



NFI GROUP INC.

Annual Information Form

March 19, 2026

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NFI GROUP INC.

General

The information, including any financial information, disclosed in this Annual Information Form is stated as at December 28, 2025 or for the year ended December 28, 2025, as applicable, unless otherwise indicated. Unless otherwise indicated, all dollar amounts are expressed in U.S. dollars and references to “\$”, “US\$” and “U.S. dollars” are to the lawful currency of the United States. References to “C\$” are to the lawful currency of Canada. References to “£” or “pounds sterling” are to the lawful currency of Great Britain. References in this Annual Information Form to “we”, “us”, “our” or the “Company” refer to NFI Group Inc. (“NFI”) and all of its direct or indirect subsidiaries, including New Flyer Industries Canada ULC (“NFI ULC”), New Flyer of America Inc. (“NFAI”), New Flyer Holdings, Inc. (“NFHI”), The Aftermarket Parts Company, LLC (“TAPC”), ARBOC Specialty Vehicles, LLC (“ARBOC”), KMG Fabrication, Inc. (“KMG”), Carfair Composites Inc. and Carfair Composites USA, Inc. (together, “Carfair”), Motor Coach Industries International, Inc. and its affiliated entities engaged in the motorcoach and related parts and service businesses (collectively, “MCI”) and NFI International Limited, Alexander Dennis Limited and its affiliated entities engaged in the single and double deck buses and related parts and service businesses (collectively, “Alexander Dennis”). References to “New Flyer” generally refer collectively to NFI ULC, NFAI, and Carfair. References to “NFI Parts” generally refer to TAPC. References to “NFI” refer to NFI Group Inc. References in this Annual Information Form to “management” are to management of the Company.

Certain statements in this Annual Information Form are “forward-looking statements”, which reflect the expectations of management regarding the Company’s future growth, results of operations, performance and business prospects and opportunities. The words “believes”, “views”, “anticipates”, “plans”, “expects”, “intends”, “projects”, “forecasts”, “estimates”, “guidance”, “targets” and similar expressions are intended to identify forward-looking statements. In addition, forward-looking statements can be identified by statements to the effect that certain actions “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. These forward-looking statements reflect management’s current expectations regarding future events and operating performance and speak only as of the date of this Annual Information Form. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. Several factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under “Risk Factors”. Although the forward-looking statements contained in this Annual Information Form are based upon what management believes to be reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward-looking statements, and the differences may be material. These forward-looking statements are made as of the date of this Annual Information Form and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities law.

Buses manufactured by New Flyer and Alexander Dennis’s single and double deck buses are classified as “transit buses”. ARBOC manufactures body on-chassis or “cutaway” and “medium-duty” buses that service transit, paratransit, and shuttle applications. Collectively, transit buses, medium-duty buses and cutaways, are referred to as “buses”. A “motorcoach” 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, but 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.

All of the data presented in this Annual Information Form with respect to market share, the number of transit buses, medium-duty buses, low-floor cutaway buses and motorcoaches delivered and in service is measured in, or based on, “equivalent units”. One equivalent unit (or “EU”) represents one production slot, being one 30-foot, 35-foot, 40-foot or 45-foot heavy-duty transit bus, one double deck bus, one medium-duty bus, one low-floor cutaway bus or one motorcoach. One articulated transit bus represents two equivalent units. An articulated transit bus is an extra-long 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.

As used herein, “North America” refers to Canada and the United States (or “U.S.”) and the “UK” refers to England, Scotland, Wales and Northern Ireland.

Throughout this Annual Information Form all references to “IFRS” are to International Financial Reporting Standards.

Use of Market and Industry Data

This Annual Information Form includes market and industry data that has been obtained from third-party sources, including industry publications, industry associations and customers, as well as industry data prepared by management on the basis of its knowledge of and experience in the industry in which the Company operates (including management’s estimates and assumptions relating to the industry based on that knowledge). Management’s knowledge of the industry has been developed through its experience and lengthy participation in the industry. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes it to be reliable, neither the Company, nor management have independently verified any of the data from third-party sources referred to in this Annual Information Form or ascertained the underlying economic assumptions relied upon by such sources.

BUSINESS OF THE COMPANY

NFI is a manufacturer and mobility solutions provider with an offering that includes buses and motorcoaches, charging infrastructure installation, telematics, vehicle financing, and full parts and service aftermarket support. The Company has taken a propulsion-agnostic approach to bus and motorcoach manufacturing which best positions the Company to serve the broadest range of customers and drive growth. The Company is manufacturing products and serving customers in the following areas:

- United States and Canadian heavy-duty transit buses and charging solutions and infrastructure planning and development (New Flyer);
- United States and Canadian low-floor cutaway buses and medium duty buses (ARBOC);
- United States and Canadian motorcoaches (MCI);
- United States and Canadian double deck buses (Alexander Dennis);
- Hong Kong, Singapore, Australia and New Zealand single deck and double deck buses (Alexander Dennis); and
- UK single deck and double deck buses (Alexander Dennis).

NFI also operates aftermarket parts and service businesses that support all of the vehicle manufacturing operations in North America, the UK and Asian Pacific markets.

From its production facilities in Canada, the United States and the UK, the Company has the broadest and most advanced product offering in the North American bus and motorcoach markets, plus the leading offering in the UK and Hong Kong, with a growing presence in New Zealand and Singapore. NFI's broad offering includes buses with clean diesel, compressed natural gas ("CNG"), diesel electric hybrid, battery-electric, electric trolleys and hydrogen fuel cell-electric propulsion systems. Management anticipates that, based on the Company's leadership position in core markets, broad product offering, historic experience and deep customer relationships, it is well positioned to capitalize on the long-term transition to zero-emission buses ("ZEBs"), referring to propulsion systems that do not utilize internal combustion engines, in both core and new markets.

New Flyer designs and manufactures a variety of transit buses from 35-feet to 60-feet in length with diverse propulsion systems, including clean diesel, diesel-electric hybrid, CNG, battery-electric, electric trolley, and hydrogen fuel cell-electric. Under Alexander Dennis's brand, the Company designs and manufactures single and double deck buses from 28-feet to 45-feet in length with a range of low- and zero-emission propulsions, including clean diesel and battery-electric. ARBOC designs and manufactures a variety of low-floor and medium-duty diesel buses from 21-feet to 35-feet in length. MCI designs and manufactures a variety of motorcoaches, primarily in 35-foot, 40-foot and 45-foot lengths, with clean diesel propulsion systems. In addition to its engineering, manufacturing and field service capabilities, the Company maintains the industry's leading aftermarket parts organizations, which are responsible for supporting an extensive range of post-sale activities, including parts distribution, telematics, support documentation, publications and training.

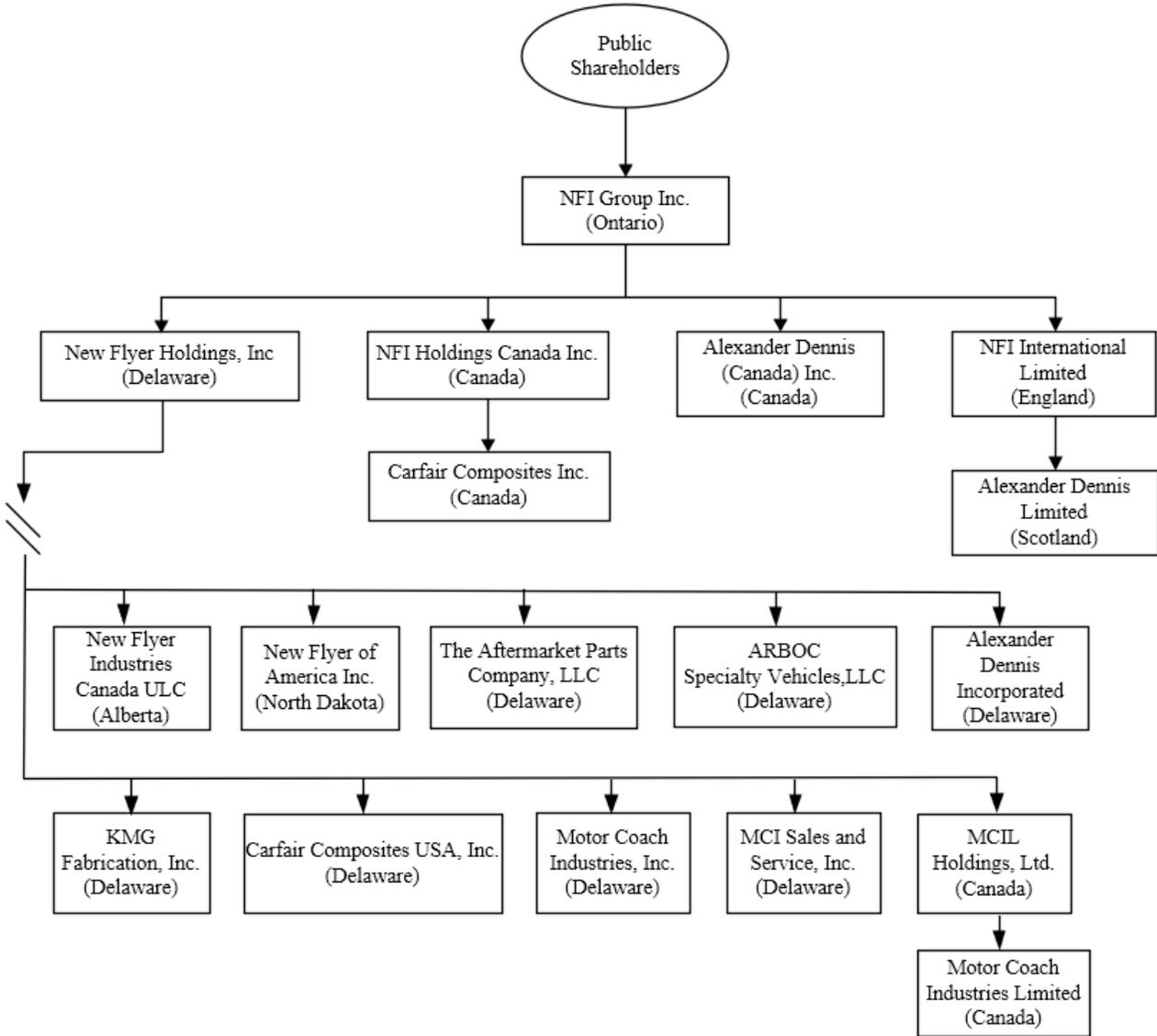
For fiscal 2025, the Company generated revenue of approximately \$3.6 billion.

The common shares of NFI (the "Shares") and the 5.0% unsecured convertible debentures of NFI (the "Debentures") are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbols "NFI" and "NFI.DB", respectively.

CORPORATE STRUCTURE

NFI is a corporation established under the *Business Corporations Act* (Ontario) on June 16, 2005. The registered office of NFI is located at Suite 3000, 79 Wellington Street West, Toronto, Ontario, M5K 1N2.

The chart below shows NFI and its principal subsidiaries, all of which are wholly-owned. The principal operating subsidiaries of the Company are: NFI ULC, NFAI, MCI, Alexander Dennis, ARBOC and TAPC.



GENERAL DEVELOPMENT OF THE BUSINESS

Recent Developments

Fiscal 2023

On January 20, 2023, NFI announced that it finalized agreements for the previously announced financial support package of approximately \$187 million with the Manitoba Development Corporation (“MDC”), an entity that provides financial services and financial instruments on behalf of the Province of Manitoba, and Export Development Canada (“EDC”). The financial support package included (i) a C\$50 million debt facility from MDC to support investments in working capital and general corporate purposes (the “Manitoba Facility”), and (ii) a \$50 million debt facility to support supply chain financing (the “EDC Facility”) and up to \$100 million surety reinsurance support arrangement for NFI’s surety and performance bonding requirements for new contracts (the “EDC Bonding Support”), both provided by EDC.

On April 5, 2023, Alexander Dennis announced plans to expand its Larbert, Scotland head office and facility into a manufacturing site for the future, expanding Alexander Dennis’s manufacturing footprint from two to three production sites to meet demand for the decarbonization of public transport. The site once completed will focus on the production of the new Enviro400EV zero-emission bus, assembling the next-generation body on the new Alexander Dennis battery-electric chassis. The decision followed a successful pilot program to build Enviro400FCEV hydrogen fuel cell buses in Larbert, Scotland for the Liverpool City Region Combined Authority in England.

On May 4, 2023, at NFI’s annual and special meeting of shareholders, the Honourable Brian Tobin retired as Chair of the board of directors of NFI (the “Board”) and Jannet Walker-Ford was elected as a new director on the Board. Wendy Kei was named Chair of the Board following Mr. Tobin’s retirement.

On May 10, 2023, NFI announced that it was working to complete a comprehensive refinancing plan (the “Refinancing Plan”) to improve financial flexibility, strengthen its balance sheet and best position the Company to capitalize on the historic demand for its products and expected financial recovery. As part of the Refinancing Plan, the elements of which are further described below and which was completed on August 25, 2023, NFI amended its existing North American senior secured credit facility (the “North American Facility”) and UK senior secured credit facility (the “UK Facility”, and together with the North American Facility, the “Secured Facilities”), extended the Manitoba Facility and the EDC Facility and raised additional funds through the sale of new Shares and the Second Lien Financing (defined below).

On May 11, 2023, NFI announced that, as part of the Refinancing Plan, it had entered into an investment agreement (the “Investment Agreement”) with Coliseum Capital Management, LLC (“CCM”), Coliseum Capital Partners, L.P. (“CCP”) and Blackwell Partners LLC – Series A (“Blackwell”), a fund and an account managed by CCM, respectively (collectively referred to herein as “Coliseum”). Pursuant to the Investment Agreement, Coliseum (which was then a 12.4% holder of Shares) agreed to purchase Shares from NFI on the terms and conditions in the Investment Agreement. The issuance of Shares to Coliseum was approved by NFI’s shareholders at a special meeting of shareholders held on June 27, 2023. On closing of the Refinancing Plan on August 25, 2023, Coliseum purchased an aggregate of 21,656,624 Shares, on a private placement basis, at a subscription price of \$6.1567 per Share, for aggregate gross proceeds to NFI of approximately \$133.3 million (the “Coliseum Private Placement”) and Coliseum became NFI’s largest shareholder holding approximately 26.2% of the Shares. In connection with the Coliseum Private Placement, on August 25, 2023 NFI and Coliseum entered into a registration rights agreement, which governs NFI’s registration obligations in respect of the Shares purchased under the Coliseum Private Placement (the “Registration Rights Agreement”).

On June 6, 2023, as part of the Refinancing Plan, NFI completed a bought deal public offering of subscription receipts (the “Subscription Receipts”). A total of 15,102,950 Subscription Receipts were issued at a price of C\$8.25 per Subscription Receipt, for aggregate gross proceeds to NFI of approximately C\$125 million (the “Subscription Receipt Offering”). On closing of the Refinancing Plan on August 25, 2023, each outstanding Subscription Receipt was exchanged, for no additional consideration or action on the part of the holder, for one Share, resulting in the issuance of 15,102,950 Shares.

In addition, on closing of the Refinancing Plan on August 25, 2023, NFI completed a private placement of an aggregate of 5,000,000 Shares to certain funds managed and/or advised by a leading global asset manager, at a subscription price of C\$10.10, for aggregate gross proceeds to NFI of C\$50.5 million.

As part of the Refinancing Plan, on August 25, 2023, NFI completed a \$180.4 million second lien debt financing (the “Second Lien Financing”) with Coliseum.

On August 25, 2023, NFI completed all elements of its Refinancing Plan. Through the Refinancing Plan, NFI raised total gross proceeds of approximately \$444.0 million, added approximately \$136.8 million of additional liquidity, completed a \$251.2 million permanent repayment to the Secured Facilities and a \$25 million permanent repayment of the EDC Facility.

On September 7, 2023, NFI announced that it was named partner of choice in over \$207 million in competitive grant awards through the U.S. Federal Transit Administration (“FTA”) 2023 Low or No Emission (“Low-No”) and Buses and Bus Facilities programs.

On September 25, 2023, Alexander Dennis announced the appointment of Big Rig Manufacturing, a subsidiary of Big Rig Collision Group, as its contract manufacturing partner to meet resurging interest in the Enviro500 double decker in North America.

On October 4, 2023, NFI announced a partnership with American Battery Solutions (“ABS”) for the supply of custom battery packs to power NFI’s battery-electric transit buses and motorcoaches in North America that will increase capacity and add resiliency to NFI’s North American battery supply. NFI entered into a five-year agreement with ABS in 2021 and, following two years of extensive development and testing, NFI launched ABS batteries into bus production for customer deliveries starting in the first quarter of 2024.

On November 1, 2023, Alexander Dennis launched its next generation of battery-electric buses for the UK and Ireland with the unveiling of the new Enviro100EV small bus and Enviro400EV double decker in Farnborough, England. At the product launch Alexander Dennis announced further expansions to the wider next-generation family: an international version of the Enviro100EV, an autonomous Enviro100AEV and an open-top variant of the double deck Enviro400EV; as well as a new Enviro200EV single decker.

On December 18, 2023, NFI announced a C\$10 million investment from Prairies Economic Development Canada (“PrairiesCan”) to support the expansion of NFI’s zero-emission heavy-duty modernization upgrades to the MCI facility in Winnipeg. NFI entered into an agreement for up to C\$10 million in interest-free financing from PrairiesCan through Canada’s Jobs and Growth Fund. The financing is non-interest-bearing and matures on March 1, 2030. The financing matches investments previously made by NFI into its zero-emission vehicle capabilities from late 2021 into 2023, and funds being invested into facility upgrades in 2024.

Fiscal 2024

On February 8, 2024, NFI announced the appointment of Brian Dewsnup as NFI's next Chief Financial Officer ("CFO") effective March 1, 2024. Mr. Dewsnup succeeds Pipasu Soni who has served as CFO since 2020 and is leaving to pursue other opportunities. Mr. Soni supported the transition of the CFO role until the end of June 2024.

On March 11, 2024, NFI announced that the New York City Transit Authority had awarded NFAI two new five-year contracts, which include firm orders for 187 Xcelsior Charge NG™ 40-foot buses, 18 Xcelsior Charge NG™ 60-foot buses and 224 Xcelsior 60-foot clean diesel buses, as well as options to purchase 1,661 additional buses (1,935 EUs) of the same models.

On May 3, 2024, at NFI's annual meeting of shareholders, Anne Marie O'Donovan was elected as a new director of the Board and was appointed the new chair of the audit committee, with the retirement of Phyllis Cochran from the Board and as chair of the audit committee.

On May 13, 2024, NFI announced that the New Jersey Transit Corporation had awarded NFAI a contract for the purchase of up to 1,300 Xcelsior® 40-foot clean-diesel transit buses.

On June 24, 2024, Alexander Dennis announced that Stagecoach Group had placed a firm order for 244 next-generation battery-electric buses. Through the UK Government's Zero-Emission Regional Bus Areas scheme (ZEBRA 2), the group placed the largest single order of Alexander Dennis ZEBs to date in the UK market, due for delivery throughout 2024, 2025 and 2026.

In July 2024, NFI amended its agreement with EDC to increase the size of its existing guarantee facility (the "Guarantee Facility") from \$125 million to \$145 million. The Guarantee Facility is made up of Account Performance Security Guarantee ("PSG") of up to \$90 million (previously was up to \$50 million) and Surety Reinsurance Support of up to \$55 million (previously was up to \$75 million). The PSG program is in place to cover standby letters of credit, or letters of guarantee, required as part of a collateral package provided to support a surety facility. Surety facilities are typically required by transit agencies in North America to support bus contracts.

On September 12, 2024, Alexander Dennis launched its next-generation Enviro100EV small zero-emission bus at the ReThink HK sustainability event in Hong Kong, designed to the specification for the Hong Kong market.

On October 25, 2024, NFI announced an initiative to expand NFI ULC's Winnipeg manufacturing capability to allow for complete manufacturing of heavy-duty transit buses in Canada and an increased offering of ZEBs. This project will repurpose existing space at NFI ULC's Winnipeg production facility and the lease of a new finishing facility for final vehicle commissioning, expanding NFI ULC's production capacity by up to 240 EUs per annum by 2027. The investment will allow NFI ULC to manufacture ZEBs, including battery-electric, fuel-cell electric, and trolley-electric buses for the Canadian market. The project is supported by the Government of Manitoba and Prairies Economic Development Canada.

On November 12, 2024, Alexander Dennis confirmed the specification for its next-generation Enviro200EV single decker to expand the Company's zero-emission bus offer in the UK, with the product launch expected in 2025. On November 14, 2024, Alexander Dennis announced the first independent operator to order the Enviro200EV, with Falcon Buses confirming the order for 12 buses at the Euro Bus Expo 2024 trade show.

Fiscal 2025 and Year-to-Date

On January 6, 2025, Chan Galbato was appointed to the Board to succeed Wendy Kei as Board Chair. Aziz Aghili and Maryse Saint-Laurent were also appointed to the Board on the same day.

On January 26, 2025, Alexander Dennis unveiled the first Enviro100AEV autonomous electric bus for the Connector project in Cambridge ahead of track testing. The Connector project consortium is led by the Greater Cambridge Partnership and in addition to Alexander Dennis includes Fusion Processing, IPG Automotive, dRISK and Gamma Energy.

On February 6, 2025, NFI announced that the Washington Metropolitan Area Transit Authority had awarded NFAI a contract for up to 500 buses, which includes firm orders for 75 Xcelsior 40-foot buses and 25 Xcelsior Charge NGTM 35-foot battery-electric buses, as well as options to purchase 400 additional buses of the same models.

On April 15, 2025, NFI announced that Colin Robertson would succeed Chan Galbato as Board Chair following Mr. Galbato's retirement from the Board, as well as the appointment of NFI's Vice Chair Larry Edwards as lead independent director of the Board.

On May 7, 2025, NFI announced that it and certain of its subsidiaries had entered into a new revolving credit facility with a total borrowing limit of \$845 million, which includes \$300 million in letter of credit availability (the "First Lien Facility"). The First Lien Facility replaced the Secured Facilities. Details of the First Lien Facility can be found under the heading "Description of Capital Structure – Credit Facilities" in this Annual Information Form.

On June 11, 2025, NFI announced that Alexander Dennis entered into a consultation on a new strategy for its United Kingdom (UK) manufacturing operations. Under the consultation, Alexander Dennis would look at consolidating its UK bus body manufacturing operations into a single site in Scarborough, England. Its Scottish based manufacturing in Falkirk, which had been reduced in recent years, would be discontinued and the site closed. Production lines at Larbert would be suspended upon the completion of current contracts. The statutory consultation placed up to 400 roles at Alexander Dennis at potential risk of redundancy. On September 15, 2025, NFI announced that following intensive engagement with internal and external stakeholders, it intended to keep its Scottish manufacturing sites open and operational and significantly limit the expected role reductions.

On June 13, 2025, NFI announced that NFHI had completed a private placement of \$600 million aggregate principal amount of 9.250% second lien senior secured notes due 2030 (the "Notes"). The net proceeds from the offering were used to repay certain amounts owing under the First Lien Facility and to repay in full all outstanding borrowings under the Second Lien Financing and the EDC Facility. Following closing of the offering of the Notes, the Second Lien Financing and the EDC Facility were terminated. Details of the Notes can be found under the heading "Description of Capital Structure – Notes" in this Annual Information Form.

On June 16, 2025, NFI announced that the New Jersey Transit Corporation had awarded NFAI a contract for up to 750 buses, which includes firm orders for 200 Xcelsior 60-foot clean-diesel buses, as well as options to purchase up to 550 additional buses of the same model.

On August 6, 2025, Alexander Dennis opened its U.S. manufacturing facility in Las Vegas, Nevada, enabling the development and production of double-deck buses for the North American market and supporting Southern Nevada's transportation and manufacturing industry. It is the only facility manufacturing double-deck buses in the United States.

On September 26, 2025, NFI announced that its subsidiaries, New Flyer and MCI issued a recall on certain vehicles equipped with certain battery modules from XALT Energy, LLC, one of its suppliers. The recall impacted approximately 680 delivered buses (and a smaller number of motorcoaches). The battery recall resulted in a material warranty provision being recorded in the Company's third quarter 2025 financial results.

On October 22, 2025, NFI announced that it had entered into a joint venture with GILLIG LLC to acquire the assets of American Seating Inc., a producer of seats for transit, motorcoach and rail applications, including its equipment, inventory, brand and intellectual property. The joint acquisition by the two U.S. heavy-duty transit bus manufacturers strengthens a critical component of the transit industry's supply chain and positions American Seating for operational performance recovery and long-term stability to the benefit of industry customers.

