mitigate these issues (including the current North American seat supply issue), but they continue to have a significant negative impact on the Company’s business, operating results, financial condition and liquidity. These issues may continue and/or worsen, including as the Company continues to ramp up production levels. While NFI has experienced significant improvement in overall supplier performance, the supply of certain parts and components continues to be challenged and may deteriorate, including with respect to other parts and components. There can be no assurance as to if or when production operations will return to pre-pandemic production rates or deliveries. Supply chain issues could also potentially expose the Company to liquidated damages penalties under certain transit bus and motor coach purchase contracts if it is unable to meet the applicable delivery deadlines under such 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 Second 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 Q2, active bids of 5,855 EUs were down 13.4% year-over-year, but up 10.3% from 2025 Q1. The year-over-year decline was primarily driven by the timing of new awards with NFI recording 6,299 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 Q2 with 1,711 bids in process, and another 4,144 bids submitted, which is expected to continue to drive new orders in the second half of 2025.

The forecasted five-year North American industry procurement remains strong at 22,769 EUs. The Company expects that the forecasted five-year North American industry procurement will remain high in 2025 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 Q2, the Total Bid Universe was 28,624 EUs, relatively flat quarter-over-quarter and a 1.5% increase year-over-year.

As at 2025 Q2, 13,861 EUs, or 48.4%, 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 Q2	3,609	3,153	6,762	21,415	28,177
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

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 continued to voice concerns to UK and Scottish governments regarding the uneven playing field that exists for UK bus manufacturers, who support higher wages and better domestic employment rights, while combating lower-cost foreign importers who have no investment requirement in the UK.

Order activity

New orders (firm and options) during 2025 Q2 totaled 822 EUs, a 26.2% decrease from 2024 Q2. The decrease is primarily driven by the timing of incoming new orders coming from transit agencies and the timing of U.S. government funding apportionments for fiscal year 2025 pushing some planned requests for proposals into the second half of 2025. New firm and option orders for 2025 Q2 LTM were 6,299 EUs, a decrease of 36.2% from 2024 Q2 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 Q2, 167 option EUs converted to firm orders, which contributed to 888 EUs converted in 2025 Q2 LTM, representing a conversion ratio of 74.9%. *Further details on options are provided below under the "Options" section.*

In 2025 Q2, the Company received orders for 248 EUs of battery-electric, zero-emission vehicles, a decrease from the 550 EUs of ZEB orders in 2024 Q2 and a decrease from 282 EUs of ZEB orders in 2025 Q1. These 248 EUs of ZEBs equate to 30.2% of all new firm and option orders for the quarter.

514 EUs of new firm and option orders were pending from customers at the end of 2025 Q2, 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 Q2	1,114	9,866	129	331
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

Options

In 2025 Q2, 59 options expired, as compared to 75 options that expired in 2025 Q1, and 30 options that expired in 2024 Q2. 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 239.7% from the end of 2021 to 2025 Q2. In 2025 Q2 the LTM option conversion rate remained relatively flat at 74.9%. 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	134						3,716
B) Options Exercised (EUs)	1,110	638	404	865	283						3,300
C) Current Options by year of expiry (EUs)					573	1,487	1,337	1,542	4,077	1,100	10,116
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 45 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 2,900 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 Q2 Book-to-Bill^{NG} ratio (defined as new firm orders and exercised options divided by new deliveries) was 88.2%, an increase from 83.4% in 2024 Q2. This increase was driven primarily by an increase in exercised option orders and fewer deliveries in 2025 Q2. 2025 Q2 LTM Book-to-Bill^{NG} ratio was 119.9%, an increase from the rate of 107.0% for 2024 Q2 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, US 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 Q2, relatively flat from 58.8% as of the end of 2025 Q1. As at the end of 2025 Q2, there were 5,723 EUs of ZEBs in the backlog^{NG}, representing 35.3% of the total backlog^{NG}, relatively flat from 36.5% as at the end of 2025 Q1 and 41.1% as at the end of 2024 Q2.

	2025 Q2			2025 Q1			2024 Q2		
	Firm Orders	Options	Total	Firm Orders	Options	Total	Firm Orders	Options	Total
Beginning of period	6,236	10,291	16,527	5,860	9,275	15,135	5,593	9,190	14,783
New orders	771	51	822	1,316	1,207	2,523	910	204	1,114
Options exercised	167	(167)	—	116	(116)	—	129	(129)	—
Shipments ¹	(1,076)	—	(1,076)	(1,028)	—	(1,028)	(1,246)	—	(1,246)
Cancelled/expired	(16)	(59)	(75)	(28)	(75)	(103)	(16)	(30)	(46)
End of period	6,082	10,116	16,198	6,236	10,291	16,527	5,370	9,235	14,605
Consisting of:									
Heavy-duty transit buses	4,950	9,691	14,641	5,099	9,769	14,868	4,554	8,942	13,496
Motor coaches	434	425	859	353	522	875	236	293	529
Cutaway and medium-duty buses	698	—	698	784	—	784	580	—	580
Total Backlog^{NG}	6,082	10,116	16,198	6,236	10,291	16,527	5,370	9,235	14,605

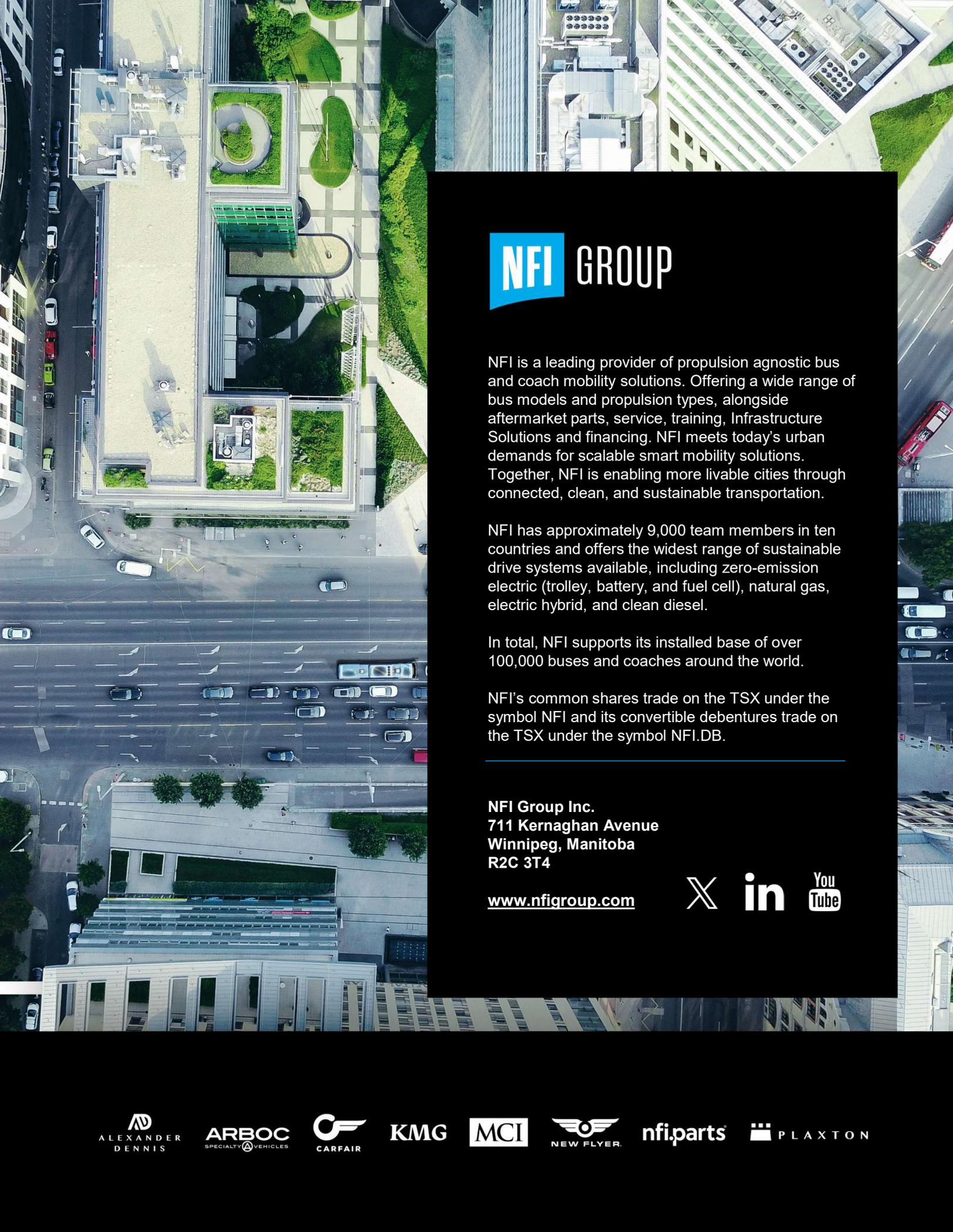
1. Shipments do not include delivery of pre-owned coaches as these coaches are not included in the backlog^{NG}.

At the end of 2025 Q2, the Company's total backlog^{NG} of 16,198 EUs (firm and options) increased by 10.9% from the end of 2024 Q2, driven by strong new awards in 2024 Q4 and 2025 Q1. Backlog^{NG} for 2025 Q2 has a total dollar value of \$13.5 billion, a 1.0% decrease from 2025 Q1 and a 14.4% increase from 2024 Q2.

The average price of an EU in total backlog^{NG} is now \$0.84 million, a 3.2% increase from 2024 Q2. 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 Q2		2025 Q1		2024 Q2	
		EUs		EUs		EUs
Total firm orders	\$4,871.3	6,082	\$4,929.3	6,236	\$3,850.7	5,370
Total options	\$8,672.6	10,116	\$8,756.3	10,291	\$7,988.1	9,235
Total backlog^{NG}	\$13,543.9	16,198	\$13,685.6	16,527	\$11,838.8	14,605



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 approximately 9,000 team members in ten countries and offers the widest range of sustainable drive systems available, including zero-emission electric (trolley, battery, and fuel cell), natural gas, electric hybrid, and clean diesel.

In total, NFI supports its installed base of over 100,000 buses and coaches around the world.

NFI's common shares trade on the TSX under the symbol NFI and its convertible debentures trade on the TSX under the symbol NFI.DB.

NFI Group Inc.
711 Kernaghan Avenue
Winnipeg, Manitoba
R2C 3T4

www.nfigroup.com



Unaudited Interim Condensed Consolidated Financial Statements of

NFI GROUP INC.