On December 16, 2025, NFI announced that it had signed a master settlement agreement with XALT Energy, LLC and its subsidiaries (collectively, "XALT") regarding costs related to the recall on Generation 3 batteries and estimated future costs associated with supporting buses operating with other types of XALT batteries. The settlement provides approximately 75% to 80% recovery against NFI's original \$229 million provision and fully resolves all disputes between NFI and XALT with no admission of fault, wrongdoing, or liability by either party.

On December 17, 2025, NFI announced that John Sapp had been appointed as President and Chief Executive Officer, effective January 1, 2026, to succeed Paul Soubry, who was retiring from NFI. In connection with Mr. Sapp's appointment, he joined the Board on January 1, 2026, with Mr. Soubry stepping down from the Board on the same day. Mr. Soubry will remain as advisor to the Board for 2026.

On December 19, 2025, NFI announced that it had entered into an amendment to the Investment Agreement with CCM, pursuant to which CCM has the flexibility to increase its total ownership up to a maximum of 25% of NFI's Shares. CCM has agreed to vote any incremental Shares purchased above its then-current holdings of 19.9% of NFI's Shares in favour of any matter put forward or recommended by management and the Board, and against any other matter.

DESCRIPTION OF THE BUSINESS

NFI is a leading independent global bus and motorcoach manufacturer providing a comprehensive suite of mass transportation solutions in thirteen countries under the brands: New Flyer[®] (heavy-duty transit buses), Alexander Dennis (single and double-deck buses), MCI[®] (motorcoaches), ARBOC[®] (low-floor cutaway and medium-duty buses), and NFI Parts[™]. NFI vehicles incorporate the widest range of drive systems available including: clean diesel, CNG, diesel-electric hybrid, and zero-emission electric (referring to propulsion systems that do not utilize internal combustion engines, such as electric trolley, battery, and fuel cell). Management believes the Company now supports over 100,000 of its buses and motorcoaches currently in service around the world.

Leveraging 450 years of combined experience, NFI offers a wide range of bus and motorcoach platforms. Through its low- and zero-emission buses and motorcoaches, NFI meets today's urban demands for scalable smart mobility solutions. Together, NFI is enabling more livable cities through connected, clean, and sustainable transportation.

In addition to expertise in manufacturing, NFI also operates bus and motorcoach aftermarket parts businesses that provide a recurring revenue stream that supports all of the largest transit agencies and operators in North America and the UK, and NFI's vehicles around the world.

Industry Overview

Heavy-Duty Transit Buses (New Flyer and Alexander Dennis)

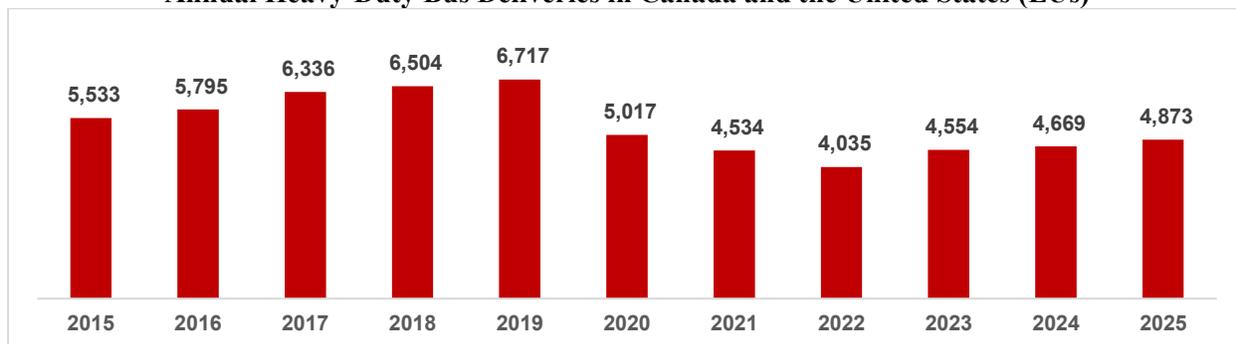
The Company is a leading manufacturer of heavy-duty transit buses (sometimes referred to in the industry as intra-city buses) in the United States, Canada and the UK and the leading manufacturer of double-deck buses in Hong Kong. Heavy-duty transit buses are the backbone of intra-city urban public transportation systems. They consist of vehicles that are generally between 30 and 60 feet in length, in single-deck or double-deck variations and with seating capacity for up to 90 passengers. Heavy-duty transit buses use a variety of propulsion systems in addition to clean diesel, including diesel-electric hybrid, CNG, battery-electric, electric trolley, biogas and hydrogen fuel cell-electric.

Customer funding models vary significantly by geographic region. In the United States, there are well-established federal funding programs for transit fleet replacements that typically fund approximately 80% of the total purchase, with the remaining 20% coming from local state and municipal funding contributions. There can be significant pressure on local funding as a result of the effect of general economic conditions on local tax revenues. In Canada, funding is primarily generated from local and provincial governments, although federal funding, provided through specific programs, has increased in recent years.

The bus market in the UK is dominated by private companies working in a deregulated environment or on franchised contracts with local governments. Traditionally, there has been no general grant funding mechanism for the purchase of new buses, resulting in orders being placed on a purely commercial basis and on short lead times to delivery. Market dynamics have changed in recent years, with more government involvement and subsidies materializing to facilitate and accelerate the shift to ZEBs with the decarbonization agenda taking a more central role in government policy. The UK Government has completed the final tranches of its capital funding programs, with the funding focus now moving to a regional level in England through a variety of bus funding channels. This is an important factor in local governments launching franchised operations in certain areas of the UK, notably Manchester and Liverpool to date. Other areas such as South Yorkshire, West Yorkshire and West Midlands have also confirmed plans for franchising. This transition is expected to lead to an increased number of vehicles being purchased by local governments through public procurement exercises in the near future. The UK Government has announced the ability to implement a legislative ban to stop the sale of non-ZEBs in England and Wales on or after January 1, 2030. In December 2025 the Scottish Government announced the launch of the third phase of the Scottish Zero Emission Bus Challenge Fund which will provide grant funding of up to £45,000,000 towards the purchase of zero emission buses by both private and public sector operators. Results are expected in late March 2026. The increasing popularity of ZEBs has seen additional finance providers entering the UK market through leasing and battery/vehicle as a service structure. Alexander Dennis provides leasing and financing solutions to customers through third parties. Funding mechanisms in other geographical markets in which Alexander Dennis operates vary.

Management’s estimates of total heavy-duty transit deliveries, presented in equivalent units, to customers in North America and the UK are presented in the charts below.

Annual Heavy-Duty Bus Deliveries in Canada and the United States (EUs)



Source: Third-party estimates. As 2025 third-party estimates are not yet available, management estimates deliveries based on Company data at 4,873 delivered units for 2025.

Note: Deliveries indicated in number of equivalent units.

As no precise public data source exists regarding industry deliveries in Canada and the United States, management relies on third-party estimates that are typically compiled within the first quarter of the year. At the date of this Annual Information Form, the third-party estimates for 2025 heavy-duty transit industry deliveries have not yet been published. Management, however, expects industry deliveries to remain fairly flat at the estimated 2025 deliveries of 4,873 units compared to the estimated total number of equivalent units delivered by the industry in 2024.

Annual Bus Registrations in the United Kingdom



Sources: Transport Resources International Ltd. for 2008 to 2018 data; Bus Lists website (www.buslistsontheweb.co.uk) for 2019 – 2025 data.

Note: Registrations indicated in number of buses.

In Europe, the market for transit buses is dominated by municipal companies or international transport groups under contract to transport authorities. Procurement by customers of new vehicles on an annual basis is typical with little provision for option purchases in future years. In addition to direct or indirect government funding for the purchase of new transit vehicles in most European countries, additional funding is available from the European Union, primarily through the European Regional Development Fund mechanism.

Low-floor Cutaway and Medium-Duty Buses (ARBOC)

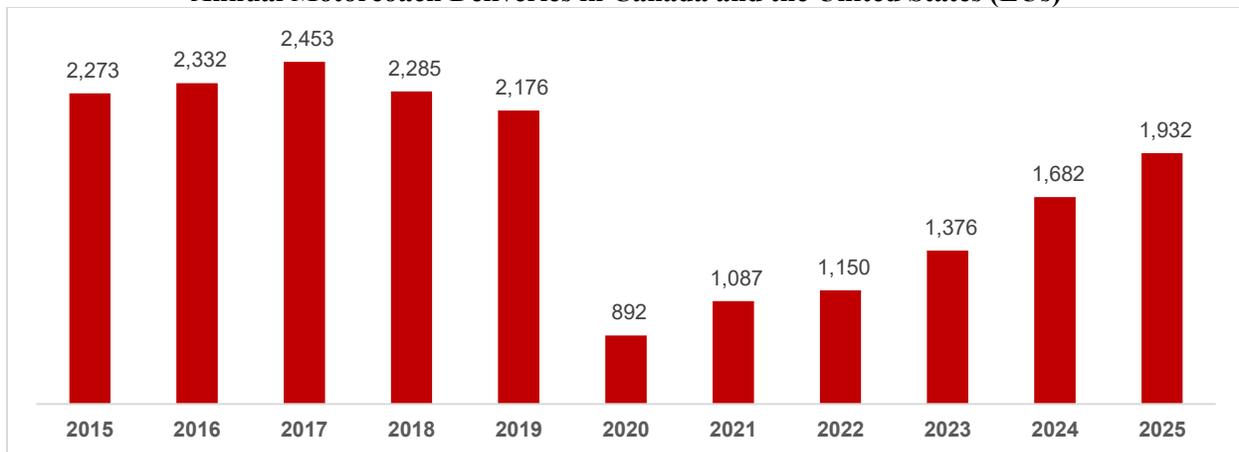
The Company is also the leading manufacturer of low-floor cutaway buses in the United States and Canada. These buses generally range between 20 and 35 feet in length and have average seating capacities from 10 and 37 passengers. The principal purchasers of these buses are municipal transit agencies, universities, entities in the healthcare sector (e.g., nursing homes and assisted living homes), and airport shuttle operators. Buses manufactured by ARBOC are sold through its network of approximately 17 dealers. Commercial terms with the dealers typically require the dealer to pay for the bus in full prior to accepting delivery from ARBOC. ARBOC's largest end-user customers are municipal transit agencies who obtain rolling stock funding in the same manner as described for heavy-duty transit buses where the ARBOC dealer would contract directly with the transit agency and ARBOC would be a supplier to its third party dealer which differs from transit sales where New Flyer would be the contracting party directly with the transit agency. For private market sales, the ARBOC dealer, and not ARBOC, may offer leasing or financing options.

Motorcoaches (MCI)

The Company is a leading manufacturer of motorcoaches (sometimes referred to in the industry as over-the-highway, inter-city or long-haul buses) in the United States and Canada. Coaches generally range between 35 and 45 feet in length and have a seating capacity of approximately 40 to 60 passengers. Most coaches have clean diesel propulsion systems. The principal purchasers of motorcoaches are private tour and charter operators, limousine/livery operators, inter-city line-haul operators, employee shuttle operators, private and public fleet operators and municipal and other local transit agencies.

Funding for public fleet operators in North America follows the same pattern as for heavy-duty transit buses. New coach funding for private fleet operators is provided from their operations or by their financial institutions, with a significant portion of private fleet operators choosing to finance new coach purchases. In some cases, MCI assists in arranging third party financing. Pre-owned coaches are purchased in the same manner by private customers, with a lower percentage of coaches being financed.

Annual Motorcoach Deliveries in Canada and the United States (EUs)



Source: Management estimates.

Note: Deliveries indicated in number of equivalent units.

Aftermarket Parts and Support

NFI Parts is North America's most comprehensive parts organization providing replacement parts, technical publications, training, service, and support for its OEM product lines (transit buses, motorcoaches and cutaway buses) as well as other bus brands through an extensive cross reference database. NFI Parts operates five strategically located Parts Distribution Centers (PDC) encompassing 700,000 square feet of warehouse space. This distribution network enables efficient service across the customer base, reduces delivery times, and provides reliable supply-chain support.

Outside of North and Central America, Alexander Dennis, through its "AD24" aftermarket platform, utilizes its global service network to supply parts to customers, ensuring availability and quick delivery. This network is comprised of global part centers and service workshops to provide maintenance and warranty repairs to customers.

Company History

The Company's predecessor was founded in 1930 as a manufacturer of motorcoaches and school buses. The name "Flyer Industries Limited" was adopted in 1971, at which time the company began to focus exclusively on heavy-duty transit buses. With its acquisition in 1986 by Den Oudsten, B.V. ("Den Oudsten"), Holland's largest transit bus manufacturer, the company became "New Flyer Industries Limited". Den Oudsten was an innovation leader in the European transit bus manufacturing industry, having been the first manufacturer to introduce the low-floor transit bus concept. Den Oudsten brought the low-floor transit bus to North America in 1988, and it eventually became the transit industry standard.

In 2002, a private investor group acquired a controlling interest in the Company and the Company was sold to another private investor group in 2004. In 2005, NFI and NFI ULC completed their initial public offering.

In 2013, Marcopolo S.A. ("Marcopolo"), a Brazilian manufacturer of transit buses and motorcoaches, made a strategic investment to acquire newly issued Shares, representing at that time, a 19.99% stake in NFI. In 2016, Marcopolo sold 4.5 million Shares and continued to own, at that time, 10.8% of the outstanding Shares of NFI. Marcopolo remains a shareholder of NFI, owning less than 10% of its outstanding Shares.

In 2013, NFI ULC acquired certain assets from Daimler Buses North America relating to its Orion aftermarket parts business and shortly thereafter acquired North American Bus Industries, Inc. ("NABI") from an affiliate of Cerberus Capital Management, L.P. In 2015, NFI acquired MCI from KPS Capital Partners, L.P.

On December 1, 2017, NFI acquired ARBOC.

In May 2018, NFI changed its name from "New Flyer Industries Inc." to "NFI Group Inc." to better reflect the multi-platform nature of NFI's business that includes buses and motorcoaches built by New Flyer, MCI, and ARBOC and parts sold by NFI Parts.

On May 28, 2019, NFI acquired Alexander Dennis, the world's leading manufacturer of double deck transit buses, and a significant manufacturer of single deck transit buses. Alexander Dennis is also one of the UK's leading bus manufacturers.

In August 2025, NFI announced the official opening of its U.S. manufacturing facility in Las Vegas. It is the only facility making double-deck buses in the United States.

In October 2025, NFI and GILLIG LLC, announced that the companies formed a 50/50 joint venture that acquired the assets of American Seating Inc., a producer of seats for transit, motorcoach, and rail applications.

Business Strengths

Mobility Solutions

A critical component of NFI's strategy is to provide complete mobility solutions, including vehicle manufacturing, infrastructure installation, telematics, vehicle financing, technical and aftermarket support. NFI has the largest vehicle production capacity in North America and the UK, and third party build partners in certain other jurisdictions. NFI seeks long-term relationships with customers through their broad service offering that can often have multiple customer contact points throughout the purchase and maintenance cycle. Management anticipates that based on the Company's historic performance, product offering, experience, and customer relationships it is well positioned to capitalize on customer demand in both core and new markets. Management believes the Company possesses the following key business strengths that allow it to maintain its strong competitive position in its industry.

Leading Market Position

The Company has built a leading market position through its broad product offering, innovation, extensive in-house engineering capabilities, timely delivery of buses and motorcoaches to specifications, product reliability, high quality and aftermarket parts and service support capabilities.

- **New Flyer** – The Company's market share may fluctuate year-to-year, but management believes that the Company has consistently maintained a leading market share position from 2000 through 2021. In 2022, the Company moved to second place in the North American transit bus market primarily due to supply chain related disruption that led to incomplete units awaiting parts at its facilities. In 2023, it regained equal market share to its nearest competitor, with additional improvements in market share in 2024. In 2025, New Flyer maintained its market leading position in Canada and the U.S. Management estimates there are approximately 37,000 New Flyer transit buses (of the approximately 54,000 transit buses New Flyer has delivered) and approximately 3,600 NABI transit buses (of the approximately 10,500 transit buses NABI had delivered) currently in service in the United States and Canada.
- **MCI** - Management estimates that MCI had the leading market share of the United States and Canadian public motorcoach market based on the number of coach deliveries in 2025. MCI also remains a leading provider in the private motorcoach market in those countries. Although the coach industry is more cyclical and dependent on economic factors than the heavy-duty transit bus industry and the Company's market share may fluctuate year-to-year, management believes that MCI has consistently maintained a leading market position since 2003. Management estimates that in 2025, there were approximately 25,000 MCI coaches in service in the United States and Canada. This represents approximately 47% of the estimated 53,000 active coaches in the United States and Canada in 2025.

- **Alexander Dennis** - Management estimates that Alexander Dennis was a leading provider of buses in the UK market with a top three market share position. Although Alexander Dennis's market share may fluctuate year-to-year, Alexander Dennis was consistently the UK market leader for more than a decade up to 2025. In addition to being a leading manufacturer in the UK, Alexander Dennis is a market leader in Hong Kong double-deck buses and has a strong presence in growth markets including New Zealand, Australia and Singapore. Alexander Dennis is also the leading provider of double deck buses in Canada and the United States.
- **ARBOC** - Management estimates that ARBOC had the leading market share of the combined United States and Canadian low-floor cutaway sector based on the number of equivalent unit deliveries in 2025. Although ARBOC's market share may fluctuate year-to-year, management believes that ARBOC has consistently maintained its leading market share of the combined United States and Canadian low-floor cutaway transit bus sector since 2008.
- **NFI Parts** - NFI Parts is North America's most comprehensive bus and motorcoach parts organization, supporting one of the largest installed bases of transit buses, motorcoaches, and cutaway buses in the industry. NFI Parts provides a broad portfolio of OEM and aftermarket replacement parts, technical publications, training, service, support and digital tools for both NFI-manufactured vehicles and all-makes and all-models. Management believes NFI Parts' scale, breadth of offering, logistics infrastructure and technical expertise position it as a market leader and a key differentiator supporting long-term customer relationships and recurring revenue.

Broadest Product Portfolio and Innovation Leader

In North America, management believes the Company has the broadest product and most advanced propulsion systems offering in the industry with the engineering capabilities to meet the diverse needs of its customers. The Company is recognized in the industry for product innovation and has consistently been at the forefront of developing and integrating new technologies. Examples of the Company's innovation include products such as the low-floor transit bus, which has become the industry standard, on-board telematics, bus styling, hybrid drive systems, battery-electric and fuel cell-electric propulsion, driver assistance technology, articulated transit buses, low-floor cutaways and double-deck buses. The Company's leadership in innovation is a result of its extensive in-house engineering capabilities that involve many disciplines, such as structural design, powertrain, hydraulic, electrical, HVAC systems, energy storage enclosures and power electronics packaging.

The Company's breadth of product offerings and its demonstrated product development capability allow it to bid on almost any transit bus or motorcoach contract in North America. NFI has been building electric vehicles since 1969 and offers the broadest offering of zero-emission vehicles alongside its numerous low-emission offerings, including battery-electric buses and coaches, hydrogen fuel cell-electric buses, and electric trolleys.

MCI offers North America's best-selling public and private motorcoaches. The D-model coach comprises the industry's largest installed base of motorcoaches with public transit agencies. In 2017, MCI unveiled the D45 Commuter Rapid Transit ("CRT") LE which improved accessibility through ground level entry via a vestibule design that permits passengers to self-secure wheelchairs and other mobility devices. MCI's 45-foot coach, commonly known as the J4500, comprises the largest installed fleet of private motorcoaches in North America and has undergone several styling refreshes to maintain a market leading appearance. In 2019, MCI began delivering the J4500 and the D45 CRT LE to customers. In 2020, MCI began delivering the D45 CRT to customers. MCI further expanded its zero-emission offering with the

2022 launches of the D45 CRT CHARGE™ battery-electric coach. In 2025, MCI temporarily paused production of its D45 CRT CHARGE™ reflecting lower market demand.

The Company's product range outside of North America boasts the widest range of low- and zero-emission technology on Alexander Dennis's Enviro family of low-floor buses, including the Enviro100EV single-deck midibus, the Enviro200 single deck, Enviro400 two-axle double deck and Enviro500 three-axle double deck models. The Enviro's modular design allows it to be tailored to the requirements of transit agencies and bus operators in various jurisdictions.

ARBOC offers innovative low-floor cutaway vehicles, with industry leading mobility and accessibility. In 2017, it introduced the Spirit of Equest®, its low-floor, medium-duty transit bus, commonly referred to as the Equest™. The Company temporarily paused production of the Equest™ in 2023, as it completed upgrades and changes to the vehicles driveline and propulsion systems. ARBOC relaunched the Equest™ in late 2025 with expected ramp-up in production in 2026.

As part of its commitment to zero-emission adoption, the Company delivered 1,326 ZEBs in 2025, which represents approximately 30% of the Company's total vehicle deliveries. The Company's battery-electric and fuel cell electric vehicles have completed over 325 million miles of zero-emission service in North America, the UK and New Zealand.

High Quality and Large Customer Base

The Company sells buses to the 25 largest transit authorities in North America. These agencies operate either New Flyer, Orion or NABI buses, or a combination thereof. New Flyer has active business relationships (which includes the sale of aftermarket parts) with over 500 transit authorities in North America. MCI delivers coaches to the top private motorcoach operators in the industry and also sells coaches to certain public transit agencies. Through sales to dealers, ARBOC delivers cutaway and medium-duty transit buses to a diverse end-user base of public transit agencies, universities, airports and other private operators. Alexander Dennis has active business relationships for new vehicles or aftermarket parts sales with all of the largest operators and the majority of smaller bus companies in the United Kingdom and Ireland. The Company is also a market leader in the Hong Kong market where it enjoys strong relationships with both major transport companies.

Aftermarket Parts and Support Capability

Aftermarket parts and support are an important element in the purchase criteria of transit bus, coach and cutaway operators. The Company's leading share of all buses and motorcoaches currently in service provides recurring demand for and an opportunity to grow its aftermarket parts business. In North America, the Company provides aftermarket parts and support for products manufactured by New Flyer, MCI, Alexander Dennis, ARBOC, NABI and Orion, as well as other manufacturers through the NFI Parts brand. The Company supports aftermarket operations with an upgraded NFI Parts webstore that provides improved product visibility, integrated quotation tools and streamlined access to publications and technical documentation.

Outside of North America, Alexander Dennis provides aftermarket parts and support for its products, including the AD24 digital aftermarket portal offering 24/7 access with personalized user experience for customers and access to all manuals and service bulletins. The cost of aftermarket support (including warranty and training requirements) is typically included in the customer's transit bus, coach or cutaway purchase contract, while aftermarket parts are sold separately when required after the initial transit bus, coach or cutaway purchase. Management believes that the Company provides the most comprehensive

aftermarket service and support of all manufacturers in the industry in North America, supported by scale, technical expertise, digital capabilities and long-standing customer relationships which together represent a sustainable competitive advantage. Aftermarket operations represented approximately 17% of the Company's 2025 revenue, providing a recurring revenue stream that complements the cyclical nature of vehicle manufacturing.

Experienced and Committed Management Team

The Company's senior management team consists of experienced and committed individuals who have implemented robust processes to manage bidding, contracts management, engineering, strategic sourcing, manufacturing, quality assurance, and aftermarket parts and service which have resulted in the Company's growth and profitability. Management brings expertise from a wide range of transportation manufacturing industries, including bus, motorcoach, railcar, automotive, and aerospace. The Company's management team also has extensive experience in LEAN manufacturing and "Operational Excellence" initiatives and processes. The Company's executive leadership teams participate in NFI's performance unit plan, restricted share unit plan and share option plan, and all of the Company's management and sales teams participate in some form of incentive plan. See "Risk Factors — Risks Related to Operations — The Company's ability to execute its strategy and conduct operations is dependent upon its ability to attract, train and retain qualified personnel, including its ability to retain and attract executives, senior management and key employees".

Vertical Integration and Parts Fabrication Capabilities

In North America, the Company has extensive parts fabrication capabilities, with the goal of controlling costs, delivery time, and quality for certain parts and components where the Company has increased control over their design and use on a vehicle. The Company manufactures certain parts for installation on its vehicles where it owns the intellectual property and where insourcing provides a financial or strategic benefit. Carfair produces fibreglass reinforced parts for certain of the Company's subsidiaries. KMG fabricates certain parts for New Flyer, MCI vehicles and for NFI Parts.