June 29, 2025

TABLE OF CONTENTS

	Page
Unaudited Interim Condensed Consolidated Statements of Net (Loss) Earnings and Total Comprehensive (Loss) Earnings	3
Unaudited Interim Condensed Consolidated Statements of Financial Position	4
Unaudited Interim Condensed Consolidated Statements of Changes in Equity	5
Unaudited Interim Condensed Consolidated Statements of Cash Flows	6
Notes to the Unaudited Interim Condensed Consolidated Financial Statements	7-20

NFI GROUP INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET (LOSS) EARNINGS AND TOTAL COMPREHENSIVE (LOSS) EARNINGS

13-weeks and 26-weeks ended June 29, 2025 ("2025 Q2" and "2025 Q2 YTD", respectively) and 13-weeks and 26-weeks ended June 30, 2024 ("2024 Q2" and 2024 Q2 YTD, respectively)

(in thousands of U.S. dollars except per share figures)

	2025 Q2	2024 Q2	2025 Q2 YTD	2024 Q2 YTD
Revenue (note 18)	\$ 868,169	\$ 851,233	\$ 1,709,589	\$ 1,573,982
Cost of sales (note 4)	751,929	749,794	1,499,389	1,403,594
Gross Profit	116,240	101,439	210,200	170,388
Sales, general and administration costs and other operating expenses	82,684	64,263	145,918	121,293
Foreign exchange loss	6,799	814	6,431	2,082
Earnings from operations	26,757	36,362	57,851	47,013
Gain (loss) on disposition of property, plant and equipment and right-of-use asset	10	(54)	159	43
Fee for early repayment of 2023 second lien debt (note 12)	(10,825)	—	(10,825)	—
Loss on debt extinguishment (note 10, 11, 12)	(43,185)	(234)	(43,185)	(234)
Impairment loss on property, plant and equipment (note 6)	(4,333)	—	(4,333)	—
Impairment loss on goodwill (note 6)	(9,965)	—	(9,965)	—
Impairment loss on intangible assets (note 6)	(82,516)	—	(82,516)	(1,028)
Unrealized foreign exchange (loss) gain on monetary items	(49)	2,625	1,057	8,116
(Loss) earnings before interest and income taxes	(124,106)	38,699	(91,757)	53,910
Interest and finance costs				
Interest on long-term debt	21,642	21,063	43,892	42,923
Interest on convertible debt	3,056	3,113	6,135	6,226
Interest on senior unsecured debt (note 10)	215	921	989	3,104
Accretion in carrying value of long-term debt (note 11)	1,783	2,323	4,802	4,614
Accretion in carrying value of convertible debt (note 13)	2,127	2,012	4,222	3,993
Accretion in carrying value of senior unsecured debt (note 10)	73	73	146	174
Interest expense on lease liability	2,306	2,742	5,038	4,868
Other interest and bank charges	6,302	2,525	10,239	7,493
Fair market value gain on prepayment option of 2023 second lien debt (note 12)	(15,951)	(550)	(13,653)	(3,096)
Fair market value gain on interest rate swap (note 17b)	(342)	(171)	(510)	(1,624)
Fair market value loss optional redemption of 2025 second lien debt (note 12)	1,660	-	1,660	-
Fair market value loss (gain) on cash conversion option (note 13)	2,852	(116)	1,118	(4,086)
	25,723	33,935	64,078	64,589
(Loss) earnings before income tax expense	(149,829)	4,764	(155,835)	(10,679)
Income tax expense (recovery) (note 9)	10,945	2,217	11,425	(3,812)
Net (loss) earnings for the period	\$ (160,774)	\$ 2,547	\$ (167,260)	\$ (6,867)
Other comprehensive (loss) earnings				
Actuarial gain on defined benefit pension plan - this item will not be reclassified subsequently to profit or loss	2,490	3,314	1,613	8,635
Unrealized foreign exchange gain (loss) on translation of foreign operations - this item will not be reclassified subsequently to profit or loss	11,085	(287)	13,762	(1,923)
Total comprehensive (loss) earnings for the period	(147,199)	5,574	(151,885)	(155)
Net (loss) earnings per share (basic) (note 15)	\$ (1.35)	\$ 0.02	\$ (1.40)	\$ (0.06)
Net (loss) earnings per share (diluted) (note 15)	\$ (1.35)	\$ 0.02	\$ (1.40)	\$ (0.06)

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 June 29, 2025

(in thousands of U.S. dollars)