Corporate Vision, Mission, and Strategy

NFI is a leading independent bus and coach manufacturer and a leader in comprehensive mobility solutions.

The Company's vision is to lead the evolution of sustainable on-road mass transportation and mobility. The Company's purpose is "To Move People" as its products and services move millions of passengers daily. The Company also looks to develop its workforce and advance the careers of its team members, while supporting the global transition to low and zero-emission vehicles.

The Company's mission statement is – "To design, deliver, and support market leading bus and coach solutions that are safe, accessible, efficient, and reliable." The Company's vision is to lead the evolution of sustainable on-road mass transportation and mobility.

The Company's business strategy is to seek long-term success by offering industry-leading transportation solutions, generate profitable growth with a focus on recurring revenue streams, be the employer of choice for its chosen industry, and through a commitment to sustainability and operational excellence to deliver the best products with the lowest total cost of ownership.

Sustainability Focus

As one of the world's leading independent global bus and coach manufacturers, a strong sustainability focus is integral to how the Company conducts business. NFI defines sustainability as an interconnected system that incorporates environmental stewardship, social responsibility, economic resilience, and governance practices. NFI's sustainability pledge of "A Better Product, Better Workplace, Better World" was formalized in 2006, and guides the Company's daily actions and long-term planning.

Understanding that sustainability considerations are driving global economic activity and ensuring a robust sustainability strategy is crucial for the Company to create long-term value for all of its stakeholders. The Company's sustainability focus covers all aspects of its business, including environmental, health and safety, governance and standards of business conduct, risk management, product innovation, culture and inclusion, workforce development initiatives and community engagement. The Company continues to monitor stakeholder expectations and has deepened its focus on climate-related matters, social impact, specifically around its commitment to workforce development, talent acquisition and retention by building strong collaborative community relationships and creating strategies to help attract and retain top talent.

The Company established a Sustainability Council in 2023 to give strategic leadership to NFI's sustainability programs, expanding its sustainability governance approach with an emphasis on risk management and strategic alignment to advance sustainable growth and climate action. The Sustainability Council includes senior members of NFI's leadership team and reports to the Human Resources, Compensation and Corporate Governance Committee ("HR Committee"). See "Directors and Officers — Human Resources, Compensation and Corporate Governance Committee".

The Company's Sustainability Report can be found at its website, <http://www.nfigroup.com/sustainability>.

Operational Excellence

One of the core operating principles of the Company is developing and implementing strategies and tactics to support LEAN manufacturing and operational efficiencies. The Company's "Operational Excellence" program, for example, is focused on providing and maintaining for all employees a safe, clean and efficient working environment to enable them to be efficient bus and coach manufacturers. In addition, this focuses on achieving the highest level of first-time quality in the Company's products through the implementation of well-defined and robust processes and procedures that are sustainable for future growth. Management believes that Operational Excellence improves employee safety and morale, reduces the cost of manufacturing, improves quality, and improves overall customer satisfaction.

Products and Services

The Company derives its revenue and cash flows from the following two segments:

- *OEM Manufacturing Operations* — design, manufacture and sales of transit buses, motorcoaches (including the sale of pre-owned coaches), medium-duty buses and cutaways of various body lengths with diverse propulsion systems. Original equipment manufacturers ("OEMs") manufacturing operations, represented approximately 79%, 80% and 83% of the Company's revenue in 2023, 2024 and 2025, respectively.

- *Aftermarket Operations* — completes the sale of aftermarket parts for transit buses, coaches and medium-duty/cutaway buses, both for the Company's and third-party products. In addition, supports post-sales activities including field services, support documentation, training and special projects, such as retrofits, midlife overhauls and dedicated stock programs. Aftermarket operations represented approximately 21%, 20% and 17% of the Company's revenue in 2023, 2024 and 2025, respectively.

Transit Bus and Motorcoach Manufacturing Operations

The Company has the broadest and most advanced product offering in the North American and UK transit bus and motorcoach markets. The Company's sales, reputation, product range, engineering capabilities and product quality position it as the leading manufacturer in the transit bus, coach and low-floor cutaway markets and in specialty transit bus areas such as bus rapid transit vehicles, electric trolleys, hydrogen fuel cell-electric, and battery-electric propulsion system buses. The Company offers the following primary vehicle types, all of which can be modified to meet a wide range of customer specifications:

Model	Lengths	Propulsion System(s)
New Flyer Xcelsior [®] (heavy-duty transit bus)	35', 40', 60'	Clean diesel, CNG, diesel-electric hybrid, battery-electric, trolley-electric and hydrogen fuel cell-electric
Alexander Dennis Enviro100EV	28'	Battery-electric
Alexander Dennis Enviro200	30', 35', 40'	Clean diesel, battery-electric
Alexander Dennis Enviro400	35'	Clean diesel, battery-electric and hydrogen fuel cell-electric
Alexander Dennis Enviro500	40', 45'	Clean diesel
MCI D-model coaches	40', 45'	Clean diesel
MCI J-model coaches	45', 35'	Clean diesel
ARBOC Equess [®] (medium-duty bus)	29', 32', 35'	Clean diesel, CNG
ARBOC Mobility [®] (cutaway bus)	23', 26', 28'	Gas, clean diesel, CNG
ARBOC Freedom [®] (cutaway bus)	24', 27', 29'	Gas, clean diesel
ARBOC Independence [®] (cutaway bus)	21', 23'	Gas, clean diesel

Public transit agencies require transit buses and motorcoaches to be customized to meet specific customer needs and preferences based on geographic and local factors. Each customer contract includes a precise set of technical specifications for the transit buses or motorcoaches being ordered. The Company's sales and engineering departments work directly with the customer to ensure that all specifications are met and that any changes to the specifications are incorporated into the component sourcing and production process.

Motorcoaches for private or commercial customers tend to be more standardized than for public customers but may be customized for certain commercial customers. Private customers have fewer options and, for the most part, customizations typically entail exterior livery, interior seats, trim and interior colors.

Medium-duty and cutaway buses typically offer a standard listing of configurations and customer options with fewer customizations than with transit buses or motorcoaches sold to public customers, although they do require a higher level of customization than private coaches.

Product Development and Innovation

The Company continually seeks new solutions and incorporates next generation technology in order to meet the needs of its customers, and many of its product innovations have become the industry standard. The Company ensures that its engineering capacity is appropriately balanced between new product development and ongoing manufacturing operations. Innovation concepts are directed to the Company's new product development groups ("NPD") for development and prototyping. NPD's primary objectives are to implement product design concepts, fabricate, test and certify engineering prototypes, and develop practical solutions to problems identified by the engineering and marketing departments and customers.

Throughout its history, the Company has introduced a variety of product innovations that have driven the transit bus, medium duty bus, motorcoach, and low-floor cutaway markets in North America, the UK, Hong Kong and in other international markets in which the Company operates. These innovations include the introduction of the first low-floor bus and the first 60-foot articulated bus in North America, the development of hydrogen fuel cell-electric transit buses and the development of battery-electric variants of its single-deck, double-deck and motorcoach products.

The Company's track record for innovation was furthered in the UK through Alexander Dennis's Enviro200AV autonomous bus. The Enviro200AV operates at the highest level of autonomous vehicle technology currently permissible on public roads in the UK, SAE Level 4. A joint initiative between private and public sector, the CAVForth project is the UK's first full-size autonomous bus service operated until February 2025. The development of autonomous vehicle technology continues with the Enviro100AEV which operates as part of the Connector project in Cambridge, England.

Alexander Dennis continued to innovate through the launch of its next generation of battery-electric buses for the UK and Ireland with the unveiling of the new Enviro100EV small bus and Enviro400EV double decker, with further expansions to the wider next-generation platform underway, including an international version of the Enviro100EV, an autonomous Enviro100AEV and an open-top variant of the double deck Enviro400EV and a new Enviro200EV single decker.

Aftermarket Parts and Support Services

Aftermarket parts and support services are a core component of the Company's business model and an important contributor to revenue, customer retention and lifecycle value. By supporting vehicles throughout their full-service life, the aftermarket business strengthens long-term customer relationships and reinforces the Company's position as a comprehensive mobility solutions provider.

The Company's installed base of transit buses, motorcoaches and cutaway buses in service provides a stable source of demand for aftermarket products and services. Under the NFI Parts brand, the Company provides parts and support for vehicles manufactured by New Flyer, MCI, Alexander Dennis, ARBOC, NABI and Orion, as well as for a broad range of third-party vehicles, enabling service of mixed fleets and positioning the Company as a long-term lifecycle partner to transit agencies and operators.

The Company performs commercial work on MCI coaches and New Flyer buses, as well as on competitors' coaches and buses, from seven service centers in North America. These centers also support the sale of motorcoaches providing locations for new coach pre-delivery inspection, acceptance and warranty work. In addition, these service centers hold new and pre-owned coach inventory and perform work on these pre-owned coaches to ready them for resale into the market.

Alexander Dennis operates two service centers in the UK that perform commercial and warranty work on Alexander Dennis and Plaxton vehicles and one service center in Mexico that provides service work on Alexander Dennis vehicles.

The Company's broader mobility solutions consist of the following:

Parts

The aftermarket parts team is recognized as an industry leader in scale, product breadth and service quality. With more than 80,000 SKUs, the Company operates 700,000 square feet of warehouse space across five distribution centers located in the United States and Canada.

Through its integrated distribution network, the Company supplies a wide assortment of service parts for transit buses, coaches and cutaway vehicles, including products built by both the Company and third-party OEMs. The aftermarket operations maintain an extensive inventory of OEM and aftermarket parts across multiple propulsion systems, model years and vehicle platforms. This network is designed to support rapid order fulfillment, minimize vehicle downtime and help customers reduce total cost of ownership. The Company's product and service portfolio includes an enhanced NFI Parts webstore that offers customers streamlined access to parts catalogues, quotation tools and technical support materials.

Part of the Company's strategy is to have warehousing and distribution capability to provide industry-leading response times to all the Company's customers in North America. This network of strategically located parts distribution centers has significantly improved the response times to the customers and minimizes transportation costs. This industry-leading network also provides a solid logistics infrastructure to facilitate planned growth in the new and additional areas of customer life cycle support. Beyond North America, Alexander Dennis's aftermarket division sells body and chassis parts to bus and coach operators in the UK and in the Asia-Pacific markets with over 35,000 active parts lines held in stock for immediate delivery. Alexander Dennis supplies an all makes parts line permitting a larger number of operators to be targeted. Alexander Dennis also offers an online platform (AD24) offering a full range of spare parts, training videos, service bulletins, customer forum, chat functionality and access to telematics vehicle data.

NFI Infrastructure Solutions™

In early 2019, the Company introduced NFI Infrastructure Solutions, a service dedicated to providing safe, reliable, smart, and sustainable charging and hydrogen fueling solutions that will support mobility projects from start to finish and will focus on energy management optimization as well as infrastructure planning and development, providing a cohesive transition of bus fleets to ZEB technology. The Infrastructure Solutions team is based at the Company's Vehicle Innovation Center ("VIC") in Anniston, Alabama, which is the first innovation lab in North America dedicated to the advancement of bus and coach technology. New Flyer is the first North American bus manufacturer to offer a comprehensive infrastructure service to its customers. Since 2019, the Company's Infrastructure Solutions has installed 553 plug-in and 137 overhead chargers for a total of 115 Megawatts of charging capacity.

Service Support

The customer service team is responsible for product acceptance, field support, field engineering and warranty management. Management believes the Company has the highest density of service representatives per transit bus or coach in the field, to help ensure a timely and complete response to each customer request throughout the operating life of the transit bus or coach.

New Flyer and MCI have service centers in North America to provide warranty, technical and integrated supply chain services and commercial repair work for their products and, in the case of MCI, to provide pre-owned coach sales. There is also a large team of mobile field service representatives who can address issues in the field across North America. In the UK, Alexander Dennis has two dedicated facilities to provide minor and major commercial repair work, as well as warranty support for bus and coach operators and a team of mobile engineers to address issues in the field.

Product Training

Operator and maintenance training is a key area of focus for the Company and can be provided as part of a purchase contract or separately as an aftermarket service. While New Flyer and ARBOC offer a variety of training programs, MCI and Alexander Dennis deliver comprehensive training programs through their respective training academies. MCI also offers technical certificate programs.

Workforce Development and e-Learning

The Company is focused on workforce development and training, including in-person and virtual training programs. Special focus is placed on creating opportunities for an inclusive workforce through the Company's internal programs and external partnerships. The Company offers significant training and development through the VIC.

New Flyer offers in person and internet-based training modules, or e-learning, to its heavy-duty transit customers using a web hosted learning management system that stores and provides courses and maintains the training records of the students. This technology allows students to be trained using consistent course content and delivery methods. In addition, courses are taken on an individual basis and on a schedule that fits the student's needs. Course offerings can include topics ranging from bus maintenance to driver self-defence training.

MCI's in-person training is supplemented by an industry leading internet-based Learning Management System ("LMS"). More than 800 training classes are available online with thousands of coach technicians already enrolled in the program. Students can achieve the MCI certified technician status with LMS. To ensure the integrity of MCI's training, a portion of the training is also hands-on training. Management plans to expand the LMS program to include inventory management, parts ordering and other workshop management topics.

Alexander Dennis customers receive product familiarization upon vehicle acceptance and can access additional training material in the video library on AD24. Alexander Dennis also offers technician and apprenticeship training plus in-person training at its Farnborough training center.

New Flyer Connect®

The New Flyer Connect® system is an on-board telematics system licensed by the Company and integrated into New Flyer and MCI vehicles that includes a modem, GPS unit and a driver interface. The system permits real-time monitoring of the driver and vehicle performance on an individual vehicle basis and on a fleet-wide basis through a web-based portal that customers can access. New Flyer Connect® integrates this data and provides monitoring and prognostic performance information to the customer which can be used to improve driver safety, improve driving and fuel efficiency and predict maintenance events.

In January 2019, New Flyer introduced Connect 360™, a real-time, cloud-based business analytics dashboard for the Xcelsior CHARGE™ battery-electric buses. Connect 360™ is an enhanced and added feature, specifically engineered to track battery-electric, ZEB performance using secure cloud-based technology. Connect 360™ analytics can be retrieved 24 hours a day, seven days a week. In November 2021, NFI introduced its all new, enhanced connected technology, NFI Connect™, a 5G-capable and secure telematics solution that provides real-time oversight of fleets, ultimately improving bus uptime, driver safety, and operational costs.

Alexander Dennis offers connected technology on its vehicles through the AD24 and AD Connect platforms.

Customers

Heavy-Duty Transit Buses

Management has divided the North American heavy-duty transit bus industry into three customer segments: the Metropolitan segment (represented by 22 of the largest transit agencies), the Urban segment (represented by mid-size transit agencies, comprising approximately 100 agencies) and the Municipal segment (represented by smaller transit agencies, comprising over 1,000 agencies).

The Company sells buses to the largest transit authorities in North America. These agencies operate New Flyer, Orion and NABI transit buses and MCI motorcoaches. The Company has active business relationships (which include the sale of parts) with over 500 transit authorities in North America. The Company's leading share of all heavy-duty transit buses currently in service gives it an advantage in bidding for new contracts, as operators are increasingly seeking to standardize fleets to minimize the cost of parts and maintenance.

Management has divided the UK market for single and double deck buses into customer segments: Groups (five major groups representing approximately 48% of Alexander Dennis's volume), London (bus companies providing services under contract to Transport for London) and the retail market (including major independent operators and smaller companies). Alexander Dennis vehicles make up a large portion of the fleets for the five major groups, regularly supplying the companies providing bus services to Transport for London. Alexander Dennis has business relationships for new vehicles with many of the major independent companies and leads the retail market for smaller bus companies. In Hong Kong, Alexander Dennis has close business relationships with both major bus companies.

Cutaway and Medium-Duty Transit Buses

Cutaway and medium-duty buses are sold by ARBOC dealers to end-user public and private market customers. ARBOC's dealer network in 2025 comprised of approximately 17 dealers, each of whom are assigned a territory within North America to sell ARBOC buses. The ARBOC dealer network maintains over 40 locations across North America, providing a broad reach for sales opportunities and customer support.

ARBOC dealers delivered buses to customers in the Municipal, Urban and Metropolitan heavy-duty transit bus segments, as well as various institutions, airports, shuttle operators and healthcare providers. ARBOC, however, is not always aware of the identity of the end-user customer as the sale of stock and demonstration buses are made through dealers.

Motorcoaches

Management has divided the motorcoach market into six segments: the Tour and Charter segment, the Fixed-Route/Line-Haul segment, the Transit segment, Limousine/Livery Segment, Employee Shuttle and the Conversion segment.

MCI has long-standing relationships with most of the major public and private coach operators in the United States and Canada. MCI's motorcoaches have a reputation for reliability and durability that make them the preferred motorcoaches across the industry. In addition to the motorcoach product, MCI's reputation for technical support, field service and aftermarket parts help to build customer loyalty. One significant difference between the heavy-duty transit bus and motorcoach industries is the importance of the residual value of a coach and a secondary market for its sale. Many private operators sell or trade in motorcoaches after 5 to 10 years of ownership to keep their fleet fresh. The residual value of the coach thus becomes an important factor in the total cost of a new motorcoach purchase. Historically, MCI accepted coaches in trade for between 50% to 60% of new coach sales. Since 2020 however, this trade-in activity has decreased as operators either run their coaches for more years, hold older coaches for parts, or sell the older coaches on their own. In 2025 approximately 15% of new coach sales involved the trade-in of an older coach, but management expects this percentage to increase as the private coach sector continues to recover. Vehicle financing is also important to the selling process as the majority of all new motorcoach sales to private operators are financed by the customer.

Forward Visibility of Orders and Backlog

The Company has some forward order visibility in its public markets in North America due to the fleet planning, budgeting, and funding application processes its transit customers undertake to purchase transit buses and motorcoaches. Public and private orders of heavy-duty transit buses and public motorcoach orders are often made six months to more than one year in advance of delivery, due to the customized nature of the vehicles and the sophisticated procurement processes.

Forward visibility into the new private coach industry is rather limited. Management, however, is in consistent contact with motorcoach operators to better understand their fleet replenishment and growth plans. Management also uses trend analysis to predict medium- to long-term demand and to set production rates. Visibility with respect to pre-owned coach sales is more limited, with purchases often being initiated and completed within a very short period of time. MCI also manufactures “stock” units, that are often stored at MCI’s service centers, to enable it to sell coaches to private customers who require quick delivery.

The bus market in the UK is led by private companies working in a deregulated environment or on franchised contracts with local governments. Traditionally, there is no general grant funding mechanism for the purchase of new buses, resulting in orders being placed on a purely commercial basis and on short lead times to delivery. Customers place orders with manufacturers frequently, instead of making provisions for future purchase options under the purchase agreements. Government policy to increase the number of zero-emission buses in service in the UK has resulted in greater government subsidies being made available to operators. The introduction of franchising out with London has seen a transition towards increased bus purchases by the public sector following public procurement exercises. This also brings greater forward visibility as the local governments plan ahead for implementation of franchising in their regions.

Sales of ARBOC buses are to a mix of public and private customers. The sales cycle for cutaway and medium-duty buses is typically shorter than heavy-duty transit buses and motorcoaches. Through its dealer network and internal sales team, ARBOC works closely with end-user public transit agencies to understand their fleet replacement needs and forecast demand. As with private coach sales, forward visibility into end-user private cutaway and medium-duty buses is limited. In addition to setting annual sales targets with its dealers, ARBOC also requires dealers to maintain minimum levels of demonstration and stock vehicles in inventory, which are replenished with new vehicles upon dealers’ sales to end-users.

Many public customer purchase contracts, and some private customer contracts, include options to purchase additional transit buses or coaches in the future. These purchase options are typically exercisable over a period of three to five years and, in certain situations, are transferable to other transit authorities, provided the assignee of the options meets certain federal criteria for funding.

The assignment of options is however limited by FTA rules such that an option is applicable to a specific transit bus or coach length and fuel type. Minor changes to the transit bus or coach specification under an option may be made by the assignee agency, but “cardinal” changes are not permitted by the FTA.

New Flyer has also entered into contracts where the customer is a state or consortium of buyers and the contract is a “standing offer” under which any U.S. transit agency may purchase transit buses. As these types of contracts are not for a specific stated amount of transit buses and represent a “standing offer”, the Company does not record any of the buses available under these contracts in its backlog until actual purchase orders are received. The use of these types of purchasing schedules has increased in recent periods and has become a more important purchasing method used by transit agencies in the U.S. and Canada.

Bus and Motorcoach Sales and Marketing

New Flyer, MCI and Alexander Dennis sell and market their products primarily through their experienced internal sales forces. These individuals have geographic coverage responsibilities in North America, the UK and other international markets. The Company’s senior leadership team is also responsible for developing and maintaining sales strategies and relationships with key contacts at certain of the Company’s major customers. Further, the Company’s sales teams regularly discuss customers and their needs to ensure that cross-selling opportunities for all of the Company’s products are acted upon, as appropriate.

The majority of the Company's North American transit vehicles are sold through public solicitations, including an invitation for bid or request for proposal process, while in the UK and Hong Kong markets procurements are completed on a mix of public solicitations and private tenders. Private coach sales are generally completed through private negotiations and purchases and transactional contracts.

Public Agency Bid Stage and Contract Award

There are generally two types of solicitation processes that public agencies use to purchase transit buses or coaches. An invitation for bid ("IFB" or "low bid") requires manufacturers to submit a bid and the contract is awarded to the lowest priced bidder who has met the bid specifications. The second type of solicitation is the request for proposal ("RFP" or "negotiated bid") process in which manufacturers submit proposals that address specific criteria for evaluation such as past history, financial capability, quality, reliability, maintenance, aftermarket parts and service and price. Bids are negotiated on the basis of all relevant criteria, which allows manufacturers to win contracts on factors other than price alone.

Management believes that public customers prefer the RFP process because it enables them to factor the lifetime cost of the transit bus or motorcoach into their purchase decision, taking into account maintenance costs, aftermarket support and warranties and fleet standardization objectives, rather than merely the initial capital purchase cost. While proposals are evaluated on many of the factors described above under the RFP process, customers still place a significant emphasis on price.

In preparing its bid, the Company will estimate costs for most elements of the product, factoring in labour, material and conversion costs and production slot availability and targeting a minimum dollar contribution margin. The Company seeks to obtain cost and delivery commitments from suppliers for major components and systems in order to lock in as much of the cost as possible. As the majority of the Company's manufacturing facilities are unionized, collective bargaining agreements provide strong visibility into labour rates and overall direct labour costs for vehicle production.

In October 2023, the American Public Transportation Association ("APTA"), with the support of the FTA, created a Bus Manufacturing Task Force to recommend immediate actions that can support a more competitive and stable bus manufacturing capacity in the U.S. The task force made three primary recommendations: (i) that transit agencies should consider price adjustments to existing firm price contracts; (ii) that transit agencies should incorporate advance payments and milestone/progress payments when appropriately collateralized; and (iii) that future contracts should include a vehicle price adjustment mechanism by using indices to reflect price inflation/deflation. These recommendations ultimately supported the creation of a "Dear Colleague" Letter that the FTA sent to transit agencies in the United States in February 2024, that outlined contracts using FTA funding can complete price adjustments, make progress payments, that performance bonds are not required for federal contracts and that transit agencies should reduce overly complex customization or specific supplier requirements. The recommendations of this task force have had an impact on bus procurement structures with additional focus placed on deposits and progress payments to manufacturers as they meet certain production milestones. NFI has seen an increase in progress payments and milestone billing structures since their release and has also been able to include pricing adjustment language related to inflation in many contracts signed in 2025.

In July 2025, APTA launched the second phase of the Bus Manufacturing Taskforce to recommend longer-term actions to improve the health of the bus manufacturing industry. The recommendations focused on improvements to commercial terms and conditions, inspection processes, cybersecurity standards and standardization of key elements of bus specifications including windows, doors and seating. The final report, issued January 2026, has been provided to the APTA Standard Bus Procurement Guidelines working group to incorporate into industry-recommended procurement standards. This work is in process.

Issuance of Purchase Order

Once a bid has been awarded, there is usually a one- to three-month period of documentation negotiation prior to a purchase order being issued by the transit customer. In the case of most United States public customers, a purchase order is issued once all required funding is arranged, a “Buy America” audit is complete and applicable insurance and bonding are in place. See “Legal and Regulatory Matters — Rules of Origin (Buy-America) Legislation”.

Pre-Production

Once a transit bus or motorcoach contract is signed or a commitment expressed, the Company initiates the pre-production process that ideally begins between four to six months prior to production of the bus or coach. This period is often compressed, as transit agencies continue to face pressures in obtaining funding on time for the production build of their transit buses or coaches. Over the course of the pre-production period, the Company and the customer review the specifications in the contract to confirm their mutual understanding and expectations. Typically, this process yields changes to the original specifications, but permits customers to independently make changes at their own expense.

Private New Motorcoach Sales

The sale of motorcoaches to private customers is a much less complex process than the sale process to public customers. Private customers will not generally request complex customizations to be made to the coach. Private customers typically purchase coaches on MCI’s standard terms and conditions. MCI will enter the coach into its schedule for delivery a few months later. In some cases, customers will purchase coaches that have already been manufactured as “stock” or “fast track” units. In a majority of cases, new motorcoach sales are financed by the customer and in some cases, MCI will assist in arranging the financing as a broker.

Private Pre-owned Motorcoach Sales

The pre-owned motorcoach market operates on a compressed timeline. Coaches are procured exclusively as trade-ins as part of the sale of new coaches. These pre-owned motorcoaches may be MCI branded coaches or may be a competitor’s brand. The pre-owned coaches are then resold by MCI. Typically, once a customer for the pre-owned motorcoach is identified, the sales team works with the customer to decide what type of refurbishment the customer requires to the coach. MCI will complete the refurbishment to the pre-owned coach before it is delivered to the customer. Similar to private new motorcoach sales, some of these units are financed. See “Risk Factors – Risks Related to Operations – The Company may have difficulty selling pre-owned coaches and realizing expected values”.

Cutaway and Medium-Duty Bus Sales

All ARBOC cutaway and medium-duty buses are sold through dealers. ARBOC’s products are configured with a limited number of customer options and customization is lower than the levels seen in public transit and coach markets. For sales to public transit agencies, the ARBOC dealer, assisted by ARBOC’s internal sales team, will respond to solicitations in a similar manner as described for heavy-duty buses. If a solicitation is awarded to an ARBOC dealer, a purchase order is placed by the dealer to ARBOC and is entered into backlog and production scheduling. The public agency contract between the public transit agency and ARBOC dealer may contain optional purchase quantities. Since ARBOC is not a party to the purchase contract, the ARBOC backlog does not reflect any options and only reflects orders which have been placed through a firm purchase order from a dealer.

Sales of cutaway and medium-duty buses to private end-user customers typically occur in lower order quantities than to public transit agencies. If a dealer is not able to satisfy the order with stock on hand, a purchase order is placed with ARBOC and the unit is scheduled for production. If the dealer is able to satisfy the order with their existing inventory, the dealer will sell to the customer from their inventory and then issue a purchase order to ARBOC for replacement inventory to maintain required stock levels.

Aftermarket Sales and Marketing

Sales and marketing activities for the Company's aftermarket operations are structured to align with the procurement practices of public and private sector customers. In the public market, demand for aftermarket parts is primarily driven by customer requests for quotations ("RFQs"). These RFQs may be issued directly to NFI Parts or Alexander Dennis by customers or posted through public procurement platforms accessible to qualified suppliers. Requests range from one-time purchase of small quantities of parts to multi-year programs covering larger volumes for midlife overhauls or dedicated stock programs.

Public sector procurement processes are generally governed by customer's internal purchasing policies and applicable regulatory requirements. In addition to responding to RFQs, the Company employs dedicated aftermarket sales managers who engage regularly with customers to provide product information, support parts planning activities, and gather feedback on product performance and service levels. In connection with new bus deliveries, the Company provides Recommended Stocking Lists, which are developed to support routine maintenance requirements and assist customers in establishing initial spare parts inventories aligned with their fleet configuration.

The Company utilizes online sales channels, including e-commerce platforms operated by NFI Parts and Alexander Dennis, which enable customers to place orders, access product information and manage transactions efficiently.

In the private market, aftermarket parts are typically sold pursuant to annually negotiated pricing arrangements or discounts from published list prices. Private customers may place orders through online platforms, call centers or direct email communication, depending on customer preference and transaction complexity.

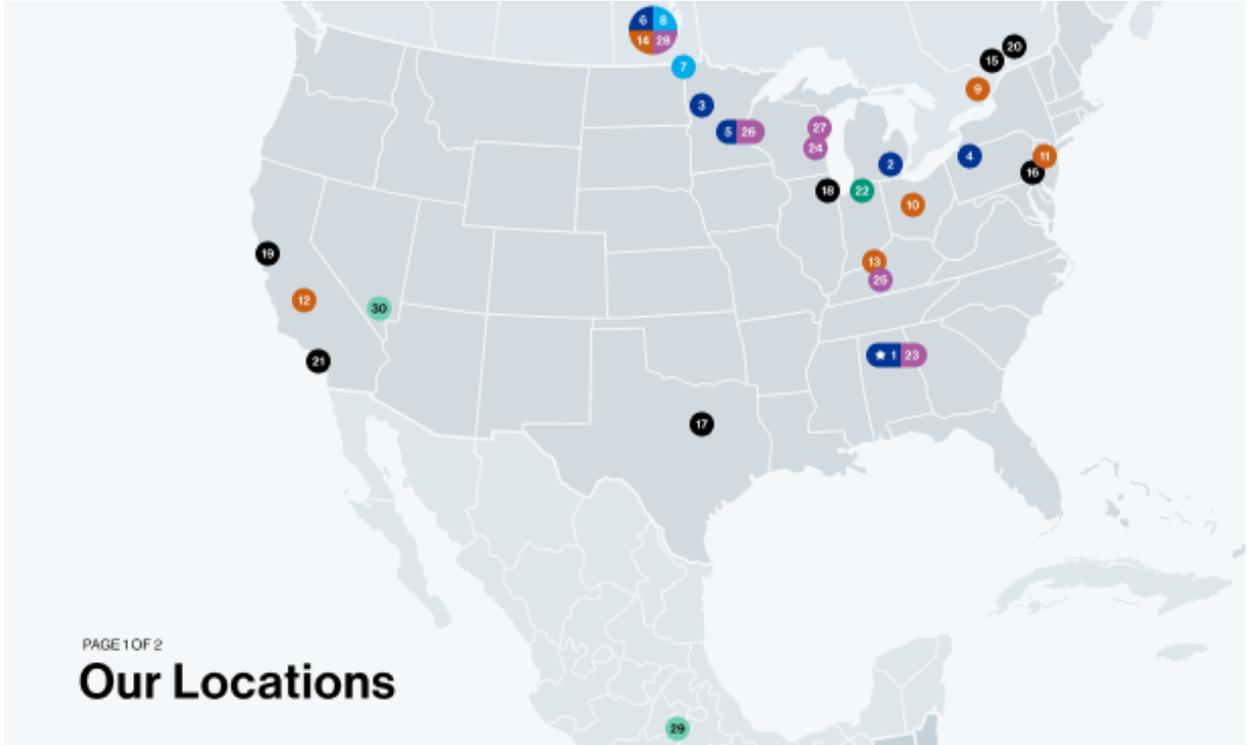
Facilities and Manufacturing Process

Facilities

The Company's production facilities are well-equipped and are regularly upgraded in terms of safety systems, paint, lighting and the removal of waste and scrap.

The Company's heavy-duty and medium-duty transit bus and motorcoach manufacturing facilities, in North America have been registered to the ISO 9001 (quality) certification. New Flyer's heavy-duty transit bus manufacturing facilities have also been registered to ISO 14001 (environmental) and ISO 45001 (safety) certifications. In 2024, NFI registered its Carfair Anniston facility to ISO 45001 as well.

The graphics on the next two pages indicate the locations of the Company's major facilities:



PAGE 1 OF 2

Our Locations



- 1 Anniston, AL**
Bus Manufacturing
Parts Fabrication
★ Vehicle Innovation Center

- 2 Auburn Hills, MI**
Battery Technology Center

- 3 Crookston, MN**
Bus Completion

- 4 Jamestown, NY**
Parts Fabrication

- 5 St. Cloud, MN**
Bus Manufacturing

- 6 Winnipeg, MB**
Bus Shell Assembly
Bus Manufacturing
New Product Development
Parts Fabrication



- 7 Pembina, ND**
Coach Completion

- 8 Winnipeg, MB**
Coach Shell Assembly
Coach Manufacturing
New Product Development
Parts Fabrication



- 9 Brampton, ON**
Distribution Center

- 10 Delaware, OH**
Customer Service

- 11 East Brunswick, NJ**
Customer Training
Distribution Center

- 12 Fresno, CA**
Distribution Center

- 13 Louisville, KY**
Customer Service
Distribution Center
National Customer Training Center
North America Call Center
Product Support

- 14 Winnipeg, MB**
Customer Service
Customer Training
Distribution Center
Product Support
Publications



- 15 Amprior, ON**
Collision and Refurbishment Center

- 16 Blackwood, NJ**
Service Center

- 17 Dallas, TX**
Service Center

- 18 Des Plaines, IL**
Service Center

- 19 Hayward, CA**
Service Center

- 20 Montreal, QC**
Service Center

- 21 Torrance, CA**
Service Center



- 22 Middlebury, IN**
Cutaway & Medium Duty
Bus Manufacturing



- 23 Anniston, AL**
Fiberglass Fabrication
Parts Fabrication

- 24 Gillett, WI**
Fiberglass Fabrication

- 25 Shepherdsville, KY**
Parts Fabrication

- 26 St. Cloud, MN**
Fiberglass Fabrication
Parts Fabrication

- 27 Wausaukee, WI**
Fiberglass Fabrication

- 28 Winnipeg, MB**
Fiberglass Fabrication
Parts Fabrication



- 29 Ciudad de Mexico, Mexico**
Parts Distribution and Service
Center

- 30 Las Vegas, NV**
Bus Manufacturing



PAGE 2 OF 2

Our Locations



31 Auckland, New Zealand
Commercial, Parts Distribution and Service Center

32 Anston, England
Parts Distribution and Service Center

33 Ballymena, Northern Ireland
Engineering Hub

34 Berlin, Germany
Parts Distribution and Service Center

35 Bursa, Türkiye
Procurement Hub

36 Dublin, Ireland
Parts Distribution Center

37 Falkirk, Scotland
Bus Manufacturing

38 Farnborough, England
Engineering Hub

39 Harlow, England
Service Center

40 Hong Kong
APAC Head Office
Commercial, Parts Distribution and Service Center

41 Larbert, Scotland
Bus Manufacturing
Head Office

42 Skelmersdale, England
Parts Distribution

43 Scarborough, England
Bus Manufacturing

44 Singapore
Parts Distribution and Service Center

45 Ardee, Ireland
Partner Service Center

46 Leyland, United Kingdom
Build Partner Manufacturing Plant

47 Tauranga, New Zealand
Build Partner Manufacturing Plant

48 Zhuhai, China
Build Partner Manufacturing Plant

Manufacturing Process

The manufacturing planning process begins well in advance of actual fabrication or assembly.

The New Flyer Winnipeg production facility operates one production line with a number of off-line component and small parts assembly stations and a pre-production fabricating group that creates materials for assembly on the production line. In Winnipeg, a transit bus goes through the structure weld, shell assembly and painting phases of production. The partially completed shell is then shipped to New Flyer's Crookston, MN facility for final assembly.

In October 2024, the Company announced that it would be expanding New Flyer Winnipeg's manufacturing capability to allow for complete manufacturing of diesel and ZEBs, including battery-electric, fuel-cell electric, and trolley-electric buses for the Canadian market, expanding New Flyer's production capacity by up to 240 EUs per annum by 2027. This new All Canadian Build project was officially launched in the fourth quarter of 2025 and New Flyer can now complete full buses at its Winnipeg facilities. In November 2025, the Company delivered its first bus through the "All Canadian Build".

The New Flyer Crookston production facility is a final assembly plant. Running two identical production lines in parallel, the facility completes transit bus shells delivered from the New Flyer Winnipeg facility and tests the finished products. In order to facilitate compliance with "Buy America" legislation, New Flyer installs most major components such as the engine, axles, transmission, driver and passenger seating and air conditioning systems at the Crookston facility.

The New Flyer St. Cloud, MN and Anniston, AL production facilities produce complete transit buses, from frame welding to final assembly.

MCI's Winnipeg coach facility produces vehicles on a common production line that can build both J-model coaches and D-model coaches. The facility completes full J-model coaches, from the initial weld of the chassis to completion ready for sale. In addition to the J-model coach, the Winnipeg facility produces the D-model coach shell for public and private customers, with the D-model shell for Buy America customers, starting from weld to the completion of shell assembly and paint. Those shells are then shipped to the Company's Pembina, ND facility for final assembly. For non-Buy America compliant coaches, MCI has the capability to complete full D-model coaches at Winnipeg on its common production line.

The MCI Pembina production facility is a final assembly plant for the D-model coach. The plant completes the production process of the shell that was started in the Winnipeg coach facility and tests the finished product. In order to comply with the "Buy America" requirements for public customers, MCI installs most major components such as the engine, axles, transmission, driver and passenger seating and air conditioning systems at the Pembina facility.

The ARBOC Middlebury, IN manufacturing facility produces the ARBOC products. All ARBOC cutaway bodies are bolted and bonded (as opposed to welded) onto chassis that are manufactured by third-party suppliers. The Spirit of Equess[®] chassis, however, is a proprietary chassis that is supported by third-party welding providers.

Alexander Dennis has several production facilities. After consolidation of its manufacturing footprint in 2020 and 2022, Alexander Dennis now manufactures out of its facilities in Scarborough, England and Falkirk, Scotland, as well as from its recently upgraded facility in Larbert, Scotland. Its head office is located in Larbert and it has a design and engineering center in Farnborough, England. In 2025, Alexander Dennis took ownership of its third-party build partner's facility in Las Vegas where it now builds complete

double deck buses for the U.S. and Canadian markets. In addition to its own facilities, Alexander Dennis uses a third-party manufacturer for bus manufacturing in China. This global manufacturing footprint was developed by Alexander Dennis in seeking to capitalize on multiple efficiencies by manufacturing in closer proximity to its major customers.

Alexander Dennis' global manufacturing footprint was developed to capitalize on multiple efficiencies by manufacturing in closer proximity to major customers.

Due to the assembly nature of the Company's manufacturing process and the high cost of the major components incorporated into transit buses and motorcoaches, approximately 86% of the total cost structure of its transit bus and coach manufacturing operations is variable, based on the Company's 2025 financial results.

The chart below provides a breakdown of the Company's total cost structure allocated between bus and coach manufacturing operations and aftermarket operations for fiscal 2025:

Cost Structure: NFI Group Inc.

Expense Category	Financial Statement Account	Percentage of Manufacturing Segment Total Operating Costs	Percentage of Aftermarket Segment Total Operating Costs
Materials	Cost of sales	57.0%	75.1%
Labour	Cost of sales	10.5%	0.0%
Warranty	Cost of sales	3.5%	2.5%
Other Direct Costs	Cost of sales	11.2%	4.9%
Variable Overhead	Cost of sales	4.0%	1.0%
Fixed Overhead	Cost of sales	7.5%	1.8%
Operating Expenses	SG&A and other operating expenses	6.3%	14.7%
		100%	100.0%

Note: Shared corporate costs have been allocated to each segment based on a percentage of total revenue.

Delivery and Acceptance

Once the vehicles have been manufactured, customers often conduct a final inspection of the vehicle. The public customer generally sends a representative to the Company's facilities to inspect and test the vehicles before taking delivery. Third-party drivers then deliver the transit buses or coaches to public customers who are then given a final opportunity to inspect and accept the vehicle.

Public agency contracts often contain holdback or retainage provisions for a defined period following acceptance to ensure that any minor deficiencies are corrected. The Company is also subject to holdback arrangements with some of its customers in lieu of providing warranty bonds. In many cases, the holdback typically is in the amount of the expected warranty provision, less any extended warranties purchased, for the warranty period. The customer will often then charge any warranty claims against the holdback account once such claims are approved by the Company. Any money remaining from the holdback or retainage is returned to the Company.

Product Warranty and Other Contractual Provisions

Transit Buses and Public Motorcoaches

For all United States federally funded contracts, the FTA stipulates a minimum service life, which drives certain warranty levels for the transit bus or coach and their structure and major subsystems. In addition to a base bumper-to-bumper warranty (typically for a one- to two-year period), New Flyer generally provides its customers with a 12-year corrosion warranty on the transit bus structure. MCI generally provides a seven- to 12-year structural warranty on the coach (depending on the customer specification).

Transit agencies will often request additional coverage as part of the initial capital purchase to minimize their operational costs. The Company prices extended warranty costs into its bids. Extended warranties for major subsystems such as engines, transmissions, axles and air conditioning, are normally purchased for the customer from the component supplier. With the introduction of battery-electric and hydrogen fuel cell-electric transit buses, New Flyer and its suppliers have offered extended battery warranties from six to twelve years and extended propulsion system warranties up to six years. For certain other extended warranties, including those covering brake systems, lower-level components, fleet defect provisions and engine-related components, the Company is responsible for warranty costs during a warranty period of approximately one to five years, depending on the contract. The Company also frequently provides a parts supply guarantee in its transit bus or motorcoach purchase contracts, under which the Company guarantees that parts will be available to the customer for a certain period of time, usually 15 years following delivery of the vehicle.

Alexander Dennis provides a base two-year bumper-to-bumper warranty on diesel buses and motorcoaches, as well as a 12-year structural warranty. Battery and hybrid system warranties are provided on a back-to-back basis with the relevant suppliers. As part of Alexander Dennis's next-generation of vehicles, the vehicles are provided with a three-year warranty as standard and the electric battery with a fifteen-year warranty.

See "Risk Factors — Risks Related to Operations — The Company may incur material losses and costs as a result of product warranty costs, recalls and remediation of transit buses and motorcoaches".

Private Motorcoaches

For private customers, the typical warranty period is 24 to 30 months, depending on the model, which covers most items, excluding "wear" items. Most private customer coach warranties do not have a maximum mileage threshold, because motorcoaches typically accumulate significantly more miles than heavy-duty transit buses and mileage varies depending on the use of the motorcoach. There is no structural warranty beyond the base warranty.

See "Risk Factors — Risks Related to Operations — The Company may incur material losses and costs as a result of product warranty costs, recalls and remediation of transit buses and motorcoaches".

Cutaway and Medium-Duty Buses

The typical warranty period for cutaway and medium-duty buses is the lesser of 36 months or 50,000 miles, which is consistent with the chassis manufacturer's warranty. The administration and servicing of warranty claims is the responsibility of the ARBOC dealer.

See “Risk Factors — Risks Related to Operations — The Company may incur material losses and costs as a result of product warranty costs, recalls and remediation of transit buses and motorcoaches”.

Liquidated Damages and Suspensions and Termination for Convenience

Public customer transit bus and motorcoach manufacturing contracts typically include liquidated damages provisions, which result in monetary penalties on a per vehicle per day basis when the transit buses or coaches are not delivered to the customer by the deadline specified in the contract. In the UK some customer contracts also include liquidated damages provisions which apply if a vehicle is unavailable for service due to warranty related defects. The Company actively manages these terms with its customers in the event of specification changes that impact production timing. The Company does not expect to incur material liquidated damages penalties in the normal course of its operations and liquidated damages incurred by the Company in fiscal 2025 were not material. See “Risk Factors — Risks Related to Operations — Production delays may result in liquidated damages under the Company’s contracts with its customers”.

In addition, public customer purchase contracts typically include rights of the customer to suspend or terminate the contract for convenience. Although the exercise of these rights have been rarely used, the Company’s customers may, with notice, suspend the contract or terminate their relationship with the Company. Under the terms of certain of these contracts, should the customer exercise its right to suspend or terminate a contract for convenience, the Company is entitled to compensation for any costs incurred in respect of that contract up to the date of suspension or termination. See “Risk Factors — Risks Related to the Business Environment — Absence of fixed term customer contracts, exercise of options and customer suspension on termination for convenience”.

Bonding Requirements

Many municipalities, transit authorities, and some international customers, require suppliers to obtain performance bonds from surety companies or letters of credit to protect against non-performance by suppliers. Management believes that the Company’s current surety and letter of credit capacity is sufficient to meet such requirements.

Performance guarantees are generally valid from contract award to completion of the contract. Contract completion is generally defined as customer acceptance of all transit buses or coaches in a given contract and generally excludes warranty obligations. Contracts can stipulate single- or multi-year procurements, and performance guarantee requirements are structured accordingly. Where contracts include options to acquire additional transit buses or coaches, performance bonds and letters of credit are issued as the options are exercised.

The surety bonding market does not provide for committed bonding facilities. Surety companies issue bonds on an as-needed basis and take into account current financial performance and the state of the surety market in making their credit decisions. Surety companies provide limits on the maximum coverage they will provide. Management believes the Company currently has sufficient capacity to meet the performance guarantee needs of its business through both its arrangements with its primary surety provider and its letter of credit facility. In 2023, 2024 and 2025, the Company experienced an increase in demand from customers for letters of credit and utilized a combination of its own letter of credit facility and a Guarantee Facility with EDC to support the Company’s bonding requirements. See “Risk Factors — Risks Related to Operations — The Company may not be able to maintain performance bonds or letters of credit required by its contracts or obtain performance bonds or letters of credit required for new contracts”.

Bonding is generally not required by customers in the cutaway, medium-duty bus and private motorcoach markets.

Materials and Suppliers

Materials represented 57% of the cost structure of the Company's transit and motorcoach manufacturing operations in 2025. The Company has long-standing relationships with a diverse group of established suppliers and generally has a number of sources of supply for many of its raw materials and components. For many components, however, supply is dependent upon a single supplier or a limited number of suppliers either to meet unique customer specifications under a contract or as a result of the Company selecting, validating and engineering a component into a particular bus or coach model. In addition, for certain components, such as engines for transit buses, the Company and the other manufacturers in the heavy-duty and medium-duty transit industry are dependent on a single source of supply that is certified to industry requirements and standards. The Company has established strategic relationships with its suppliers and actively monitors and manages the risks associated with supply continuity. Management believes the Company can continue to leverage these relationships through its market leadership position. See "Risk Factors — Risks Related to Operations — Dependence on limited sources or unique sources of supply" and "Risk Factors — Risks Related to the Business of the Company — A disruption, termination or alteration of the supply of vehicle chassis or other critical components from third-party suppliers could materially adversely affect the sales of certain of the Company's products".

The Company has historically negotiated fixed price contracts on an annual or multi-year basis with many of its suppliers. Additionally, the Company seeks to negotiate fixed prices and contractual requirements for the supply of special customer specified materials and parts at the time of the bid. However, as a result of the recent economic events driving heightened inflation on the price of raw material and components, many of these fixed price contracts now include provisions to mitigate inflation or are subject to additional surcharges as suppliers seek to reduce the risk of unexpected increases in the cost of their components. In addition, U.S. supplier input costs are increasing as a result of new tariffs being incurred on their imported material inputs, and these suppliers are seeking indirect recovery of these tariffs through separate invoice billings or through additional price increases. See "Risk Factors — Risks Related to Operations — The Company's profitability can be adversely affected by increases in raw material and component costs".

Capital Expenditures

The Company generally has predictable ongoing maintenance capital expenditure requirements related to its assembly operations. Capital expenditure requirements for new tooling, machinery and equipment may fluctuate from period to period depending on the Company's requirements for in-house fabrication and manufacturing of parts instead of outsourcing them from third parties. Management will also consider capital expenditures where there is an opportunity to grow or diversify the business, which can also fluctuate from period to period depending on the opportunity.

In 2025, the Company incurred capital expenditures of approximately \$41 million related to investments for new tooling to support continuous improvement initiatives, investments in information technology, maintenance and improvements to facilities, purchase of equipment and investments in new product development. The Company funded all capital expenditures from operating cash flows.

People and Labour Relations

As of December 28, 2025, the Company had a total of approximately 9,300 employees, of which approximately 6,400 were paid hourly and approximately 2,900 were salaried.

Occupational Health and Safety

The Company's focus on occupational health and safety has resulted in strong and continuous improvements over the past decade. Management believes that the Company's dedicated commitment to safety and health improvements is not only a competitive advantage for the organization but is also essential to the creation of a safe and healthy working environment for the Company's employees and its operations.