	June 29, 2025	December 29, 2024
Assets		
Current		
Cash	\$ 78,912	\$ 49,557
Accounts receivable (note 3, 17e)	590,302	489,731
Inventories (note 4)	926,584	959,633
Income tax receivable	4,830	1,980
Other current asset (note 5, 17a)	7,319	6,937
Prepaid expenses and deposits	25,817	25,342
	1,633,764	1,533,180
Property, plant and equipment (note 6)	195,029	192,670
Right-of-use asset	106,426	108,092
Derivative financial instruments (note 12, 17a, b)	19,410	12,347
Goodwill and intangible assets (note 6)	870,933	956,954
Accrued benefit asset	10,414	9,299
Other long-term assets (note 5, 17b)	45,065	43,670
Deferred tax assets	79,258	57,920
	\$ 2,960,299	\$ 2,914,132
Liabilities		
Current		
Accounts payable and accrued liabilities	604,750	627,536
Income tax payable	773	4,640
Derivative financial instruments (note 17a, b)	1,970	1,340
Current portion of long-term liabilities (note 7)	354,112	290,413
Senior unsecured debt (note 10)	33,322	19,609
	994,927	943,538
Accrued benefit liability	2,408	2,511
Obligations under leases	112,143	112,699
Deferred compensation obligation	1,869	1,671
Deferred revenue	27,207	29,323
Provisions (note 8)	48,246	48,037
Deferred tax liabilities	44,301	33,315
Derivative financial instruments (note 13, 17a, b)	3,588	2,855
Senior unsecured debt (note 10)	—	30,431
Long-term debt (note 11)	323,200	610,237
Second lien debt (note 12)	611,056	173,741
Convertible debentures (note 13)	233,567	218,020
	\$ 2,402,512	\$ 2,206,378
Commitments and contingencies (note 19)		
Shareholders' equity		
Share capital (note 14)	1,241,793	1,241,397
Stock option and restricted share unit reserve	15,771	14,249
Accumulated other comprehensive income	26,111	10,736
Deficit	(725,888)	(558,628)
	\$ 557,787	\$ 707,754
	\$ 2,960,299	\$ 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 June 29, 2025

(in thousands of U.S. dollars)

	Share Capital	Stock Option and Restricted Share Unit Reserve	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
Balance, December 31, 2023	\$ 1,240,163	\$ 13,673	\$ 4,409	\$ (555,332)	\$ 702,913
Net loss	—	—	—	(6,867)	(6,867)
Other comprehensive income	—	—	6,712	—	6,712
Equity transaction cost	7	—	—	—	7
Share-based compensation, net of deferred income taxes	—	1,266	—	—	1,266
Shares issued	1,060	(1,060)	—	—	—
Balance, June 30, 2024	\$ 1,241,230	\$ 13,879	\$ 11,121	\$ (562,199)	\$ 704,031
Net earnings	—	—	—	3,571	3,571
Other comprehensive loss	—	—	(385)	—	(385)
Share-based compensation, net of deferred income taxes	—	487	—	—	487
Shares issued	167	(117)	—	—	50
Balance, December 29, 2024	\$ 1,241,397	\$ 14,249	\$ 10,736	\$ (558,628)	\$ 707,754
Net loss	—	—	—	(167,260)	(167,260)
Other comprehensive income	—	—	15,375	—	15,375
Share-based compensation, net of deferred income taxes	—	1,721	—	—	1,721
Shares issued (note 14)	396	(199)	—	—	197
Balance, June 29, 2025	\$ 1,241,793	\$ 15,771	\$ 26,111	\$ (725,888)	\$ 557,787

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 26-weeks ended June 29, 2025 ("2025 Q2" and "2025 Q2 YTD", respectively) and 13-weeks and 26-weeks ended June 30, 2024 ("2024 Q2" and "2024 Q2 YTD")
(in thousands of U.S. dollars)

	2025 Q2	2024 Q2	2025 Q2 YTD	2024 Q2 YTD
Operating activities				
Net (loss) earnings for the period	\$ (160,774)	\$ 2,547	\$ (167,260)	\$ (6,867)
Income tax expense (recovery)	10,945	2,217	11,425	(3,812)
Depreciation of property, plant and equipment	12,147	12,502	22,891	25,558
Amortization of intangible assets	7,677	8,109	15,114	16,290
Impairment loss on property, plant and equipment (note 6)	4,333	—	4,333	—
Impairment loss on intangible assets (note 6)	82,516	—	82,516	1,028
Impairment loss on goodwill (note 6)	9,965	—	9,965	—
Share-based compensation	1,352	877	1,721	1,266
Interest and finance costs recognized in profit or loss	37,161	34,600	74,957	71,772
Unrealized foreign exchange loss (gain) on monetary items	49	(2,625)	(1,057)	(8,116)
Foreign exchange (gain) loss on cash held in foreign currency	(1,677)	(580)	(1,171)	983
Fair value adjustment on derivative financial instrument	(11,439)	(666)	(10,874)	(7,182)
(Gain) loss on disposition of property, plant and equipment	(10)	54	(159)	(43)
Loss on debt extinguishment (note 10, 11, 12)	43,185	234	43,185	234
Defined benefit expense	1,403	649	1,892	1,592
Defined benefit funding	(751)	(674)	(1,468)	(1,500)
Cash generated by operating activities before non-cash working capital items and interest and income taxes paid	36,082	57,244	86,010	91,202
Changes in non-cash working capital items (note 16)	(44,218)	(22,111)	(20,470)	(12,538)
Cash (used in) generated by operating activities before interest and income taxes paid	(8,136)	35,133	65,540	78,664
Interest paid	(33,685)	(11,919)	(67,303)	(45,100)
Income taxes (paid) recovered	(27,788)	6,519	(27,047)	9,524
Net cash (used in) generated by operating activities	(69,609)	29,733	(28,810)	43,088
Financing activities				
Repayment of obligations under lease	(4,859)	(6,002)	(10,231)	(12,511)
Repayment of senior unsecured debt	(20,000)	—	(20,000)	—
Proceeds (repayment of) from credit facilities	83,104	(4,848)	109,586	19,086
Proceeds on share issuance	197	—	197	—
Share issuance costs	—	—	—	7
Net cash generated by (used in) financing activities	58,442	(10,850)	79,552	6,582
Investing activities				
Acquisition of intangible assets	(2,530)	(4,375)	(4,734)	(7,231)
Proceeds from disposition of property, plant and equipment	15	137	13	857
Long-term restricted deposits	(9,434)	—	(4,304)	—
Acquisition of property, plant and equipment	(7,634)	(6,271)	(13,533)	(14,483)
Net cash used in investing activities	(19,583)	(10,509)	(22,558)	(20,857)
Effect of foreign exchange rate on cash	1,677	580	1,171	(981)
(Decrease) increase in cash	(29,073)	8,954	29,355	27,830
Cash — beginning of period	107,985	68,491	49,557	49,615
Cash — end of period	\$ 78,912	\$ 77,445	\$ 78,912	\$ 77,445

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 July 31, 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 (loss) on translation of foreign operations in other comprehensive (loss) earnings.

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.

3. ACCOUNTS RECEIVABLE

	June 29, 2025	December 29, 2024
Trade, net of allowance for doubtful accounts (note 17e)	\$ 548,111	\$ 449,081
Other	42,191	40,650
	\$ 590,302	\$ 489,731

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 June 29, 2025, trade receivables of \$14.5 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

	June 29, 2025	December 29, 2024
Raw materials	\$ 345,709	\$ 394,521
Work in process	415,025	477,398
Finished goods	165,850	87,714
	\$ 926,584	\$ 959,633

	2025 Q2	2024 Q2	2025 Q2 YTD	2024 Q2 YTD
Cost of inventories recognized as expense and included in cost of sales	\$ 701,402	\$ 716,872	\$ 1,403,406	\$ 1,342,889
Write-(up) down of inventory to net realizable value in cost of sales	(67)	78	1,078	932

5. OTHER LONG-TERM ASSETS

	June 29, 2025	December 29, 2024
Restricted deposit(s) (note 17b)	\$ 49,624	\$ 46,999
Long-term accounts receivable	2,760	3,608
Less: Current portion of restricted deposit(s)	7,319	6,937
	<u>\$ 45,065</u>	<u>\$ 43,670</u>

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 announced consultation on a new strategy for its United Kingdom (UK) manufacturing operations. This consultation and restructuring strategy intend to adjust the UK business to changing market dynamics, lower overall costs, deliver clearer responsibilities and increase efficiency by removing duplicate functions and activities. The statutory consultation is placing up to 400 roles at Alexander Dennis at risk of redundancy, close the manufacturing facility in Falkirk, Scotland, and suspend the production lines at its Larbert, Scotland facility upon the completion of current contracts. Based on these factors, management concluded that impairment indicators existed at AD manufacturing, accordingly, an interim quantitative impairment test was performed.

In performing the 2025 Q2 interim quantitative impairment test and consistent with prior practice, the Company determined the recoverable amount of the AD manufacturing CGU based on value-in-use calculations. These calculations use estimated cash flow projections based on financial plans approved by the Board covering a five-year period and discount rates based on weighted average cost of capital of similar businesses

The discount rate used in the estimation of the recoverable amount is outlined below.

CGUs	2025 Q2	2024 Q4
AD manufacturing	12.5 to 13.8%	13.8 to 14.8%

Cash flows beyond this period are extrapolated using a steady estimated growth rate based on the long-term average annual growth rate of 3%. Management has projected planned cash flows based on a detailed production schedule, historical performance, and anticipated market developments. The discount rates used reflect risks relating to the AD manufacturing CGU.

Based on the results of the interim quantitative impairment test conducted in the second quarter of 2025, management concluded that the estimated recoverable amount of the AD manufacturing CGU was \$112 million, which was lower than its carrying amount. As a result, an impairment charge was recorded in the unaudited interim condensed consolidated statement of net (loss) earnings and total comprehensive (loss) earnings, totaling \$4.3 million for property, plant, and equipment, \$80.9 million for intangible assets, and \$10 million for goodwill.

The impairment of goodwill and intangible assets related to AD manufacturing reflects the ongoing challenges posed by increased foreign competition and the resulting loss of market share.

NFI GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at June 29, 2025
(in thousands of U.S. dollars except per share figures)

7. CURRENT PORTION OF LONG-TERM LIABILITIES

	June 29, 2025	December 29, 2024
Obligations under leases	\$ 17,593	\$ 16,811
Deferred compensation obligation	5,967	3,939
Deferred revenue	261,767	220,601
Provisions (note 8)	67,326	49,062
Government of Canada loan (note 11)	1,459	—
	\$ 354,112	\$ 290,413

8. PROVISIONS

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

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 of up to 400 jobs 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.

Due to the announced redundancy, the Scottish Enterprise Grants totaling £21.2 million may be subject to potential clawback. This risk has not been accounted for in the unaudited interim condensed consolidated statements of financial position.

	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	4,523	51,029	15,505	71,057
Amounts used/realized	(6,188)	(44,735)	(3,719)	(54,642)
Unused provision	—	—	(179)	(179)
Unwinding of discount and effect of changes in the discount rate	—	(39)	—	(39)
Exchange rate differences	(14)	1,669	621	2,276
	30,898	70,786	13,888	115,572
Less current portion (note 7)	2,129	51,309	13,888	67,326
June 29, 2025	\$ 28,769	\$ 19,477	\$ —	\$ 48,246

9. INCOME TAX EXPENSE (RECOVERY)

The income tax expense for 2025 Q2 was \$10.9 million compared to an expense of \$2.2 million in 2024 Q2. The increased income tax expense is primarily due to the deferred tax expense associated with the derecognition of deferred tax assets in the UK which no longer meet the criteria for recognition.