Workplace Environment and Training and Development

In order to fully support the Company's commitment to its employee-focused workplace culture, the Company continues to enhance its training and development function and has developed a robust training framework that will enable it to meet the needs of the business and its team members. The NFI Learning Institute is dedicated to implementing leading training, learning and development practices across the Company, including creating and maintaining relationships with local, regional and national organizations to support learning and workforce readiness initiatives, as well as working with educational institutions and government agencies to recognize and give credit for NFI certifications, pre-apprenticeship and apprenticeship development. The Company also focuses on leadership and professional development of all of its employees with managerial and specialized responsibilities. Additionally, there is outreach and engagement with students at various levels in local schools, colleges, and national universities through hosting visits, career fairs, all to develop an interest in the Company and a sustainable pipeline of future employees.

NFI has established feedback processes and conducts comprehensive employee surveys to provide all employees with an opportunity to present feedback on their jobs, work environment and views of the Company. Management believes that this information is essential to improving business performance and is a critical enabler to its workplace strategy. Information from these processes are used to guide action planning and measure improvements to support the Company's overall business performance through initiated organizational action planning and improvement measurement processes.

Workforce Development and Culture and Inclusion Strategies

The Company is committed to supporting workforce development efforts across the organization. The Community Benefits Framework creates a foundation to support initiatives taken in various jurisdictions. The main goal of this framework is to support individuals in finding employment in advanced manufacturing. By building meaningful relationships within the communities in which the Company's employees work, the Company remains committed to identifying and reducing the many barriers to employment for all. The removal of barriers to employment and inclusion efforts continue to be a focus throughout the organization. By monitoring employee demographics, the Company can identify areas in which it can focus efforts to improve workforce representation in relation to the regions in which the Company operates.

Pensions

The Company sponsors retirement plans for employees in North America and the UK, which include a combination of defined contribution, group registered retirement savings plans and defined benefit plans with varying contribution formulas.

Competition

The business segments in which the Company is active are highly competitive with international markets being the most competitive.

The Company believes its position as a propulsion-agnostic bus and coach mobility solutions provider is a competitive advantage as it can support customers with a broad offering of vehicle models with different propulsion systems, sizes and designs. The Company offers the broadest offering of zero-emission vehicles in North America, including battery-electric buses, hydrogen fuel cell-electric buses and electric trolleys, and has a growing portfolio of electric buses in international markets. Management believes the Company is well positioned to benefit from the adoption of zero-emission vehicles over the next decade as transit agencies and coach operators in the markets of North America, the UK, Europe and Asia Pacific transition their fleets to EVs.

Heavy-Duty Transit Buses

Price, custom engineering to customer specification, product quality, on-time delivery, established track record, strong customer relationships and experience are key factors in winning manufacturing contracts in the heavy-duty transit bus industry globally. The Company differentiates itself by having a broad and diverse product offering in North America and the UK, a strong reputation for quality and innovation globally, a history of on-time delivery and by being a leading provider of aftermarket parts and support. It also actively engages in industry advocacy, focusing on battery-electric bus interoperability, bus quality and safety, and adhering to local and national operating regulations. Due to these factors and overall market conditions, management believes that New Flyer and Alexander Dennis are both well positioned to continue to compete successfully and maintain strong market positions in North America and the UK.

The Company's competitors in North America include GILLIG LLC, NOVA Bus Inc. (owned by Volvo Bus Corporation), ENC and BYD RIDE. In 2023 NOVA Bus announced it was exiting the U.S. market by the first quarter of 2025, with its focus shifting entirely to the Canadian market. In 2024, REV Group, Inc. announced that it would be winding down its heavy-duty transit bus business, ENC, at the end of 2024. REV Group, Inc. sold the assets to Rivaz Inc., which resumed bidding on contracts in the U.S. in 2025. In 2024, Solaris Bus & Coach, a European producer of buses and trolleybuses, was awarded a North American contract with Translink in Vancouver, British Columbia for electric trolleybuses.

In the UK, Alexander Dennis' primary competitors are Wright bus, Volvo/MCV, Yutong, and BYD. Management believes the market dynamics in its international markets are changing as a result of the shift to ZEBs and new ZEB offering entrants, such as Yutong and BYD have gained significant market share in a short period of time. This has particularly been the case in the UK where BYD and Yutong have continued to secure additional contracts, as they can generally offer lower prices for their vehicles given their lower operating costs.

Medium-Duty Transit Buses

While the Company competes with heavy-duty transit bus and large cutaway manufacturers, there are limited comparable medium-duty buses following the bankruptcy of Vicinity Motor Corp. in 2024 and ENC's original exit from the medium-duty bus space in 2024. Rivaz's recent re-launch of ENC may see a change in the competitive arena.

Cutaways

The cutaway bus segment has two major competitors, Forest River Inc., who is the largest player in the market, and Turtle Top, who is a smaller operator who primarily focuses on the high-floor cutaway space. There are several other smaller low-floor cutaway focused manufacturers including Frontrunner and Optimal who compete directly with ARBOC.

Motorcoaches

Motorcoach customers have diverse needs and criteria that they use to decide on motorcoach purchases. Public transit authorities procure coaches in a similar manner as they procure heavy-duty transit buses.

MCI distinguishes itself from its competitors primarily through its products and history of supporting customers and its products on the road. MCI products are known as reliable coaches with well-established residual values. Management believes that the Company's ownership of MCI and its values and processes enhance the attractiveness of MCI's products.

Competitors to MCI include Prevost and Volvo Brands (owned by Volvo Bus Corporation), Mercedes (owned by Daimler), Van Hool (Owned by VDL Group), Tamsa, and Irizar.

Aftermarket Parts

NFI Parts and Alexander Dennis' AD24 parts division both compete in their respective geographic regions in highly competitive parts markets, which are comprised of other bus and coach OEMs and a number of non-OEM aftermarket parts companies. The Company sells aftermarket parts and components primarily for its own vehicle platforms, while also supplying parts for vehicles manufactured by third parties in order to support customers operating mixed fleets.

While the majority of the parts on the Company's vehicles are generally available from competing suppliers, a portion of the Company's aftermarket portfolio consists of proprietary or vehicle-specific components for which alternative sources may be limited due to design specifications, certification requirements or scale. As a result, competition varies by part category, vehicle platform and customer application.

The Company's aftermarket customers generally make sourcing decisions based on a combination of pricing, availability, reliability of supply and technical support. While availability became a key purchasing consideration during periods of global supply chain disruption, management believes that customer purchasing decisions continue to be influenced by multiple factors, including fulfillment reliability, lead times and total cost considerations, particularly for critical fleet applications.

Legal and Regulatory Matters

In North America, government regulation has had a significant impact upon the transit bus and coach manufacturing industry. These legislative and regulatory requirements continue to affect the structure of the industry, the location of manufacturing facilities, the sourcing of parts and materials and the source of funding for public transit bus and motorcoach purchases. Regulation represents a barrier to entry in the industry. A description of each of the major areas of regulation follows.

Funding for New Transit Bus and Motorcoach Purchases

Public transit infrastructure is considered an “essential service” and economic enabler and is a key priority of governments and public authorities due to the significant population base that is highly dependent on public transportation and the importance of reducing inner city and suburban traffic congestion. It is also seen as critical in helping cities achieve emissions targets.

United States

The United States federal government has provided funding for the purchase of new heavy-duty transit buses since 1964. Purchases are now largely funded through the FTA funding allocations derived from gasoline taxes. Under these programs, municipal and local transit authorities in the United States typically receive up to 80% of the funding for new bus purchases from the federal government for (i) the replacement of buses that have operated for the FTA minimum service life, and (ii) new buses to support fleet growth based on population and ridership trends. In order to receive federal funding for new bus purchases, a minimum 20% contribution commitment from local transit authorities must be in place and the new bus purchase must comply with “Buy-America” legislation. See — “Rules of Origin (Buy-America) Legislation”.

Federal funding for public transit in the United States is provided under surface transportation legislation covering highway, rail and marine transport. The current funding act is the Infrastructure Investment and Jobs Act (“IIJA”) which was signed on November 2021.

The \$1.2 trillion bipartisan IIJA provides \$91.2 billion in funding for the FTA over five years (U.S. government fiscal years 2022 to 2026), and also authorizes an additional \$15.8 billion in supplemental appropriations from general revenues, for a total of \$107 billion. The increases in the size and scale of FTA funding is aimed at addressing the backlog in U.S. transit that has identified more than 24,000 buses and over 200 stations for upgrades and replacement. The IIJA replaced the Fixing America’s Surface Transportation Act (“FAST Act”), which had previously been the primary federal funding mechanism for transportation programs. Under the new IIJA, baseline transit funding levels increased by 43% over the FAST Act, and when combined with supplemental appropriations, the IIJA provides up to an 83% increase for transit.

On May 5, 2025 the FTA announced the availability of Fiscal Year (FY) 2025 full-year funding detailed in apportionment tables that specify funding to states, urbanized areas, and Tribal governments based on statutory formulas. These tables reflected funding made available via the Full-Year Continuing Appropriations and Extensions Act, at the FY 2025 funding levels from October 1, 2024 through September 30, 2025. The publishing of apportionment tables allowed transit providers nationwide to move forward with applications using this funding to support transit systems and operations.

In 2025 government officials began discussions on the next surface transportation legislation that would succeed the IIJA. Given there is one year remaining in the IIJA (U.S. government fiscal year ending September 2026) that has not yet been apportioned, it is expected that the next surface transportation act will continue to be developed by government officials throughout 2026 and potentially into 2027.

The Company's Bid Universe metric estimates active public competitions in Canada and the United States and attempts to provide an overall indication of anticipated heavy-duty transit bus and motorcoach 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, and (ii) management's forecast of expected EUs to be placed out for competition over the next five years. See "Risk Factors — Risks Related to General Economic and Market Factors — The Company's business is affected by economic factors and adverse developments in economic conditions which could have an adverse effect on the demand for the Company's products and the results of its operations".

APTA reports that the average fleet age of transit buses in the U.S. was approximately 8.1 years in 2024, an increase from 7.4 years in 2020¹. Management believes that other than the Company's Bid Universe (discussed above), and lack of reduction in fleet age, there are no reliable high-level indicators of the health of funding for transit bus purchases.

While procurement of transit buses and coaches by the public sector is typically accomplished through formal multi-year contracts, procurement of transit buses and coaches by the private sector is typically accomplished through transactional sales of small orders of vehicles. As a result, the Company is unable to develop longer range forecasts for private sector transit buses and motorcoaches.

Canada

Historically, purchases of new transit buses in Canada have been funded primarily by provincial and municipal governments. Unlike in the U.S., in Canada there is no central source of funding for transit bus or motorcoach procurements. Instead, funding of bus purchases comes largely from a patchwork of provincial funding, municipal funding, fare box revenue, various federal programs, and other smaller sources. Across Canada the funding approach varies widely from province to province and even from city to city within a single province.

Recognizing, however, the infrastructure deficit in Canadian cities and the role transit can play to fight climate change, reduce congestion and increase quality of life, successive federal governments have funded transit capital projects. Some cost share funding for public transit projects and new bus purchases has been provided by federal programs such as the Canadian Strategic Infrastructure Fund, the Infrastructure Canada Program and the federal Gas Tax Fund.

In February 2021, the Canadian government issued a landmark announcement that proposed a C\$14.9 billion invested in Canadian public transit. The program includes C\$5.9 billion in dedicated project funds starting in 2021, and ongoing permanent funding of C\$3 billion per year beginning in government fiscal year 2026 to 2027. On March 4, 2021, it was announced that C\$2.75 billion of the C\$14.9 billion in transit funding would be dedicated to zero-emission transit and school buses, to help electrify fleets from 2021 through 2026.

¹ APTA, Public Transportation Vehicle Database

In July 2024, the Government of Canada announced the new Canada Public Transit Fund, which will provide C\$3 billion annual funding over a ten-year period for transit projects starting in 2026 and 2027. In January 2026, it was confirmed by the Government of Canada that they had made changes to the Canada Public Transit Fund, lowering total funds by C\$5 billion and that the annual C\$3 billion funding would cover both public transit and active transportation infrastructure. The C\$5 billion from the Canada Public Transit Fund was transferred to the Strong Communities Fund which is another funding mechanism for communities in Canada to invest in public transit, roads, water supply networks and other critical infrastructure.

The Canadian Urban Transportation Association had reported an increase in average fleet age of heavy-duty transit buses from 8.6 years in 2021 to 10.4 years in 2024. Management believes that there is no high-level indicator of the health of funding for the industry other than fleet age statistics.

Other Geographic Markets

Alexander Dennis's customer base (outside of Canada and the United States) varies by territory and by type of customer (which are a mix of private, public and government-supported businesses) and the funding mechanisms vary across all sectors. In the UK, transit bus operators do not typically receive direct government funding, other than grant funding for cleaner vehicles awarded on a competitive basis. Hong Kong has private operators which do not receive government funding. In Singapore, vehicles are procured by the transport authority and assigned to contracted operators to operate them (this differs from North America where agencies typically buy, own and run their fleets). This approach is also adopted in Republic of Ireland. In addition, UK customers generally pay upon delivery of a product (although this is changing, particularly where government funding applies), while in international markets milestone payments are customary.

The UK has seen an increase in government support since 2020 with higher subsidies available for bus operators. From 2021 to 2025 the UK Zero Emission Bus Regional Areas (ZEBRA) scheme distributed £295 million.

The Scottish Government has also increased its funding programs through the Scottish Ultra-Low Emission Bus Scheme ("SULEBS") which has benefitted Alexander Dennis as a supplier. In addition, the Scottish Government also has a Scottish Zero Emission Bus Challenge Fund ("ScotZEB") that was designed to encourage the market to implement new and innovative ways to finance and deploy ZEBs. So far two rounds of ScotZEB has been released.

In April 2022, the UK Government announced a £7 billion funding target to overhaul and level-up major transport routes that would cover thirty-one counties, city regions and unitary authorities outside of London. The funding is aimed at supporting both operations and capital expenditures. Five city regions and unitary authorities have confirmed franchising plans with approximately 3,000 vehicles to be procured by 2030 as part of the launch of franchised services in England.

In Asia Pacific markets, the New Zealand government provided an election pledge that only ZEBs will be purchased by 2025 and that they will target decarbonizing their entire public transit fleet by 2035.

The Hong Kong government continues to advance trials and applications for electric commercial vehicles.

Environmental and Emissions Legislation

The Company is subject to numerous environmental and health and safety laws, including statutes, regulations, bylaws and legal requirements contained in approvals or that arise under common law. These laws relate to the generation, use, handling, storage, transportation and disposal of regulated substances, including hazardous substances, dangerous goods and waste, emissions or discharges into soil, water and air, including noise and odours (which could result in remediation obligations), and occupational health and safety matters, including indoor air quality. These legal requirements vary by location and can arise under federal, provincial, state or municipal laws.

The Company believes that it is in substantial compliance with all material environmental and health and safety legal requirements. The Company is not aware of any breach of such requirements or other similar liabilities the resolution of which would have a material adverse effect on the Company and its operations.

The Environmental Protection Agency (the “EPA”) mandates compliance with United States emissions standards for engines and Environment Canada mandates such compliance in Canada. To the knowledge of management, only one engine manufacturer sells engines for use in heavy-duty transit buses in North America.

The California Air Resources Board (“CARB”) requires a dual certification for emission compliance for engines used in a hybrid configuration. This requires separate annual certifications from the engine supplier as well as the hybrid system supplier, but not the transit bus or coach manufacturer, such as New Flyer. These certifications are required to supply transit buses or motorcoaches with a diesel-hybrid electric engine configuration to agencies operating in California and in certain states that follow the CARB regulations. Both of the Company’s suppliers of hybrid propulsion systems have received certification from CARB. The EPA does not require this dual certification and, therefore, these regulations only affect transit buses purchased by transit agencies in states that follow CARB regulations. See “Risk Factors — Risks Related to Operations — Dependence on supply of engines that comply with emission regulations”.

The European Union defines emissions standards for engines installed into heavy-duty vehicles, the latest standard being “Euro VI”. Current jurisdictions in which Alexander Dennis operates mandate compliance with “EPA” or “Euro” requirements. Most heavy-duty vehicles manufactured by Alexander Dennis for supply outside of North America comply with “Euro VI” requirements, although “Euro V” and earlier engine series have been installed into vehicles supplied in small volumes to regions where fuel infrastructure does not meet the diesel quality required for “Euro VI” engines.

Rules of Origin/Final Assembly (Buy America) Legislation

Buy America regulations require that heavy-duty transit buses and motorcoaches meet the following fundamental requirements to be eligible for United States FTA funding: (i) final assembly/manufacture must occur within the United States, and (ii) the bus or coach must contain a minimum of 70% United States content, calculated by cost of components. The Company is compliant with the current 70% Buy America content requirement. Customers regularly conduct audits to validate such compliance for buses and coaches purchased with federal funds. To date, the Company has not failed a Buy America compliance audit.

See “Risk Factors — Risks Related to the Business Environment — Current requirements under ‘Buy America’ regulations may change and/or become more onerous or suppliers’ ‘Buy America’ content may change”.

Policies Regarding Canadian Content

The Ontario provincial government has implemented a policy requiring that all transit vehicles procured by Ontario municipalities using sources of provincial funding must contain a minimum 25% Canadian content by cost. Transit buses sold by the Company to these Ontario municipalities comply with this policy.

Solicitations originating from certain Quebec transit agencies also have a Canadian content requirement. In March 2021, Quebec provincial legislation went into effect requiring contracts for the acquisition of public transit vehicles that involve an expenditure equal to or greater than the threshold decreed by the province to require that the contractor subcontract up to 25% of the total value of the contract to Canada and that this subcontracting include the final assembly of these vehicles. See “Risk Factors — Risks Related to the Business Environment — Requirements under Canadian Content policies may change and become more onerous”.

U.S. Disadvantaged Business Enterprise Program

The goal of the Disadvantaged Business Enterprise (“DBE”) Program, overseen by the United States Department of Transportation, is to provide small businesses owned and controlled by socially and economically disadvantaged individuals a fair opportunity to compete for federally-funded transportation contracts. In accordance with the DBE program requirements, the FTA, which funds rolling stock procurements for transit agencies, requires its grantees to establish goals for the participation of DBEs in their transit vehicle procurements and also requires transit vehicle manufacturers (which includes both transit bus and motorcoach manufacturers) that bid on federally-assisted vehicle procurements to submit annual goals to support qualified DBEs (as defined in the DBE program regulations) and to certify that they have complied with the requirements of the DBE program. In 2025, there were changes to the DBE program that have required changes to transit agencies contractual language with less focus on sex and race-based disadvantages. The FTA reviews and approves transit vehicle manufacturers’ DBE goals on an annual basis and maintains a certified list of transit vehicle manufacturers that are eligible to bid on federally-assisted vehicle procurements. See “Risk Factors — Risks Related to the Business Environment — Failure of the Company to comply with the DBE program requirements or the failure to have its DBE goals approved by the FTA”.

Motor Vehicle Safety Standards

All heavy-duty transit buses and motorcoaches sold in the United States and Canada must comply with federal, state and provincial motor vehicle safety standards. In both the United States and Canada, vehicles that meet or exceed all federally mandated safety standards are certified under the federal regulations. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving federal certification. The Company’s entire product offering has been certified under applicable federal standards in both the United States and Canada and the Company certifies each new transit bus and motorcoach model before its market launch. The Company also agrees to comply with state and provincial motor vehicle safety regulations in its customer contracts. Management believes that the Company is in material compliance with all current federal, state and provincial motor vehicle safety regulations.

All heavy-duty passenger service vehicles sold in the European Union must comply with the European Whole Vehicle Type Approval (“ECWVTA”) framework. Vehicles that meet or exceed mandated United Nations (“UN”) ECE Regulations and EU Regulations are issued with approval certificates by a national body responsible for ongoing conformity assessment, allowing sale in unlimited series across Europe, or in limited series to a specific EU Member State under a national scheme which gives allowances to suit national infrastructures. Alexander Dennis’s products sold in the UK and Ireland are approved to the

national scheme, whereas those sold into mainland Europe are fully ECWVTA compliant so far as customer specification and local certification requirements permit. Management believes that Alexander Dennis is in material compliance with all applicable European safety regulations.

All heavy-duty passenger service vehicles sold in Hong Kong, Singapore and New Zealand must comply with National Construction and Use requirements, with reference to UN ECE Regulations. All of Alexander Dennis's products for these markets have been certified to these requirements before being introduced in the regions and are inspected by national bodies as part of product introduction and on an ongoing basis. Management believes that Alexander Dennis is in material compliance with all applicable national safety standards for these regions.

Motor Vehicle Road Use Standards

Transit bus and coach operators are subject to federal, state/provincial and/or local government motor vehicle road use regulations. Although it is the responsibility of the transit bus or coach operator to comply with such regulations, the Company is typically required to comply with applicable regulatory requirements under its customer contracts. The Company must also comply with regulatory requirements whenever it drives its transit buses or coaches over the roadways from its facilities to its customers. Management believes that the Company's buses and coaches are in material compliance with such motor vehicle regulations. However, there are some heavy-duty transit buses in the industry, including certain types of transit buses manufactured by New Flyer that do not currently comply with regulations governing maximum axle weight or length in certain jurisdictions. Transit bus operators often obtain waivers from the applicable regulator for vehicles that do not comply with the applicable requirements. However, such waivers are discretionary and as such, there is no assurance that transit operators will continue to be able to obtain them in the future. Management believes that this is an industry-wide problem related, in part, to industry trends including evolving environmental, disabled-access and other regulations which have resulted in the production of heavier or longer transit buses throughout the industry. Management believes that many of the governmental weight or length regulations have not yet caught up with the other aspects of the overall regulatory regime applicable to buses and coaches and that such regulations need to be re-examined in light of developments in the industry. Management intends to address axle weight or length restrictions with its customers on a contract-by-contract basis and expects that the industry and transit operators will lobby the government for changes to these regulations. See "Risk Factors — Risks Related to Operations — The Company may incur costs in connection with regulations relating to axle weight restrictions and vehicle lengths".

Outside of North America, Alexander Dennis ensures that vehicles transported between its facilities and its customers are in material compliance with applicable motor vehicle regulations and applicable certificates of conformity or equivalent. Where vehicles are transported through regions or via non-road delivery services, transport logistics specialists are engaged to ensure compliance with all applicable legislations. Vehicles moved between facilities for test and not yet validated against regulations are subject to risk assessment, and where applicable, vehicles are transported by means other than driving.

United States Bus and Motorcoach Testing

All applicants for United States federal funding must certify to the FTA that any heavy-duty transit bus or motorcoach acquired with such funding has been tested in accordance with an endurance test conducted at Altoona, Pennsylvania ("Altoona"), to simulate 500,000 miles or 12 years of operation. The following tests are conducted at Altoona: safety, structural integrity and durability, reliability, performance, maintainability, noise and fuel economy. The Company's entire heavy-duty transit bus and motorcoach product offering for the North American market has been tested at Altoona, and additional testing occurs

regularly with the introduction of new products, or in the case of substantial changes to existing products. Medium-duty and cutaway buses also undergo endurance testing, but to lower thresholds than heavy-duty transit buses and motorcoaches.

In 2016, U.S. federal legislation included major changes to the transit bus and motorcoach testing requirements performed at Altoona to include pass/fail criteria for all new bus model testing. Most of the New Flyer Xcelsior bus models completed baseline New Bus Model Testing prior to the introduction of the “Pass/Fail” Bus Testing Final Rule, which became effective on October 31, 2016. Partial testing requirements have been grandfathered, as applicable under the rule. The Company needs to meet “Pass/Fail” testing on a go-forward basis, as required.

The U.S. National Highway Transportation Safety Administration has introduced roll-over testing requirements for most types of motorcoaches and for certain transit buses sold to private customers, effective December 2024. The Company has modified and tested the structures of its vehicles to comply with the new regulations.

Certain major cities in Canada and the United States require a 500,000 mile/12-year shaker table test. This static test simulates revenue service life under challenging conditions to test durability.

Private bus and motorcoach customers typically do not require any testing of coaches and leave structural design decisions to the bus and motorcoach manufacturers and to applicable governmental regulations.

Disability Access Legislation

The Americans with Disabilities Act (the “ADA”) prescribes certain minimum accessibility standards for vehicles that are purchased with United States federal funding. All of the Company’s transit buses and motorcoaches have been designed and/or tested to be compliant with the ADA. Although there is currently no equivalent federal legislation in Canada, most transit buses and motorcoaches in Canada are also manufactured to provide access to persons with disabilities.

Outside of North America, UN ECE Regulations define vehicle interior layout and safety requirements and Alexander Dennis products comply with applicable requirements. In regions that do not apply UN ECE regulations, Alexander Dennis products comply with the National Construction and Use requirements (or equivalent) for accessibility, including Public Service Vehicle Accessibility Regulations (PSVAR) in the UK.