The income tax expense for 2025 Q2 YTD is \$11.4 million, compared to a recovery of \$3.8 million in 2024 Q2 YTD. The increase in the overall income tax expense is primarily due to the deferred tax expense associated with the derecognition of deferred tax assets in the UK which no longer meet the criteria for recognition, offset by the tax benefit associated with reduced earnings before tax.

The Effective Tax Rate ("ETR") for 2025 Q2 was (7.3%) and the ETR for 2024 Q2 was 46.6%. The ETR for 2025 Q2 YTD was (7.3%) and the ETR for 2024 Q2 YTD was 35.7%. The 2025 Q2 and 2025 Q2 YTD ETR were detrimentally impacted by the derecognition of deferred tax assets associated with the UK operations.

9. INCOME TAX EXPENSE (RECOVERY) (Continued)

Income tax expense recognized in the unaudited interim condensed consolidated statement of net (loss) earnings and total comprehensive (loss) earnings as at June 29, 2025 does not include any amount related to BEPS Pillar Two (“Pillar Two”) income taxes.

Pillar Two is not expected to have a material impact on the Company’s tax expense.

On July 4, 2024, new tax law (commonly referred to by its unofficial name, the One Big Beautiful Bill Act) was signed into law by President Trump. As of June 29, 2025, this legislation is not considered to be substantially enacted and the financial statements do not reflect the impact of this legislation. It is anticipated that this legislation will have minimal beneficial impact on the Company’s current tax expense for 2025.

10. SENIOR UNSECURED DEBT

In 2023, the Company entered into agreements with MDC for a C\$50 million debt facility, for general corporate purposes, and with Export Development Canada (“EDC”) for two credit facilities to support supply chain financing (“supply chain financing facility”) for \$50 million and surety and performance bonding requirements for new contracts (“Guarantee Facility”) for up to \$100 million. During the 2023 fiscal year, \$25 million was repaid to EDC on the supply chain financing facility as a permanent reduction.

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 June 29, 2025.

	Face Value	Unamortized Transaction Costs	Net Book Value June 29, 2025	Net Book Value December 29, 2024
MDC	\$ 36,474	\$ 292	\$ 36,182	\$ 34,683
Unamortized interest benefit	(2,860)	—	(2,860)	(4,252)
EDC	—	—	—	19,609
Less: current portion of senior unsecured debt	33,614	292	33,322	19,609
	\$ —	\$ —	\$ —	\$ 30,431

11. LONG-TERM DEBT

	Face Value	Unamortized Transaction Costs	Net Book Value June 29, 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	6,929	756	6,173	5,788
2025 First lien revolving credit facility, Secured (“2025 First Lien Facility”)	322,964	4,478	318,486	—
	329,893	5,234	324,659	610,237
Less: current portion of long-term debt (note 7)	1,459	—	1,459	—
	\$ 328,434	\$ 5,234	\$ 323,200	\$ 610,237

NFI GROUP INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at June 29, 2025
(in thousands of U.S. dollars except per share figures)

11. LONG-TERM DEBT (Continued)

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

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, that decreases the total borrowing capacity to \$700 million and provides 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.

The Company recognized a loss on debt extinguishment of \$10.8 million on the extinguishment of the North American Facility and UK Facility.

As at June 29, 2025, \$111.8 million outstanding letters-of-credit was 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 June 29, 2025	Net Book Value December 29, 2024
2023 Second Lien Debt	\$ —	\$ —	\$ —	\$ 173,741
Prepayment Option (note 17b)	—	—	—	(12,347)
2025 Second Lien Debt	621,070	10,014	611,056	—
Optional Redemption (note 17b)	(19,410)	—	(19,410)	—
	<u>\$ 601,660</u>	<u>\$ 10,014</u>	<u>\$ 591,646</u>	<u>\$ 161,394</u>

The 2023 Second Lien Debt financing was secured against all of the Company's assets, and bears 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.

Prior to the second anniversary of the debt facility, the Company can exercise an option to prepay a portion of the remaining principal at 106% of the face value (note 17). Prior to the third anniversary, the Company can exercise its option to prepay a portion of the remaining principal at 103% of the face value. An option to prepay the remaining principal at par is available from the third anniversary onwards.

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

On June 13, 2025, the Company issued a private offering of \$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 to the debt extinguishment of the 2023 Second Lien Debt in accordance with IFRS 9.

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 secured notes 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 secured notes at a redemption equal to 104.625% in 2027, 102.313% in 2028, and 100.000% in 2029 and thereafter.

The optional redemption was recognized as a derivative asset with a fair value of \$19.4 million at June 29, 2025. A fair market value loss of \$1.7 million was recorded on the Company's unaudited interim condensed consolidated statement of net (loss) earnings and total comprehensive (loss) earnings.

NFI GROUP INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at June 29, 2025
(in thousands of U.S. dollars except per share figures)

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 June 29, 2025	Net Book Value December 29, 2024
Convertible Debt	\$ 236,803	\$ 3,236	\$ 233,567	\$ 218,020
Cash Conversion Option (note 17b)	3,588	—	3,588	2,345
	\$ 240,391	\$ 3,236	\$ 237,155	\$ 220,365

14. SHARE CAPITAL

	June 29, 2025	December 29, 2024
Authorized - Unlimited		
Issued - 119,075,877 Common Shares (December 29, 2024: 119,035,071)	\$ 1,241,793	\$ 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	15	167
Director Restricted Share Units ("Director RSU") exercised	26	229
Balance - June 29, 2025	119,076	1,241,793

15. (LOSS) EARNINGS PER SHARE

	2025 Q2	2024 Q2	2025 Q2 YTD	2024 Q2 YTD
Net (loss) earnings attributable to equity holders	\$ (160,774)	\$ 2,547	\$ (167,260)	\$ (6,867)
Weighted average number of Shares in issue	119,064,892	118,997,650	119,054,241	118,984,904
Weighted average number of Shares for diluted earnings per Share	119,064,892	119,130,066	119,054,241	118,984,904
Net (loss) earnings per Share (basic)	\$ (1.3503)	\$ 0.0214	\$ (1.4049)	\$ (0.0577)
Net (loss) earnings per Share (diluted)	\$ (1.3503)	\$ 0.0214	\$ (1.4049)	\$ (0.0577)

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

Diluted net earnings per Share is calculated using the same method as basic net (loss) earnings 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

Cash inflow (outflow)	2025 Q2	2024 Q2	2025 Q2 YTD	2024 Q2 YTD
Accounts receivable	\$ (9,876)	\$ (21,223)	\$ (100,571)	\$ (20,850)
Other current asset	(7,319)	—	(382)	—
Income tax receivable	14,512	(2,793)	2,727	(3,192)
Inventories	(30,077)	(48,925)	30,336	(75,877)
Prepaid expenses and deposits	(830)	(3,765)	(475)	(5,708)
Accounts payable and accrued liabilities	(27,343)	10,083	(22,786)	41,591
Income tax payable	(14,818)	2,333	(3,867)	2,333
Deferred revenue	18,048	49,713	39,050	55,124
Provisions	4,880	(1,325)	18,473	745
Other	8,605	(6,209)	17,025	(6,704)
	\$ (44,218)	\$ (22,111)	\$ (20,470)	\$ (12,538)

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.

NFI GROUP INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at June 29, 2025
(in thousands of U.S. dollars except per share figures)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

	June 29, 2025		
	Fair value level	Carrying amount	Fair value
Financial assets recorded at fair value			
Cash	Level 1	\$ 78,912	\$ 78,912
Restricted deposit(s) (note 5)	Level 1	49,624	49,624
Optional Redemption (note 12)	Level 2	19,410	19,410
Derivative financial instrument assets - long term		\$ 19,410	\$ 19,410
Financial liabilities recorded at fair value			
Foreign exchange forward contracts	Level 2	1,970	1,970
Derivative financial instrument liabilities - current		\$ 1,970	\$ 1,970
Cash Conversion Option (note 13)	Level 2	3,588	3,588
Derivative financial instrument liabilities - long term		\$ 3,588	\$ 3,588

	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
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 June 29, 2025, the Company had \$108.4 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 September to November 2025. The related liability of \$2.0 million (December 29, 2024: \$1.3 million) is recorded on the 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) earnings and the total comprehensive (loss) earnings.

(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 June 29, 2025, the Company had a cash balance of \$78.9 million (December 29, 2024: \$49.6 million), \$323 million drawn under the 2025 First Lien Facility due in 2029 (December 29, 2024: \$581 million), and \$111.8 million of outstanding letters-of-credit (December 29, 2024: \$80.5 million). The total liquidity position as at June 29, 2025 is \$326.7 million.

NFI GROUP INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at June 29, 2025
(in thousands of U.S. dollars except per share figures)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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

	Total Leverage Ratio ¹	Interest Coverage Ratio ²	Senior Secured Leverage Ratio ³
2025 Q2	<4.75x	>1.25x	≤3.00x
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

1. Total Leverage Ratio ("TLR") is calculated as aggregate indebtedness of the Company not including the Debentures and certain non-financial products, but including the 2025 First Lien Facility, senior unsecured or second lien indebtedness, less unrestricted cash and cash equivalents up to a maximum of \$50 million, divided by Adjusted EBITDA (calculated on a trailing twelve-month basis).
2. Interest Coverage Ratio ("ICR") is calculated as the same trailing twelve month Adjusted EBITDA as the TLR, divided by trailing twelve-month interest expense on all indebtedness and other interest and bank charges of the Company.
3. 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 Adjusted EBITDA (calculated on a trailing twelve-month basis).

The calculation of the liquidity position under the 2025 First Lien Facility at June 29, 2025 is provided below.

	June 29, 2025	December 29, 2024
Liquidity Position	\$ 326,700	\$ 126,800
Total Leverage Ratio (must be less than 4.75 [2024: must be less than 4.75])	3.97	4.37
Senior Secured Leverage Ratio (must be less than 3.00 [2024: must be less than 3.50])	1.21	3.09
Interest Coverage Ratio (must be greater than 1.25 [2024: must be greater than 1.25])	1.81	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 June 29, 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 June 29, 2025:

	Total	2025	2026	2027	2028	2029	Post 2029
Leases	\$ 210,915	\$ 15,283	\$ 24,636	\$ 22,109	\$ 14,587	\$ 11,476	\$ 122,824
Accrued benefit liability	2,912	2,912					
	\$ 213,827	\$ 18,195	\$ 24,636	\$ 22,109	\$ 14,587	\$ 11,476	\$ 122,824

NFI GROUP INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at June 29, 2025
(in thousands of U.S. dollars except per share figures)

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.