Vehicle Cyber Security

UN ECE Regulations 155 and 156 set out provisions for vehicle cybersecurity and software updates as well as management systems for both. The Regulations became mandatory for all Alexander Dennis vehicles in the EU from July 2024. Alexander Dennis’s cyber security management system received certification from the VCA (Vehicle Certification Agency) in 2024 in accordance with Regulation 155. In November 2025, Alexander Dennis’ Cyber Security Management System (CSMS) was re-certified and its Software Update Management System (SUMS) certified by the VCA in accordance with Regulations 155 and 156 respectively.

Litigation

The Company is subject to litigation from time to time in the ordinary course of its business. The Company is not aware of any pending or threatened litigation that is expected to have a material adverse effect on the Company and its operations. See “Risk Factors — Risks Related to Operations — The Company is subject to litigation in the ordinary course of business and may incur material losses and costs as a result of product liability and other claims”.

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The authorized share capital of NFI consists of an unlimited number of Shares. As at December 28, 2025, 119,092,658 Shares were issued and outstanding.

Holders of Shares are entitled to receive dividends as and when declared by the Board and are entitled to one vote per Share on all matters to be voted on at all meetings of shareholders. Upon the voluntary or involuntary liquidation, dissolution or winding-up of NFI, the holders of Shares are entitled to share ratably in the remaining assets available for distribution, after payment of liabilities.

Shareholder Rights Plan

The shareholder rights plan of NFI (the “Amended and Restated SRP”), approved by the shareholders of NFI at the annual and special meeting of shareholders held on May 4, 2023, confirms the issuance of one right in respect of each Share outstanding at the close of business on August 29, 2011 and one right in respect of each Share issued thereafter. The rights will separate from the Shares to which they are attached and will become exercisable upon the occurrence of certain events in accordance with the terms of the Amended and Restated SRP. Generally, if a person, or a group acting jointly or in concert, acquires (other than pursuant to an exemption available under the Amended and Restated SRP) beneficial ownership of 20% or more of the Shares (except, among other exceptions, pursuant to a permitted bid under the Amended and Restated SRP), the rights will separate from the Shares and permit holders of rights (other than the acquiring person) to purchase Shares at a substantial discount to market price. At any time prior to the rights becoming exercisable, the Board may waive the operation of the Amended and Restated SRP with respect to certain events before they occur. The Amended and Restated SRP is designed to provide the Board additional time to assess an unsolicited take-over bid for NFI and, where appropriate, to give the Board additional time to pursue alternatives for maximizing shareholder value. The Amended and Restated SRP also encourages fair treatment of all shareholders by providing shareholders with an equal opportunity to participate in a take-over bid. A copy of the Amended and Restated SRP is available on SEDAR+ at www.sedarplus.ca. The Amended and Restated SRP will be put for confirmation before the shareholders of NFI at the meeting of shareholders to be held in May 2026.

Debentures

General

As at December 28, 2025, C\$338,000,000 aggregate principal amount of Debentures were issued and outstanding. The Debentures were issued under a trust indenture dated December 2, 2021 (the “Debenture Indenture”) between NFI and Computershare Trust Company of Canada, as trustee (the “Trustee”). The following summary of certain provisions of the Debenture Indenture is subject to, and is qualified in its entirety

by reference to all the provisions of the Debenture Indenture. A copy of the Debenture Indenture is available on SEDAR+ at www.sedarplus.ca.

Interest Rate

The Debentures bear interest at a rate of 5.0% per annum.

Maturity Date

The Debentures will mature on January 15, 2027.

Conversion Privilege

The Debentures are convertible at the holder's option into Shares at any time prior to the close of business on the earliest of (i) the business day immediately preceding the maturity date; (ii) if called for redemption, the business day immediately preceding the date specified by NFI for redemption of the Debentures; or (iii) if called for repurchase pursuant to a Change of Control (described below), the business day immediately preceding the payment date, at the conversion price of C\$33.15 per Share. Holders converting their Debentures will receive all accrued and unpaid interest to the date immediately prior to the date of conversion.

Upon conversion of the Debentures, in lieu of delivering Shares, NFI may elect, in its sole discretion, by written notice delivered to the Trustee within one business day of the of the conversion date, to exercise the Cash Conversion Option. Pursuant to the Cash Conversion Option, NFI will pay cash to the holders that converted their Debentures as soon as practicable and, in any event, no later than the third business day following the last day of the applicable Observation Period (as described in the Debenture Indenture).

Principal Repayment

On maturity, NFI will repay the indebtedness represented by the Debentures by paying the Trustee, on behalf of the holders, an amount equal to the principal amount of the outstanding Debentures, together with accrued and unpaid interest.

NFI may, at its option, on not more than 60 and not less than 40 days' prior notice and subject to applicable regulatory approval and provided that no event of default has occurred and is continuing and certain other conditions are satisfied, elect to satisfy its obligation to pay the principal amount of the Debentures which are due on the maturity date by issuing freely-tradeable Shares to the holders of the Debentures. The number of Shares to be issued will be determined by dividing the principal amount of the outstanding Debentures which have matured by 95% of the Current Market Price (as described in the Debenture Indenture) on the fifth trading day preceding the maturity date. No fractional Shares will be issued on maturity but, in lieu thereof, NFI shall satisfy fractional interests by a cash payment.

Optional Redemption

On and after January 15, 2025 and prior to the maturity date, NFI may redeem the Debentures, in whole or in part from time to time, at its option on not more than 60 days' and not less than 30 days' prior written notice at a price equal to the principal amount of the Debentures plus accrued and unpaid interest to, but excluding, the date of redemption, provided that the Current Market Price on the date on which the notice of redemption is given is not less than 125% of the conversion price.

Change of Control

Within 30 days following the occurrence of a Change of Control (as defined in the Debenture Indenture), NFI will be required to make an offer to purchase the Debentures at a price equal to 100% of the principal amount of the Debentures plus all accrued and unpaid interest thereon up to, but excluding, the date of purchase. Holders of Debentures may accept this offer in whole or in part.

If holders of 90% or more in aggregate principal amount of the Debentures outstanding on the date NFI gives notice of the Change of Control to the Trustee accept the offer to purchase, NFI will have the right to redeem all the remaining Debentures at the same price. Notice of such redemption must be given to the Trustee within 10 days following the date of purchase, and promptly thereafter, by the Trustee to the holders of the Debentures not tendered pursuant to the offer to purchase.

Cash Change of Control

Upon the occurrence of Cash Change of Control (as defined in the Debenture Indenture), then, during the period beginning 10 trading days before the anticipated date on which the Cash Change of Control becomes effective and ending 30 days after NFI delivers notice to the Trustee of the occurrence of a Cash Change of Control, holders of Debentures are entitled to convert their Debentures and receive, in addition to the number of Shares they would otherwise be entitled to receive as set forth under “— Conversion Privilege” above, an additional number of Shares per \$1,000 principal amount of Debentures as set forth under the Debenture Indenture.

Interest Payment Election

Unless an Event of Default (as defined in the Debenture Indenture) has occurred and is continuing, NFI may elect to satisfy all or part of its obligation to pay interest on the Debentures, (i) in cash; (ii) by delivering Shares to the Trustee, for sale, to satisfy the interest obligations in accordance with the Debenture Indenture in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Shares; or (iii) any combination of (i) and (ii) above.

Rank and Subordination

The Debentures are general unsecured obligations of NFI and rank equally with one another and subordinate to all other existing and future senior secured and senior unsecured indebtedness of NFI and rank senior to all existing and future subordinated unsecured indebtedness of NFI. The Debentures do not restrict NFI or its subsidiaries from incurring additional indebtedness or from mortgaging, pledging or charging its properties to secure any indebtedness or liabilities.

Notes

General

As at December 28, 2025, \$600,000,000 aggregate principal amount of Notes were issued and outstanding. The Notes were issued under a trust indenture dated June 13, 2025 (the “Notes Indenture”) between NFHI and Computershare Trust Company, N.A., as trustee (in such capacity, the “Notes Trustee”) and as collateral agent (in such capacity, the “Collateral Agent”). The following summary of certain provisions of the Notes Indenture is subject to, and is qualified in its entirety by reference to all the provisions of the Notes Indenture. A copy of the Notes Indenture is available on SEDAR+ at www.sedarplus.ca.

Interest Rate

The Notes bear interest at a rate of 9.25% per annum, payable semi-annually in cash in arrears on January 1 and July 1.

Maturity Date

The Notes will mature on July 1, 2030.

Guarantees

The Notes are jointly and severally guaranteed on a second lien senior secured basis (the “Note Guarantees”) by NFI and, subject to certain exceptions, by each of NFI’s existing and future direct and indirect restricted subsidiaries that guarantee the First Lien Facility (collectively, the “Guarantors”).

Security

The Notes and the Note Guarantees are secured by perfected second-priority security interests in substantially all of NFHI’s and the Guarantors’ assets that secure the First Lien Facility, subject to certain limitations and exceptions and permitted liens, to the extent applicable (the “Collateral”). NFHI and the Guarantors are entitled to, and the Collateral Agent shall grant, the release of property and other assets constituting Collateral from the Liens (as defined in the Notes Indenture) securing the Notes and the Note Guarantees under certain circumstances prescribed by the Notes Indenture.

Principal Repayment

On maturity, NFI will repay the indebtedness represented by the Notes by paying the Notes Trustee, on behalf of the holders, an amount equal to the principal amount of the outstanding Notes, together with accrued and unpaid interest.

Optional Redemption

The Notes may be redeemed, on one or more occasions, in whole or in part, at any time prior to July 1, 2027, at the option of NFHI, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium (as defined in the Notes Indenture) and accrued and unpaid interest, if any, to, but excluding, the date of redemption.

At any time prior to July 1, 2027, on one or more occasions, NFHI may redeem up to 40% of the aggregate principal amount of the Notes with the net proceeds of one or more equity offerings at a redemption price of 109.250% of the aggregate principal amount of the Notes plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

At any time on or after July 1, 2027, and prior to the maturity date, NFHI may redeem the Notes, on one or more occasions, in whole or in part from time to time, at its option at the redemption prices set forth below, plus accrued and unpaid interest to, but excluding, the date of redemption, if redeemed during the 12-month period beginning on July 1 of the years indicated:

Year	Redemption Price
2027	104.625%
2028	102.313%
2029 and thereafter	100.000%

Optional Redemption for Changes in Taxes

The Notes may be redeemed, in whole but not in part, at any time prior to July 1, 2027, at the option of NFHI at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest, if any, to, but excluding, the date of redemption and all Additional Amounts (as defined in the Notes Indenture) if on the next date on which any amount would be payable in respect of the Notes, NFHI or any Guarantor is or would be required to pay Additional Amounts as a result of certain changes in tax laws, as described in the Notes Indenture.

Change of Control

Within 30 days following the occurrence of a Change of Control (as defined in the Notes Indenture), NFHI will be required to make an offer to purchase the Notes at a price equal to 101% of the principal amount of the Notes plus all accrued and unpaid interest thereon up to, but excluding, the date of purchase. Holders of Notes may accept this offer in whole or in part.

Covenants

The Notes Indenture contains covenants that impose certain restrictions on NFHI’s business. The restrictions that these covenants place on NFHI, the Guarantors and the Restricted Subsidiaries (as defined in the Notes Indenture) include limitations on NFHI’s ability and the ability of the Guarantors and Restricted Subsidiaries to, subject to certain exceptions and qualifications, among other things:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions in respect of, or repurchase or redeem, Company’s capital stock, or make other restricted payments;
- prepay, redeem or repurchase certain debt;
- issue certain preferred stock or similar equity securities;
- make loans and investments;
- sell assets;
- incur liens;
- enter into agreements containing prohibitions affecting the Company’s subsidiaries’ ability to pay dividends;
- enter into transactions with affiliates;

- consolidate, merge or sell all or substantially all of the Company’s assets; and
- designate any subsidiaries as Unrestricted Subsidiaries (as defined in the Notes Indenture).

Rank and Subordination

The Notes are second lien senior secured obligations of NFHI and rank equally with one another and with all existing and future senior secured Debt (as defined in the Notes Indenture) of NFHI and rank senior to all existing and future subordinated unsecured Debt of NFHI. The Note Guarantees are second lien senior secured obligations of each Guarantor and are equal in right of payment with all existing and future senior Debt of such Guarantor (without giving effect to collateral arrangements of secured Debt) and senior to all subordinated Debt of such Guarantor. The Notes restrict NFI and the Restricted Subsidiaries from incurring additional indebtedness or from mortgaging, pledging or charging its properties to secure any indebtedness or liabilities, subject to certain exceptions as set forth in the Notes Indenture.

Book-Entry Settlement and Clearance

CDS acts as securities depository for the Shares and the Debentures, and DTC acts as securities depository for the Notes, which are referred to collectively as the “Securities”. The Securities are represented by one or more global certificates (each, a “Global Certificate”), some of which are in electronic form. The Global Certificates for the Securities are issued as fully-registered in book-entry only form in the name of CDS or its nominee, CDS & Co., in the case of the Shares and the Debentures, and in the name of Cede & Co., as nominee for DTC, in the case of the Notes.

If an investor intends to purchase or sell Securities, an investor must do so through direct and indirect CDS or DTC participants, as applicable. All interests in the Securities are subject to the operations and procedures of CDS or DTC, as applicable. NFI is responsible for and makes payments on the Shares to CDS, the Trustee makes payments on the Debentures to CDS and the Notes Trustee makes payments on the Notes to DTC. CDS and DTC are responsible for the disbursement of those payments to its participants, and the participants are responsible for disbursements of those payments to beneficial owners.

Dividend Policy

NFI intends to have a dividend policy that is consistent with its 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. In December 2022, the Board made the decision to suspend the payment of dividends given credit agreement constraints and to support the Company’s focus on improving its liquidity and financial position. Under the terms of NFI’s First Lien Facility (see below), certain conditions must be met before the Company is permitted to pay dividends and may only pay dividends if it complies with certain covenant requirements outlined in the credit agreement. No dividends were paid during the period from January 1, 2023, to the date of this Annual Information Form.

Future decisions on the resumption of dividend payments will be made by the Board and depend on the Company’s financial performance and compliance with credit facilities covenants, among other considerations. There can be no assurance that dividend payments will resume.

Credit Facilities

First Lien Facility

On May 7, 2025, NFI entered into a new First Lien Facility, which replaced NFI's Secured Facilities. Following the offering of Notes, the First Lien Facility has an aggregate principal amount of \$700,000,000, including a letter of credit sub-limit of \$300,000,000. The First Lien Facility may also be increased by an uncommitted accordion facility of up to \$250,000,000, with its exercise subject to customary conditions and subject to NFI's compliance with certain leverage ratios set forth in the Notes Indenture. The maturity date of the First Lien Facility is May 7, 2029. A copy of the First Lien Facility can be found on SEDAR+ at www.sedarplus.ca.

The First Lien Facility is guaranteed by certain subsidiaries of NFI, and the obligations in respect of the First Lien Facility are currently secured by certain of the assets of the borrowers and those guarantors. NFI receives its cash distributions from the borrowers (other than NFI) and the guarantors of the First Lien Facility, and as a result (among other requirements), the amounts owing under the First Lien Facility and any interest thereon will be payable in priority to any cash distributions to holders of Shares, Debentures and Notes.

Loans under the First Lien Facility bear interest at a rate equal to SOFR or a U.S. base rate for loans denominated in U.S. dollars, a Canadian prime rate or CORRA for loans denominated in Canadian dollars, SONIA for loans denominated in British pounds sterling and EURIBOR for loans denominated in Euros, plus, in each case, an applicable margin to those rates.

Manitoba Facility

In January 2023, the Company entered into the Manitoba Facility with MDC to support investments in working capital and general corporate purposes. In connection with the Refinancing Plan, NFI extended the maturity of the Manitoba Facility to April 30, 2026.

Interest payments under the Manitoba Facility are based on a base rate plus applicable margin structure. In April 2024, MDC provided an interest waiver on the Manitoba Facility as part of the Government of Manitoba's support for the Company's All Canadian Build project. While the Manitoba Facility is in place, NFI must maintain its headquarters and senior management in Manitoba, and NFI cannot pay a dividend.

DIRECTORS AND OFFICERS

Directors and Officers

NFI's articles of incorporation provide for a minimum of three and a maximum of 20 directors. At the end of 2025, NFI's Board was comprised as follows:

- Paul Soubry, Anne Marie O'Donovan and Maryse Saint-Laurent, each of whom is a Canadian resident;
- Colin Robertson, who is a UK resident, serves as chairperson of the Board;
- Larry Edwards, Adam Gray, Katherine Winter, Jannet Walker-Ford and Aziz Aghili, each of whom is a U.S. resident. Larry Edwards serves as vice chairperson and lead independent director of the Board; and

- Paulo Cezar da Silva Nunes, who is a Brazilian resident.

Effective January 1, 2026, Paul Soubry retired as President and Chief Executive Officer of NFI and as a director, and John Sapp was appointed by the Board as President and Chief Executive Officer of NFI and joined the Board as a director. Paul Soubry will remain an advisor to the NFI Board for 2026.

The following table sets out the name, municipality of residence, position(s) with the Company and principal occupation of the directors of NFI, as at December 28, 2025.

Name and Municipality of Residence	Position(s)	Director Since	Principal Occupation If not with the Company
Colin Robertson, CBE Edinburgh, Scotland, UK	Director (Chairperson of the Board and Chairperson of the operations and technology committee)	2020	Corporate Director
Larry Edwards Tulsa, Oklahoma, USA	Director (Vice Chairperson of the Board and Lead Independent Director)	2008	Corporate Director
Anne Marie O'Donovan Oakville, Ontario, Canada	Director (Chairperson of the audit committee)	2024	Corporate Director
Maryse Saint-Laurent Calgary, Alberta, Canada	Director (Chairperson of the human resources, compensation and corporate governance committee)	2025	Corporate Director
Adam Gray Greenwich, Connecticut, USA	Director	2012	Managing Partner, Coliseum Capital Management, LLC
Paulo Cezar da Silva Nunes Porto Alegre, Rio Grande do Sul, Brazil	Director	2015	Corporate Director
Katherine Winter Palatine, Illinois, USA	Director	2019	Chief Operating Officer, May Mobility (2022-2025) Vice President and General Manager, Autonomous Transportation & Infrastructure Division, Intel Corporation (2020 – 2022)
Jannet Walker-Ford Jacksonville, Florida, USA	Director	2023	Senior Vice President and National Transit and Rail Market Lead, WSP USA (2021- Present)
Aziz Aghili Naples, Florida, USA	Director	2025	Corporate Director Executive Vice President and President, Heavy Vehicle Group, Dana Inc. (2012-2024)
John Sapp Winnipeg, Manitoba, Canada	Director	2026	President and Chief Executive Officer of the Company (January 2026 – Present) President of Aerospace division, Eaton Corporation (2023 – 2025) Vice President and General Manager of Strategic Solutions for Mission Systems, Collins Aerospace (2021 – 2023) Vice President of Commercial Aftermarket, Collins Aerospace (2020 – 2021)

Each of the directors has had the principal occupation referred to opposite his or her name during the past five years, except for Mr. Sapp, Ms. Winter and Mr. Aghili.

The term of office for each of the directors of NFI expires at the time of the next annual meeting of shareholders of NFI. Directors will be elected at each annual meeting of shareholders of NFI.

A director may be removed by a resolution passed by a majority of the shareholders or may resign. The vacancy created by the removal of a director must be filled at the shareholder meeting at which he or she was removed. A vacancy not so filled at a shareholder meeting, or created by the resignation of a director, may be filled by a quorum of the remaining directors. A quorum for meetings of directors is a majority of the directors. If there is no quorum of directors, a special shareholder meeting must be called to fill vacancies.

The directors supervise the activities and manage the affairs of NFI.

Audit Committee

NFI's audit committee is comprised of a minimum of three directors. In 2025, the audit committee was comprised of four members, being Anne Marie O'Donovan (Chair), Larry Edwards, Maryse Saint-Laurent and Aziz Aghili. All of the members of the audit committee are independent within the meaning of National Instrument 52-110 *Audit Committees* ("NI 52-110").

The audit committee is responsible for the oversight and supervision of the accounting and financial reporting practices and procedures of NFI, the adequacy of internal accounting controls and procedures, the quality and integrity of financial statements of NFI and the oversight of NFI's enterprise risk management framework. In addition, the audit committee is responsible for directing the auditors' examination of specific areas and for recommending to the Board the selection of independent auditors of NFI. The audit committee annually reviews the Chief Financial Officer's goals and objectives for the upcoming year and conducts regular reviews of the Chief Financial Officer's performance.

The audit committee is also responsible for the review and approval of any proposed related-party transactions that are not dealt with by a "special committee" of "independent directors" in accordance with NFI's Code of Business Conduct and Ethics, applicable securities laws and regulations and good governance and reports to the Board regarding any approved transactions.

Human Resources, Compensation and Corporate Governance Committee

NFI has a human resources, compensation and corporate governance committee (the "HR Committee") comprised of four directors. In 2025, the members of the HR Committee were Maryse Saint-Laurent (Chair), Paulo Nunes, Anne Marie O'Donovan and Jannet Walker-Ford. All of the members of the HR Committee are independent within the meaning of NI 52-110. The HR Committee reviews and makes recommendations to the directors concerning the appointment of officers of NFI and its subsidiaries and the hiring, compensation, benefits and termination of officers of NFI and its subsidiaries. The HR Committee annually reviews the Chief Executive Officer's goals and objectives for the upcoming year and conducts quarterly reviews of the Chief Executive Officer's performance. The HR Committee administers and makes recommendations regarding the operation of any employee bonus or incentive plans, including the performance and restricted share unit plan and the stock option plan, and administers the deferred share unit plan and restricted share unit plan for non-management directors. It also makes recommendations concerning the nomination and remuneration of directors of NFI and its subsidiaries.

The HR Committee is also responsible for developing NFI’s approach to corporate governance issues, advising NFI’s Board on filling vacancies on the Board and the boards of NFI’s subsidiaries and periodically reviewing the composition and effectiveness of each board and the contribution of individual directors, considering questions of management succession and considering and approving proposals by the directors of NFI to engage outside advisors on their behalf. The HR Committee also reviews and recommends to the Board the Company’s health, safety and environmental (“HSE”) guidelines and practices and monitors the Company’s performance against those practices and guidelines. The HR Committee also oversees the Company’s approach to ESG and climate-related issues, policies and targets, including climate change and corporate social responsibility and their impact on the Company. Management reports to the HR Committee quarterly regarding such HSE and ESG issues and objectives and the HR Committee reports quarterly to the Board regarding its oversight of the matters, for which the Board has ultimate authority. Management reviews and discusses ESG issues, risks and corporate objectives annually with the Board in connection with its review of the Company’s strategy.

Operations and Technology Committee

In 2025, the members of the operations and technology committee (“OT Committee”) were Colin Robertson (Chair), Larry Edwards, Adam Gray, Katherine Winter, Jannet Walker-Ford and Aziz Aghili. The OT Committee is responsible for providing oversight and guidance to management in operational areas of the business, including organization, business unit and functional structure; monitoring and assessment of key performance, supply and operating metrics; reviewing principal operating methodologies and policies of the businesses (such as LEAN manufacturing) and reviewing NFI’s technology roadmap, new product development and technical project management approach, scope and capability. The OT Committee also reviews and recommends to the Board the businesses’ requests for material capital expenditures relating to operational and technology projects.

Executive Officers

Effective January 1, 2026, Paul Soubry retired as President and Chief Executive Officer of the Company. John Sapp is the President and Chief Executive Officer, Brian Dewsnup is the Chief Financial Officer and Colin Pewarchuk is Executive Vice President, General Counsel and Corporate Secretary of NFI.

Prior to his appointment as CEO, Mr. Sapp was the President of the Aerospace division of Eaton Corporation from 2023 to 2025, was the Vice President and General Manager of Strategic Solutions for Mission Systems of Collins Aerospace from 2021 to 2023 and was the Vice President of Commercial Aftermarket of Collins Aerospace from 2020 to 2021.

Prior to his appointment as CFO in 2024, Mr. Dewsnup was the President of both The Aftermarket Parts Company, LLC (doing business as NFI Parts™) since 2017 and ARBOC Specialty Vehicles, LLC since 2022, both of which are subsidiaries of NFI. Mr. Pewarchuk has had the principal occupation referred to above during the past five years.