	June 29, 2025	December 29, 2024
Current, including holdbacks	\$ 522,989	\$ 444,869
<u>Past due amounts but not impaired</u>		
1 - 60 days	48,407	28,531
Greater than 60 days	19,845	17,366
Less: Allowance for doubtful accounts	(939)	(1,035)
<u>Total accounts receivables, net</u>	<u>\$ 590,302</u>	<u>\$ 489,731</u>

As at June 29, 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 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.

NFI GROUP INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at June 29, 2025
(in thousands of U.S. dollars except per share figures)

18. SEGMENT INFORMATION (Continued)

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

	2025 Q2			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	\$ 712,454	\$ 155,715	–	\$ 868,169
Operating costs and expenses	790,439	132,188	95,371	1,017,998
(Loss) earnings before income tax expense	(77,985)	23,527	(95,371)	(149,829)
Total assets	2,120,418	543,538	296,343	2,960,299
Addition of capital expenditures	6,970	664	–	7,634
Addition of intangibles assets	2,530	–	–	2,530
Impairment loss on property, plant, and equipment	4,333	–	–	4,333
Impairment loss on intangible assets	82,516	–	–	82,516
Impairment loss on goodwill	9,965	–	–	9,965
Indefinite-life intangible assets	248,690	19,041	–	267,731
Goodwill	214,461	192,192	–	406,653

	2025 Q2 YTD			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	\$ 1,401,322	\$ 308,267	–	\$ 1,709,589
Operating costs and expenses	1,471,580	258,001	135,843	1,865,424
(Loss) earnings before income tax expense	(70,258)	50,266	(135,843)	(155,835)
Total assets	2,120,418	543,538	296,343	2,960,299
Addition of capital expenditures	12,869	664	–	13,533
Addition of intangibles assets	4,734	–	–	4,734
Impairment loss on property, plant, and equipment	4,333	–	–	4,333
Impairment loss on intangible assets	82,516	–	–	82,516
Impairment loss on goodwill	9,965	–	–	9,965
Indefinite-life intangible assets	248,690	19,041	–	267,731
Goodwill	214,461	192,192	–	406,653

	2024 Q2			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	\$ 689,567	\$ 161,666	–	\$ 851,233
Operating costs and expenses	679,974	131,520	34,975	846,469
Earnings (loss) before income tax expense	9,593	30,146	(34,975)	4,764
Total assets	1,987,360	511,732	308,426	2,807,518
Addition of capital expenditures	6,008	263	–	6,271
Addition of intangibles assets	4,375	–	–	4,375
Indefinite-life intangible assets	245,559	18,540	–	264,099
Goodwill	223,470	189,274	–	412,744

NFI GROUP INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at June 29, 2025
(in thousands of U.S. dollars except per share figures)

18. SEGMENT INFORMATION (Continued)

	2024 Q2 YTD			Total
	Manufacturing Operations	Aftermarket Operations	Unallocated	
Revenue from external customers	\$ 1,252,452	\$ 321,530	–	\$ 1,573,982
Operating costs and expenses	1,262,249	258,600	63,812	1,584,661
(Loss) earnings before income tax recovery	(9,797)	62,930	(63,812)	(10,679)
Total assets	1,987,360	511,732	308,426	2,807,518
Addition of capital expenditures	14,220	263	–	14,483
Addition of intangibles assets	7,231	–	–	7,231
Indefinite-life intangible assets	245,559	18,540	–	264,099
Goodwill	223,470	189,274	–	412,744

The Company's revenue by geography is summarized below:

	2025 Q2	2024 Q2	2025 Q2 YTD	2024 Q2 YTD
North America	\$ 723,826	\$ 693,143	\$ 1,433,566	\$ 1,255,763
UK and Europe	133,830	150,387	256,569	299,710
Asia Pacific	10,513	7,703	19,454	18,509
Total	\$ 868,169	\$ 851,233	\$ 1,709,589	\$ 1,573,982

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

	2025 Q2	2024 Q2	2025 Q2 YTD	2024 Q2 YTD
Transit buses	\$ 567,812	\$ 547,630	\$ 1,118,168	\$ 997,109
Motor coaches	100,088	113,064	197,282	200,689
Medium-duty and cutaway buses	27,457	19,205	51,029	36,960
Pre-owned coach	5,296	2,206	9,009	5,441
Infrastructure solutions™	8,255	4,402	19,188	7,115
Fiberglass reinforced polymer components	3,546	3,060	6,646	5,138
Manufacturing revenue	\$ 712,454	\$ 689,567	\$ 1,401,322	\$ 1,252,452

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 June 29, 2025 range from December 2026 to December 2039.

At June 29, 2025, outstanding surety bonds guaranteed by the Company totaled \$342.3 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.

- (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 letter of credit or letter 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 June 29, 2025, there was \$138.5 million (December 29, 2024: \$134.7 million) outstanding under the Guarantee Facility.

As at June 29, 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 June 29, 2025, the Company had guaranteed \$1.9 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 they will have to pay out on any of these arrangements.