The following table shows the number and percentage of Shares that were beneficially owned, or controlled or directed, directly or indirectly, by the directors and executive officers of NFI and of its subsidiaries as a group as of December 28, 2025. The table also shows such shareholdings, but excluding the shareholdings of Coliseum, of which Mr. Adam Gray, a director of NFI, is a managing partner and co-founder.

	Number of Shares	Percentage of issued and outstanding Shares	Number of Shares (excluding the Shares of Coliseum)	Percentage of issued and outstanding Shares
Directors and executive officers of NFI	26,474,438	22.2%	1,255,127	1.1%
Directors and executive officers of NFI and its subsidiaries	26,599,829	22.3%	1,380,518	1.2%

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

Mr. Gray was a director of APP Winndown, LLC (formerly known as American Apparel, LLC) (“AA”) from February 1, 2016, when AA exited bankruptcy through a plan of conversion with its former creditors, until his resignation from the board on March 31, 2017. AA was an apparel manufacturer and retailer. On November 14, 2016, AA (along with certain related entities) filed a second voluntary petition for relief under chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court in Wilmington, Delaware and subsequently agreed to sell its intellectual property and other assets to Gildan Activewear. Since then, AA has been in wind down and the majority of its estate has been distributed to creditors.

Except as described above, to the knowledge of NFI, no director or executive officer of NFI or a shareholder holding a sufficient number of securities of NFI to affect materially the control of NFI is, or within the ten years prior to the date hereof has been, a director or executive officer of any company (including NFI) that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of NFI, no director or executive officer of NFI or a shareholder holding a sufficient number of securities of NFI to affect materially the control of NFI has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Insurance Coverage and Indemnification

Insurance policies have been obtained for directors and officers of NFI and for the directors and officers of its subsidiaries. Under the policies, each entity has reimbursement coverage to the extent that it has indemnified directors and officers. The policies include securities claims coverage, insuring against any legal obligation to pay on account of any securities claims brought against NFI and its subsidiaries. The total limit of liability will be shared among NFI and its subsidiaries and their respective directors and officers so that the limit of liability will not be exclusive to any one of the entities or their respective directors and officers.

The by-laws of NFI provide for the indemnification of its directors and officers from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations.

AUDIT COMMITTEE AND AUDITOR'S FEES

In 2025, NFI's audit committee consisted of four directors: Anne Marie O'Donovan (Chair), Larry Edwards, Maryse Saint-Laurent and Aziz Aghili. The members of the audit committee are independent of NFI and "financially literate" within the meaning of NI 52-110. The audit committee is responsible for the oversight and supervision of the accounting and financial reporting practices and procedures of NFI, monitoring the adequacy of internal accounting controls and procedures, reviewing the quality and integrity of financial statements of NFI and the oversight of NFI's enterprise risk management framework. The independent auditors of NFI report directly to the audit committee. In addition, the audit committee is responsible for reviewing and approving the auditors' audit plan and for recommending to the Board the selection of independent auditors of NFI. The charter of the audit committee is attached hereto as Appendix "A".

Relevant Education and Experience of Audit Committee Members

The following is a brief summary of the education and experience of each member of the audit committee that is relevant to the performance of his or her responsibilities as a member of the audit committee, including any education and experience that has provided the member with an understanding of the accounting principles used by NFI to prepare its annual and interim financial statements:

Name of Audit Committee Member	Relevant Education and Experience
Anne Marie O'Donovan (Chair).....	Ms. O'Donovan is a financial expert who is a CPA and has worked in senior financial positions including the CAO of Scotiabank's Global Banking and Markets group. She is a former partner at Ernst & Young LLP. She is the chair of the audit committee for Cadillac Fairview Corp and the former chair of the audit committees for public and private entities including Indigo Books & Music, Inc., MDC Partners Inc. and Aviva Canada.
Larry Edwards.....	Mr. Edwards holds an MBA and was the President and CEO of a NYSE-listed public company.
Maryse Saint-Laurent	Ms. Saint-Laurent held senior leadership roles in the energy sector with extensive background in law, mergers and acquisitions, capital markets financing, and human resources during her career. She served on the board of Turquoise Hill Resources Ltd. where she also served as a member of the audit committee. Ms. Saint-Laurent holds a Master of Laws in Securities and Finance from York University's Osgoode Hall Law School.
Aziz Aghili	Mr. Aghili holds a Bachelor's Degree in Mechanical Engineering with Honours from Teesside University, a Graduate Diploma in Business Administration from University of New South Wales (Australia) and completed executive studies in international management at INSEAD (France). Mr. Aghili retired from Dana Incorporated as Executive Vice President and President of the Commercial Vehicle and Off-Highway business units, and during his tenure with Dana, held multiple global leadership roles with full profit and loss responsibility across diverse international markets.

Non-Audit Services

The audit committee has adopted specific policies and procedures for the engagement of external auditors for all services, including non-audit services. In particular, the audit committee is required to pre-approve the appointment of the auditor for any permitted non-audit service to be provided to NFI or any of its subsidiaries. Before the appointment of the auditor for any non-audit service, the audit committee will consider the compatibility of the service with the auditor's independence.

The audit committee may delegate to one or more members the authority to pre-approve the appointment of the auditor for any non-audit service to the extent permitted by applicable law. The pre-approval of non-audit services by any member to whom authority has been delegated must be reported to the full audit committee at its first scheduled meeting following such pre-approval.

External Auditor Service Fees

The following table summarizes the Audit, Audit Related, Tax Related and Other Fees (excluding expenses and taxes) of NFI’s external auditor for the last two fiscal years:

	<u>Fiscal 2025</u>	<u>Fiscal 2024</u>
Audit Fees	C\$3,294,389	C\$3,174,915
Audit-Related Fees	C\$318,000	C\$131,250
Taxation Fees	C\$144,000	C\$276,806
All Other Fees	C\$0	C\$0
Total Fees	C\$3,756,389	C\$3,582,971

Audit Committee Oversight

At no time since the commencement of NFI’s most recently completed fiscal year has a recommendation of the audit committee to nominate or compensate an external auditor not been adopted by the Board.

Risk Management

Risk management practices are a part of the Company’s regular business operations to help enhance decision-making and resource allocation. The Company’s risk management process focuses on the identification of risks associated with the Company’s business and its operational and strategic objectives, and the assessment and mitigation of those risks. The alignment of risk mitigation efforts has been enhanced across the Company while taking into account both internal and external risk factors. The Company continues to evaluate its risk tolerances for specific strategies and objectives through the use of an Enterprise Risk Committee consisting of executives and senior management from across the Company.

In order to support management’s commitment to enhancing risk management practices and enhanced accountability, the Company continues to deploy risk assessment education to employees involved in the risk management processes. The Company has embedded risk management practices within the annual budget and annual operating planning process and determination of management objectives. The Company’s risk management program is managed by an enterprise-wide risk committee in conjunction with the Company’s Director of Audit and Risk Management Services (“ARMS”) department, and with executive level participation. The Company retains independent contractors and consultants to assist the ARMS department from time to time, as requested by management or the Audit Committee, in performing audits of various functions or processes within the Company’s operating departments in order to assess whether their processes and procedures take into account significant risks and whether such risks have been adequately mitigated. See “Risk Factors — Risks Related to Operations — The Company’s risk management policies and procedures may not be fully effective in achieving their intended purposes”.

Information Security, Cybersecurity Systems and Artificial Intelligence Risks

One of the many areas for which the Company's Information Technology group is responsible is the design implementation and testing of appropriate information security and cybersecurity protocols and procedures to protect the Company's IT infrastructure (which includes networks, cloud environments and infrastructure, servers, desktop/laptop computers and edge devices connected to the networks), to protect the confidentiality, integrity, and availability of information and data thereon and to prevent attacks and compromises of such IT infrastructure and data.

The IT group has implemented an enterprise-wide information security program aligned with the NIST Cybersecurity Framework (CSF) 2.0, including independent third-party assessments to evaluate implementation maturity.

The IT group maintains a robust vulnerability management program to identify, assess and remediate security risks across the Company's IT infrastructure. Regular vulnerability scans, penetration testing, and a proactive patch management strategy are employed and remediation of vulnerabilities is prioritized based on severity and likelihood of being used in an attack, aligning with industry best practices and regulatory requirements.

The IT group monitors the nature and volume of attempted intrusions to the Company's IT infrastructure, conducts post-incident reviews of successful attempts, and makes or recommends adjustments to the Company's information security protocols and procedures as appropriate in response to those risks. In the event any security incident may occur, the IT group responds to and mitigates such incident in accordance with the Company's Privacy and Data Security Incident Response Plan and other remediation policies.

As part of its information security posture, the Company maintains network security and privacy liability insurance, which includes coverage to assist the Company in defraying the costs of responding to an information security incident. The IT group also provides general information security and cybersecurity awareness training to employees at least twice a year, specialized cybersecurity training for certain functional groups (such as the Finance and Human Resources organizations) and regularly conducts phishing email tests of employees.

The Company's executive level risk committee reviews, monitors and discusses information security and cybersecurity issues at its regular monthly meetings and IT provides a formal report at least annually to the risk committee. The ARMS department regularly performs audits of various information technology and information security processes, procedures and controls within the IT group to assess whether any significant or systemic risks exist and whether they have been adequately mitigated.

At the Board level, the Audit Committee is responsible for oversight of IT information security and cybersecurity matters, artificial intelligence ("AI") and related risks and senior management reports to the Audit Committee with respect to information security, and cybersecurity and AI strategy, security posture, operational matters and any security issues, at each quarterly Audit Committee meeting, and more frequently, if requested or required.

The Company manages AI-related risks through its IT group, enterprise risk management framework and governance structures, including executive-level oversight by management and the Board's audit committee, which reviews and monitors technology, cybersecurity and emerging risks as part of the Company's broader risk management program.

Key mitigation measures include:

- (1) AI governance and policy framework: The Company has established an AI Acceptable Use Policy that governs the responsible and ethical use of AI tools, restricts the use of public AI tools for confidential or sensitive information, and assigns accountability for oversight and compliance to senior IT leadership.
- (2) Controlled deployment and approval of AI use cases: AI initiatives are reviewed through internal governance processes to assess security, privacy, data protection, legal and business risks before deployment, with a focus on limiting uncontrolled adoption and data exposure.
- (3) Cybersecurity and data protection controls: The Company maintains a mature cybersecurity program, including security monitoring, threat detection and incident response capabilities, which are continuously evolving to address AI-enabled threats and other emerging risks.

Through these governance, policy and control measures, the Company seeks to responsibly leverage AI technologies to improve efficiency, decision-making and innovation while mitigating associated operational, security, legal and reputational risks. However, given the pace of technological change and evolving regulatory expectations, there can be no assurance that all AI-related risks will be fully identified or mitigated, or that AI initiatives will achieve their intended benefits without adverse effects on the Company.

RISK FACTORS

An investment in the Shares and the Debentures involves a number of risks. The risks described below are not the only risks facing the Company. Additional risks and uncertainties not currently known or that are currently considered to be immaterial may also materially and adversely affect the Company. If any of these risks actually occur, the business, financial condition, liquidity and operating results of the Company could be materially and adversely affected, in which case the trading price of the Shares and the Debentures may materially decline.

Risks Related to General Economic and Market Factors

Impact of tariffs and other trade measures

In 2025, the U.S. Administration and the Canadian government each imposed various tariffs on imports and exports of goods that cross the border between the United States and Canada, subject to certain exemptions (including but not limited to provisions under the USMCA). The United States has also imposed tariffs applicable to all countries, including sectoral tariffs impacting steel and aluminum and buses and heavy trucks. Other countries, including Canada, have imposed certain retaliatory tariffs on products from the United States. Additional tariffs may be imposed in the future, including tariffs that are imposed cumulatively, resulting in much higher effective tariff rates. In addition, other trade measures impacting the United States and Canada (and possibly other countries) may also be implemented. The USMCA is currently subject to review and there can be no assurance of the outcome of that process and its impact on the Company. The level, type, coverage and duration of tariffs and other trade measures imposed by the United States, Canada and other countries are fluidly evolving and may continue to change and evolve in unpredictable ways.

While the Company is taking numerous actions to alleviate the impacts of U.S. and Canadian tariffs and certain of the Company's products currently move between the U.S. and Canada without tariffs under the USMCA, there remains a significant amount of imports of parts and components that are subject to tariffs. The Company has actively engaged with its customers to discuss the pricing impacts of tariffs on buses and coaches and has been negotiating and charging surcharges to reflect the costs of those tariffs. However, there can be no assurance that such increased costs will be able to be passed on to end customers through contractual obligations and through general price increases. It may be more difficult to pass on the impact of increased costs in private coach markets, as they do not have the same contractual terms. The Company anticipates that tariffs may lead to a reduction in private coach demand (and associated production) within North America. In addition, there may also be near-term cash flow implications due to the payment timing of tariffs and there may also be a decrease in order sizes due to higher prices.

As the tariff environment continues to be volatile and changing, the impacts of tariffs and other trade measures on general economic conditions, supply chain health, customer demand for the Company's products and on the Company's business may be significant and materially adverse. Such impacts may include general inflationary pressures as well as new and exacerbated supply chain and labour disruptions leading to production inefficiencies, delivery delays and liquidity deterioration. It is impossible to predict the full impact on the Company of such 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.

Funding may not continue to be available to the Company's customers at current levels or at all

The Company's principal customers in North America are municipal and other local transit authorities that rely on funding from various levels of government to purchase heavy-duty transit buses, medium-duty transit buses and motorcoaches. Generally, 80% of the total eligible funding for purchases of new transit buses and coaches by municipal and other local transit authorities in the United States is provided by the federal government through allocations to the FTA. There can be no assurance that U.S. federal funding will continue to be available to the Company's customers at current levels, on the same terms or at all. U.S. federal funding may change in unpredictable ways and could potentially be significantly reduced in the future. 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.

The Company also has exposure to the private market as the majority of Alexander Dennis's products, MCI's motorcoaches, and, to a lesser extent, ARBOC's cutaways, are predominantly sold to private customers. The private market is likely to be more adversely affected during periods of recession or slower economic growth due to the buying cycle being much shorter than the public market cycle. Private customers also have different buying habits on bus replacement than the public market.

Any decline in or changes in the terms of governmental and local funding for purchases of new heavy-duty transit buses, medium-duty buses, coaches and/or purchases of aftermarket parts or services and any decrease in access to financing for private bus, cutaway and coach customers could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

The Company's business is affected by economic factors, and adverse developments in economic conditions could have an adverse effect on the demand for the Company's products and the results of its operations

A decrease in employment levels, consumer confidence or other adverse economic events, or the failure of actual demand for the Company's products to meet management's estimates, could negatively affect the demand for the Company's products. In addition, as transit authorities and other customers transition from internal combustion propulsion system buses and coaches to ZEBs over the medium to longer-term, there may be a reduced demand for aftermarket parts that form part of and support buses and coaches that have those traditional internal combustion engine propulsion systems. Any decline in overall customer demand in markets in which the Company operates could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Various events could significantly impair the Company's liquidity

It is possible that various events (such as timing of recovery of tariff-related costs from customers, delayed deliveries and customer acceptances, delayed customer payments, supply chain issues, product recalls and warranty claims or unexpected events) 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 as costs have increased reflecting inflation, and the impact of tariffs, the Company's working capital requirements have increased compared to prior years. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period or have access to additional capital when required in such circumstances and the Company's financial performance and condition, obligations, cash flow and liquidity and its ability to maintain compliance with the covenants under its credit facilities may be impaired.

Currency fluctuations could adversely affect the Company's financial results or competitive position

The Company reports its results in United States dollars. The Company generates cash flows and earns income in U.S. dollars, pounds sterling and Canadian dollars, and to a lesser extent, currencies of other countries in which it does business internationally. The currency mix of cash flows and earnings depends on the geographic source of orders for buses, motorcoaches and parts, as well as production and other costs and other factors which vary from period to period. As a result, the Company is exposed to fluctuations in the exchange rates between these currencies and the U.S. dollar and such fluctuations will have an effect on the Company's reported results. However, the impact of changes in foreign exchange rates on the Company's reported results differs over time depending on whether the Company is generating a net cash inflow or outflow of those different currencies.

The Company implements an active hedging strategy to minimize the effects of these fluctuations. However, there can be no assurance that the Company will be able to successfully implement this hedging strategy and actual revenues, expenses and resulting cash flows may vary from management's estimates, and such variance may be material. The Company reviews its currency hedging policy on an ongoing basis.

In addition, the Company competes internationally and may be less competitive in the event of significant currency fluctuations. To the extent the Company has borrowings that are denominated in Canadian dollars or in pounds sterling, its results of operations are also negatively affected by a strengthening in the Canadian dollar or pounds sterling, or both compared to the United States dollar.

Interest rates could change substantially, materially impacting the Company's revenue and profitability

The Company's borrowings under its First Lien Facility are at variable rates of interest and expose the Company to interest rate risk. The Company's attempts to mitigate this risk through interest rate hedges or swaps could become materially more expensive if interest rates increase or become more volatile. If the cost of hedging interest rates increases, the Company's debt service obligations on its variable rate indebtedness would increase even though the amount borrowed remained the same, and the Company's net income and cash available for servicing its other indebtedness would decrease. In addition, the use of interest rate hedges or swaps may not be sufficient to mitigate interest rate risk.

A significant portion of the private sales of new and pre-owned motorcoaches is financed. An increase in interest rates would increase the cost of financing and the effective total purchase price of coaches and buses to the customer. This effective increase in the cost of the coach or bus may decrease the size of the private motorcoach and bus market and as a result, may reduce the volume of motorcoaches and buses sold by the Company.

An active, liquid trading market for the securities of the Company may cease to exist, which may limit the ability of security holders to trade Shares and/or Debentures

Although the Shares and the Debentures are listed on the TSX under the symbol "NFI" and "NFI.DB", respectively, an active trading market for such securities may not be sustained. A public trading market having the desirable characteristics of depth, liquidity and orderliness depends upon the existence of willing buyers and sellers at any given time, such existence being dependent upon the individual decisions of buyers and sellers over which neither the Company, its management, its Board nor any market maker has control. The failure of an active and liquid trading market to continue would likely have a material adverse effect on the value of any securities of the Company, including the Shares and/or the Debentures. An inactive market may also impair the ability to raise capital to continue to fund operations by issuing securities and may impair the Company's ability to acquire other companies or technologies by using securities as consideration for such acquisition.

The market price for the Shares, the Debentures and/or the Notes may be volatile

The market price of the Shares, the Debentures and/or the Notes may change in response to fluctuations in the Company's operating results in future periods and may also change in response to other factors, many of which are beyond the control of management, the Board or the Company. As a result, the price of the Shares, the Debentures and/or the Notes may experience significant volatility and may not necessarily reflect the value of management's expected performance. Other factors that could affect the prices of the Shares, the Debentures and/or the Notes, include, but are not limited to, the following:

- market conditions in the broader stock market;
- actual or anticipated fluctuations in the Company's quarterly or annual financial and operating results;
- introduction of new products or services by the Company or its competitors;
- issuance of new or changed securities analysts' reports or recommendations;
- sales, or anticipated sales, of large blocks of Shares, the Debentures and/or the Notes;
- additions or departures of key personnel;
- legal, regulatory, political or geo-political developments;
- litigation and governmental investigations;

- market and industry perception of the Company’s success, or lack thereof, in pursuing management’s growth strategy;
- changing economic conditions; and
- exchange rate fluctuations.

In addition, future sales or the availability for sale of substantial amounts of Shares and/or Debentures in the public market could adversely affect the prevailing market price of such securities and could impair NFI’s ability to raise capital through future sales of its securities.

The perceived creditworthiness of the Company may affect the market price or value and the liquidity of the Shares, the Debentures and/or the Notes.

If securities or industry analysts do not publish research or reports about the Company and its business, if they adversely change their recommendations regarding the Shares or if the Company’s results of operations do not meet their expectations, the Share price and trading volume could decline. In addition, if securities or industry analysts publish inaccurate or unfavorable research about the Company or its business, the Share price and trading volume of the Shares could decline

Management believes the trading market for the Shares has been and will continue to be influenced by the research and reports that industry or securities analysts publish about the Company or its business. Management and the Board do not have any control over these analysts. If one or more of these analysts cease coverage of the Company or fail to publish regular reports regarding the Company, the Company could lose visibility in the financial markets and demand for the Shares (or Debentures) could decrease, which could cause the Share price (or Debenture price) and trading volume of the Shares (or Debentures) to decline. Moreover, if one or more of the analysts who cover the Company downgrade the Shares or issue “sell” recommendations, or if the Company’s results of operations do not meet their expectations, the Share price could decline.

Risks Related to the Business Environment

Competition in the industry and entrance of new competitors

There is significant competition in the public transit bus markets in Canada, the United States and the UK. The Company’s principal competitors may gain market share. New competitors may also emerge in the industry. There can be no assurance that the Company will maintain a leading position. There is also strong competition in the aftermarket parts and service markets where the Company sells parts and services to transit agencies. NFI is one of few publicly-traded companies selling transit buses in the United States and Canada and is subject to certain legal disclosure requirements. These disclosure requirements may put the Company at a competitive disadvantage. In addition, funding pressures on public agencies for capital purchases and operating funds have increased the importance of price in the evaluation criteria for replacement buses and aftermarket parts and services and have resulted in aggressive pricing among competitors in the heavy-duty transit bus industry.

There is a high level of competition in both the medium-duty bus and cutaway bus sectors and the Company also faces indirect competition from heavy-duty transit manufacturers.

There is also significant competition in the private North American motorcoach industry from both domestic and lower cost country providers. New entrants also have interest in the market and may increase competition.

There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Current requirements under “Buy America” regulations may change and/or become more onerous or suppliers’ “Buy America” content may change

Manufacturers of new transit buses and motorcoaches must comply with “Buy America” requirements in order for new transit bus and coach purchases to qualify for United States federal funding. “Buy America” regulations currently require that transit buses and motorcoaches purchased with federal funds contain a minimum of 70% United States content by component cost and that “final assembly” take place in the United States. There can be no assurance that the “Buy America” regulations will not change and/or become more onerous or that the Company will continue to meet the “Buy America” requirements.

In addition, should “Buy America” requirements become less stringent, foreign competitors without significant U.S. operations may be able to penetrate the United States market and gain market share. Also, suppliers may change the source of the components or subcomponents comprising their products thereby potentially reducing the “Buy America” content of their products. Any changes in U.S. Buy America legislation or the reduction of “Buy America” content of suppliers’ products may have a material adverse effect on the Company's business, financial condition, liquidity and operating results. See “Description of the Business — Legal and Regulatory Matters — Rules of Origin (Buy America) Legislation”.

Failure of the Company to comply with the DBE program requirements or the failure to have its DBE goals approved by the FTA

In accordance with the DBE program requirements, the FTA requires vehicle manufacturers (which includes both transit bus and motorcoach manufacturers) that bid on federally-assisted vehicle procurements to submit annual goals to support qualified DBEs (as defined in the DBE program regulations) and to certify that they have complied with the requirements of the DBE program. The FTA reviews and approves transit vehicle manufacturers’ DBE goals for the upcoming year and maintains a certified list of transit vehicle manufacturers that are eligible to bid on federally-assisted vehicle procurements. The Company's failure to comply with the DBE program requirements or the failure to have its DBE goals approved by the FTA would result in the Company being ineligible to bid on federally assisted transit vehicle procurements. The inability to bid on U.S. federally assisted procurements would have a material adverse effect on the Company's business, financial condition, liquidity and operating results. See “Description of the Business – Legal and Regulatory Matters – U.S. Disadvantaged Business Enterprise Program”.

Absence of fixed term customer contracts, exercise of options and customer suspension or termination for convenience

As is general industry practice, the Company does not typically enter into long-term supply agreements with its customers. Transit authorities typically undertake significant procurement of new transit buses and coaches once every few years. Customers may, without notice or penalty, suspend or terminate their relationship with the Company at any time. Even if customers should decide to continue their relationship with the Company, there can be no guarantee that they will purchase the same volume of products as in the past or that they will pay the same price for those products as they have in the past. Moreover, many public customer contracts include options to purchase transit buses and motorcoaches in the future and a large portion of the Company's order book is represented by options as opposed to firm orders. Although the Company actively seeks to grow its North America option backlog as options represent a significant source

of potential orders for the Company, there can be no assurance that customers will continue to exercise such options at the same rate or at all in the future. In addition, customer contracts in the heavy-duty transit bus and public sector coach industries generally give transit authorities the right to suspend the contract or terminate the contract for convenience (or without any reason). As such, customers may, without notice and for no reason, suspend or terminate their relationship with the Company during the term of the contract. Any loss of customers, decrease in the volume purchased or price paid by them for products, or inability under the terms of a contract to receive compensation for expenses incurred prior to a suspension or termination of a contract for convenience, could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Local content bidding preferences in the United States may create a competitive disadvantage

Certain locally-funded transit agencies in the United States have implemented procurement rules which increase the valuation scores of bids submitted by bidders based on the amount of local state content by cost that the vehicle contains. Any changes in legislation or procurement rules that mandate giving preference to bidders based on the amount of local content their vehicles contain may put the Company at a competitive disadvantage if it is unable to include a sufficient number of components that are sourced locally. The proliferation of these types of procurement rules may also increase the costs of the Company conducting business. To the extent that this prevents the Company from winning a material number of solicitations, or materially increases the cost of doing business, these procurement rules may have a material adverse effect on the Company's business, financial condition, liquidity and operating results. See "Description of the Business – Legal and Regulatory Matters – Local Content Bidding Preference in the United States".

Requirements under Canadian content policies may change and/or become more onerous

Manufacturers selling new buses to municipalities in Ontario, Canada that use provincial funding to purchase the buses or to certain transit agencies in Quebec, Canada, must comply with certain policies that require the buses to contain a minimum percentage of Canadian content by cost and/or to be manufactured using a minimum percentage of Canadian labour costs. There can be no assurance that these "Canadian content" requirements will not change and/or become more onerous or that other provinces or municipalities will not adopt or enact similar or more onerous policies or legislation that have similar effect. Many major and/or high-cost components such as engines, axles, transmissions, heating and air conditioning units and seats are not manufactured in Canada and are not considered "Canadian content" under these policies. In the event that the "Canadian content" requirement increases or additional components or subcomponents cannot be sourced in Canada or the Canadian labour content requirement increases to such a level where the Company is not able to manufacture the bus primarily or solely in Canada, the Company may not be able to comply with these policy requirements and will not be able to sell buses to customers to which these policies apply. This may have a material adverse effect on the Company's business, financial condition, liquidity and operating results. See "Description of the Business – Legal and Regulatory Matters – Policies Regarding Canadian Content".

The Company's business may be materially impacted by climate change matters, including risks related to the transition to a lower-carbon economy

Generally, the promulgation of climate change laws or regulations restricting or regulating greenhouse gas ("GHG") emissions increases the costs to operate the Company's businesses. Certain jurisdictions have promulgated laws and regulations to limit GHG emissions through requirements for specific controls, carbon levies, cap and trade programs or other measures. Comprehensive GHG legislation or regulation, including carbon pricing, may affect not only the Company and its businesses, but also its customers and

suppliers. Complying with such GHG laws and regulations and related bid requirements has added and will continue to add to the Company's operating costs and, while the Company believes that it is in compliance in all material respects with such current GHG laws and regulations, there can be no assurance that the Company and its businesses will not be materially impacted by the increase in costs and resources required to manage and comply with any such laws and regulations that may be adopted in the future.

Risks Related to Operations

Operational Risk

The Company is exposed to many types of operational risks that affect all companies. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and/or systems or from external events. Operational risk is present in all of the Company's business activities, and incorporates exposure relating to supply and business disruption, production issues and inefficiencies, delivery delays, technology failures, fiduciary breaches, regulatory compliance failures, legal disputes, pandemics, floods, processing errors, business integration, damage to physical assets, employee safety, inability to collect receivables and inability to obtain surety bonds or insurance coverage. Such risks also include the risk of misconduct, theft or fraud by employees or others, unauthorized transactions by employees, operational or human error or not having sufficient levels or quality of staffing resources to successfully achieve the Company's strategic or operational objectives. The occurrence of an event caused by an operational risk that is material could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

The Company may not be able to maintain performance bonds or letters of credit required by its contracts or obtain performance bonds and letters of credit required for new contracts

Many municipalities and local transit authorities require suppliers to obtain performance bonds from surety companies or letters of credit to ensure that suppliers will perform under purchase agreements. The surety bonding market does not provide for committed bonding facilities. Surety companies provide limits on the maximum facility they will provide. Surety companies issue bonds on an as-needed basis and take into account the Company's current financial performance and the state of the surety market in making their credit decisions. In order to ensure continued performance guarantee availability, the Company has entered into facilities arrangements in order to have letters of credit issued to either backstop surety bonds or to directly secure obligations with municipalities and local transit authorities.

There can be no assurance that the Company's customers will not require additional performance security in the future or that either letters of credit or performance bonds will continue to be available to the Company as security for performance of its contracts or, if available, on favourable terms (including cost) to the Company. If the amount of performance security the Company is required to provide significantly increases or if adequate performance security is not available or if the terms or costs of such security are too onerous, the Company may lose existing contracts and may not be able to bid on new contracts, which could result in a material adverse effect on the Company's business, financial condition, liquidity and operating results. See "Description of the Business — Bonding Requirements".

International operations subject the Company to additional risks and costs and may cause profitability to decline.

For the fiscal year ended December 28, 2025, the Company's revenues from operations outside of North America represented 15% of total revenue. As a result, the business is exposed to risks inherent in foreign operations. These risks, which can vary substantially by market, include the following:

- the effects of legal and regulatory changes (including tax reforms) and the burdens and costs of compliance with a variety of foreign laws;
- governmental laws, regulations and policies adopted to manage national economic conditions, such as increases in taxes, austerity measures that impact government or consumer spending, monetary policies that may impact inflation rates and currency fluctuations;
- trade regulations and procedures and actions affecting production, pricing and marketing of products, including policies adopted by countries that may champion or otherwise favour domestic companies and technologies over foreign competitors;
- import, export or other business licensing requirements or requirements relating to making foreign direct investments, which could increase the cost of doing business in certain jurisdictions, prevent the shipping of products to particular countries or markets, affect the ability to obtain favorable terms for components, increase operating costs or lead to penalties or restrictions;
- the risks of operating in developing or emerging markets in which there are significant uncertainties regarding the interpretation, application and enforceability of laws and regulations and the enforceability of contract rights and intellectual property rights;
- risks arising from the significant and rapid fluctuations in currency exchange markets and the decisions and positions that the Company takes to hedge such volatility; and
- changing labour costs and conditions and difficulties in staffing international operations and managing a geographically dispersed workforce as well as labour issues in developing or emerging markets (e.g., relating to forced labour, labour unrest and child labour).

Compliance with trade regulations, tariffs and duties

The Company's business involves operating, obtaining materials and components and selling finished and partially completed products in multiple jurisdictions and across borders, which requires compliance with various laws and regulations relating to international trade, tariffs and duties. These laws and regulations are numerous, complex and involve detailed compliance and reporting requirements. There is a risk that from time to time the Company may not be in full compliance with these requirements. The Company's subsidiaries MCI and New Flyer have filed disclosures with the U.S. customs authorities that are seeking information to verify the accuracy of their respective declarations in respect of the import into the United States from Canada of completed and partially completed motorcoaches and transit buses for the period 2014-2019 and 2016-2021, respectively. U.S. customs is reviewing the disclosures. An adverse determination could potentially lead to significant duties and/or compliance penalties being owed by the Company. Failure to comply with international trade regulations, tariffs, duties and other requirements could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Dependence on limited sources or unique sources of supply and supply disruption risk

The Company only enters into long-term agreements with certain of its suppliers, and typically purchases supplies on an order-by-order basis depending on the material requirements to build customers' buses and coaches. Certain raw materials and components used in the bus and coach manufacturing industries are obtained from a limited group of suppliers. In some cases, there is only a single or extremely limited sources of supply of components to the industry, such as engines and batteries for battery-electric buses. In other cases, for example, the supply of transmissions, axles, heating and air conditioning units, doors, brakes or structural steel tubing, the Company's raw materials and components are not readily available from alternative sources of supply, may be available in limited supply, a particular component may be specified by a customer, the Company's products have been engineered or designed with a component unique to one supplier or a supplier may have limited or no supply of such raw materials or

components or sells such raw materials or components to the Company on less than favourable commercial terms. The Company manufactures, sells and services products globally and relies upon an integrated and timely global supply chain to deliver the raw materials, components, systems and parts that it needs to manufacture its products. The Company does not normally carry substantial inventories of raw materials or components in excess of levels reasonably required to meet production requirements. In addition, significant shortages and supply disruptions may occur as a result of geopolitical and/or policy actions.

The Company's reliance on a sole supplier, limited groups of suppliers or raw materials and components that may be available in limited supply and purchasing components from suppliers that have been specifically named by customers involves several risks, including increased risk of inability to obtain adequate or alternate supplies (for example, due to pandemics, accidents, catastrophic events, strikes, shortage of raw materials or components or other events affecting a supplier or its sub-suppliers, including a supplier in the supply chain having financial or operational issues or discontinuing to supply a product, component or subcomponent), costs arising from poor quality of the materials or components supplied, increased risk of being forced to suspend production of certain of its products, and reduced control over pricing and timely delivery. There can be no assurances that dependence on a sole supplier or a limited group of suppliers or on certain raw materials and components that may be available in limited supply will not have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Dependence on supply of engines that comply with emission regulations

The United States EPA, CARB, and other countries' emissions regulations mandate stringent emission standards in respect of internal combustion engines. To the knowledge of management, only one engine manufacturer sells engines that comply with these emissions requirements for use in buses and motorcoaches in North America. There can be no assurance that engine suppliers will continue to be able to meet current or future emissions requirements. If the Company was unable to procure such engines, that will have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

A disruption, termination or alteration of the supply of vehicle chassis or other critical components from third-party suppliers could materially adversely affect the sales of certain of the Company's products

ARBOC's products depend on the supply of manufactured vehicle chassis and other critical components such as engines, transmissions and axles from OEMs, including Cummins, Allison Transmission, Chrysler, Ford, Freightliner and General Motors, among others. ARBOC converts the vehicle chassis purchased from OEMs into cutaway buses that it then sells to its dealers and end customers. ARBOC is therefore reliant on a consistent supply of chassis from OEMs in order to maintain its sales. In the event these OEMs experience production delays or otherwise determine to lower or restrict the supply of chassis to ARBOC, ARBOC may receive a lower allocation of chassis than anticipated. ARBOC could incur significant costs or disruptions to its business, which may have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

The Company's profitability can be adversely affected by increases in raw material and component costs

Raw materials and components represent a significant majority of the Company's production cost structure. The Company's operating results may be affected by the cost of carbon and stainless steel, aluminum, copper, palladium, resins and oil-based products that are the primary raw material and

component inputs for its products. Although certain raw material and component prices may be fixed on a quarterly basis, or for longer periods if possible, if raw material or component prices increase significantly (including as a result of tariffs), there may be a resulting increase in the Company's supply costs and it may not be able to pass on these higher costs to its customers. Commencing early in 2021, the Company experienced pricing pressure from suppliers (including those with fixed price arrangements) and inflationary price increases and surcharges in respect of materials and components. While these prices have now generally stabilized, there is no assurance that significant inflationary pressures will not return. In addition, the ongoing conflicts in various parts of the world and other global supply chain challenges have further exacerbated general industry-wide price increases for components and raw materials used in vehicle production. The conflict between Russia and Ukraine has led to the imposition of broad economic sanctions and various other actions by governments, including increases in tariffs on certain raw materials and components that may be necessary for the Company's operations. These geo-political crises have caused additional delays in deliveries of certain materials and components by the Company's suppliers.

Increases in the prices paid for raw materials and components that are beyond the costs forecasted at the time bids have been submitted to customers by the Company or when contracts are entered into with customers and that are not recoverable by the Company, could materially adversely affect the Company's profit margins and impair the Company's ability to compete. These unmitigated price increases could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

The Company may incur material losses and costs as a result of product warranty costs, recalls, failure to comply with motor vehicle manufacturing regulations and standards and the remediation of transit buses and motorcoaches

The Company is subject to product warranty claims in the ordinary course of its business. The Company provides what management believes are reasonable warranties in respect of its products and attempts to adequately price ongoing warranty costs into its purchase contracts. If the Company produces products with defects or deficiencies, develops new products with deficiencies or receives defective materials or components, it may incur material unforeseen costs in excess of what it has provided for in its contracts or reserved in its financial statements. In addition, the Company may not be able to enforce warranties and extended warranties received or purchased from its suppliers if such suppliers refuse to honour such warranties or go out of business. Also, a customer may choose to pursue remedies directly under its contract with the Company over enforcing such supplier warranties. In such a case, the Company may not be able to recover its losses from the supplier.

The Company is also potentially subject to recalls of its products to cure design or manufacturing defects or in the event of a failure to comply with customers' order specifications or applicable regulatory standards. The Company is also potentially subject to recalls made by the suppliers of components or parts which the Company purchased and incorporated into transit buses and coaches. The Company may also have to remedy or retrofit transit buses and coaches in the event that an order is not built to a customer's specifications or where a design or manufacturing error occurs or where failure to comply with applicable legislation or regulation has been made. Significant warranty claims, retrofit and remediation costs or product recalls and regulatory fines and penalties could have a material adverse effect on the Company's business, financial condition, liquidity and operating results. Moreover, the adverse publicity or damage to reputation that may result from a product warranty claim, product remediation or retrofit or product recall or perceived or actual defect with the Company's products could have a material adverse effect on the Company's ability to successfully market and sell its products. See "Description of the Business — Product Warranty and Other Contractual Provisions".

Production delays may result in liquidated damages under the Company's contracts with its customers

Transit bus and motorcoach purchase contracts in the public sector typically include liquidated damages provisions that result in monetary penalties on a per vehicle per day basis when vehicles are not delivered to the customer by the deadline specified in the contract. Although the Company actively manages such deadlines, the Company may incur monetary penalties as a result of production delays or interruptions or otherwise, and such monetary penalties may have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Catastrophic events, including those related to impacts of climate change, may lead to production curtailments or shutdowns

The Company's facilities are subject to the risk of catastrophic loss due to unanticipated events and natural disasters, such as earthquakes, tornados, hurricanes, floods, droughts or water shortages, fires, explosions, pandemics or other violent weather conditions, and other potential events, risks and costs that may be exacerbated by or associated with the potential effects of climate change. Unexpected interruptions in the Company's production capabilities would adversely affect its productivity and results of operations. Some customer contracts do not have force majeure provisions and if there are unexpected interruptions or long-term disruptions to the production and delivery of transit buses or coaches due to catastrophic losses or unanticipated events, liquidated damages payable to customers may be significant. Moreover, any interruption in production capability may require the Company to make significant capital expenditures to remedy the problem, which would reduce the amount of cash available for its operations. The Company's insurance may not cover its losses. In addition, longer-term business disruption could harm the Company's reputation and result in a loss of customers. The occurrence of any of these events could materially adversely affect the Company's business, financial condition, liquidity and operating results.

The Company may not be able to successfully renegotiate collective bargaining agreements when they expire and may be adversely affected by labour disruptions and shortages of labour

The Company is subject to the risk of work stoppages and other potential labour relations issues because a significant portion of its production workforce is unionized. Approximately 53% of the Company's total employees in North America and the UK are represented by unions under collective bargaining agreements. The Company may be unable to successfully negotiate new collective bargaining agreements for these employees. Any labour disruption could, depending on the operations affected and the length of the disruption, have a material adverse effect on the Company's business, financial condition, liquidity and operating results. Labour relations problems and work stoppages could also occur at other companies upon which the Company is dependent for raw materials, components or services. The Company is also subject to the risk that sufficient skilled and unskilled labour may not exist in and around its locations. Such labour shortages could result in a significant loss of production and revenue and have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

The Company's operations are subject to risks and hazards that may result in monetary losses and liabilities not covered by insurance or which exceed its insurance coverage

The Company's business is generally subject to a number of risks and hazards, including pollution and other environmental risks and changes in the regulatory environment. Although the Company maintains general liability insurance and property and business interruption insurance, including insurance for certain extreme weather conditions, it is possible that liabilities for occurrences such as pollution and other environmental risks, property and equipment damage or injury or loss of life arising from a major or

unforeseen occurrence, including claims resulting from natural disasters or extreme weather conditions, claims for breach of contract, fraud or employee or corporate theft may not be covered by the Company's insurance policies or could be limited by large deductibles or self-insured retentions or exceed insurance coverages or policy limits. Any significant claims or losses which are not covered or are not adequately covered by insurance could materially adversely affect the Company's business, financial condition, liquidity and operating results.

The Company may be adversely affected by rising insurance costs

The Company's cost of maintaining liability, personal injury, property damage, workers' compensation and other types of insurance is significant. The Company could experience materially higher insurance premiums as a result of adverse claims experience or because of general increases in premiums by insurance carriers for reasons unrelated to its own claims experience. Generally, the Company's insurance policies must be renewed annually. The Company's ability to continue to obtain insurance at affordable premiums and reasonable deductibles or self-insured retentions also depends upon its ability to continue to operate with an acceptable safety record and claims history. A significant increase in the number or value of claims against the Company, the assertion of one or more claims in excess of its policy limits or the inability to obtain adequate insurance coverage for reasonable premiums, with reasonable deductibles or self-insured retentions or at acceptable levels, or at all, could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

The Company is subject to litigation in the ordinary course of business and may incur material losses and costs as a result of product liability and other claims

In the ordinary course of business, the Company is subject to various claims and litigation. Any such claims, whether with or without merit, could be time consuming and expensive to defend, could divert management's attention and resources and damage the Company's reputation. In addition, the Company faces an inherent risk of exposure to product liability claims if the use of its products result, or are alleged to result, in personal injury and/or property damage. If the Company manufactures a defective product or if component failures or component fires (such as fires of batteries in the Company's electric vehicles) result in damages that are not covered by warranty provisions or insurance policies, it may experience material product liability losses in the future. In addition, the Company may incur significant costs to defend product liability claims. The Company could also incur damages and significant costs in correcting any defects, lose sales and suffer damage to its reputation. The Company's product liability insurance coverage may not be adequate for any liabilities it could incur and may not continue to be available on terms acceptable to it. The Company may elect not to obtain insurance if it believes that the cost of available insurance is excessive relative to the risks presented. If any significant accident, judgment, claim or other event is not or cannot be fully insured or indemnified against, it could have a material adverse effect on the Company's business, financial condition, liquidity and operating results. Moreover, the adverse publicity that may result from any claims and litigation or a product liability claim or perceived or actual defect with respect to the Company's products could have a material adverse effect on the Company's ability to market and sell its products.

The Company may have difficulty selling pre-owned coaches and realizing expected resale values

Pre-owned motorcoaches are acquired as trade-ins as part of the sale of new coaches and then resold by MCI. The resale values of any coaches returned to the Company may be lower than the Company's estimates, which are based on a limited secondary market for such coaches. If the Company incorrectly estimates the resale values of those pre-owned motorcoaches, is not able to resell them on a timely basis or at all, or resells them at a price that is lower than projected, the Company's business, financial condition,

liquidity and operating results could be adversely affected. See “Description of the Business — Transit Bus and Motorcoach Manufacturing Operations — Private Pre-Owned Motorcoach Sales”.

The Company may incur costs in connection with regulations relating to axle weight restrictions and vehicle lengths

The Company is required, in its customer contracts, to comply with applicable regulatory requirements. Certain models and types of the Company’s transit buses and motorcoaches do not currently comply with regulations governing maximum axle weight or maximum length in certain jurisdictions. The Company may incur material costs as a result of product warranty or contractual claims as a result of existing transit buses or coaches or new transit buses or coaches that are manufactured and that do not comply with local axle weight or length standards. The Company may incur material costs in the future if it is required to redesign new transit buses or coaches to comply with axle weight or length standards.

There can also be no assurance that government weight regulations or restrictions will not change and/or become more onerous such that the Company’s vehicles would not comply with such more onerous regulations. If the Company is unable to design vehicles that comply with such new weight requirements it will not be able to sell transit buses and/or coaches to customers whose vehicles are governed by such laws, which depending on the volume of transit buses and/or coaches typically sold by the Company in that area, may have a material adverse effect on the Company’s business, financial condition, liquidity and operating results.

The Company may be subject to claims and liabilities under environmental, health and safety laws

The Company operates in a highly regulated environment. Its facilities and operations are subject to extensive and constantly evolving federal, provincial, state and local environmental and health and safety laws, including laws governing emissions or discharges into soil, water and air, including noise and odours, which could result in remediation obligations, the generation, use, handling, storage, transportation and disposal of regulated substances, and health and safety matters.

The Company is required to have and obtain certain governmental permits, approvals and registrations related to environmental and health and safety matters. Permits or approvals may be subject to denial, revocation or modification depending on the particular circumstances. Failure to obtain or comply with the conditions of such permits or approvals may adversely affect operations and may also subject the Company to penalties. In addition, the Company may be required to obtain additional permits or approvals, which may result in material costs, including capital expenditures. There can be no assurance that the Company will be able to meet all applicable regulatory requirements without incurring significant additional costs.

The Company may incur substantial costs to comply with environmental and health and safety law requirements. The Company may also incur substantial costs for liabilities arising from past releases of, or exposure to regulated substances. In addition, the Company may discover currently unknown environmental problems or conditions. There can be no assurance that the Company’s continued compliance with environmental and health and safety laws, the discovery of currently unknown environmental problems or conditions, changes in environmental and health and safety laws or increased enforcement of same, or other unanticipated events, will not give rise to requirements or claims that may involve material expenditures by or liabilities for the Company.

Complying with environmental and health and safety laws has added and will continue to add to the Company’s operating costs. While the Company believes that it is in compliance in all material respects with such laws, there can be no assurance that it will not be materially impacted by costs, liabilities or

claims with respect to its operations under existing laws or those that may be adopted in the future, or increased enforcement of same. It may become increasingly difficult for the Company and other manufacturers of buses and motorcoaches to recover such costs and, accordingly, lower margins may result.

Dependence on management information systems and cybersecurity risks

The Company depends on its management information systems in each stage of the manufacture and sale of its products, including entering the customer's order, setting the production schedule, planning material and supply requirements, controlling manufacturing activities and providing aftermarket parts and support. In addition, its management information systems form the basis of its financial reporting. If irreparable damage were to be caused to the Company's information systems and databases (including to its archives and back-up systems), information contained in its management information systems were lost or could not be accessed in a timely manner or at all or such management information systems were not implemented properly or effectively or were not upgraded or patched as required from time to time, there could be a material adverse effect on the Company's business, reputation, financial condition, liquidity and operating results.

Although the Company has instituted protective measures, unauthorized third parties may be able to penetrate the Company's IT infrastructure and network security and compromise, misappropriate, destroy or exfiltrate its confidential data and information, create system disruptions or cause machinery or plant shutdowns. This may include deployment of viruses, trojans, worms, ransomware and other malware or successful social engineering attempts against the Company's employees that would exploit any security vulnerabilities in the Company's management information systems. The costs to eliminate or alleviate cybersecurity or other information security issues, including bugs, viruses, trojans, worms, ransomware and other malware and other security vulnerabilities, could be significant, and management's efforts to address these issues may not be successful and could result in interruptions, loss of proprietary, confidential and personal data, and have a material negative impact on the Company's manufacturing, distribution, financial reporting or other critical functions.

Various proprietary, sensitive and confidential and personal data relating to the Company's business and that of its employees, customers and suppliers is stored on the Company's IT systems and networks. Breaches of the Company's information security and cybersecurity measures or the exfiltration, accidental loss, destruction, inadvertent disclosure or unapproved dissemination of proprietary, sensitive, personal or confidential data could expose the Company to risk of loss or misuse of this information, result in litigation, regulator investigations and potential liability, damage the Company's brand and reputation or otherwise harm its business.

Separately, the Company's vehicles contain complex information technology systems. These systems control various vehicle functions including engine, transmission, safety, steering, acceleration, braking, and battery and electric motors, and in certain situations, customers may connect with such systems. Although vehicle controls and protections are typically managed and/or specified by the Company's customers, the Company cannot provide assurance that such controls and protections will be effective in preventing cybersecurity intrusions through one of its or its suppliers' products. Malicious individuals and threat actors may attempt to gain unauthorized access to modify, alter and use such systems to gain control of, or to change, the vehicle's functionality, user interface and performance characteristics, or to gain access to data stored in or generated by the vehicle. Any remediation efforts by the Company or the customers may not be successful. Any unauthorized access to or control of Company's vehicles, their systems or data could adversely impact the safety of customers and passengers, result in legal claims or proceedings, liability or regulatory penalties and cause the Company to incur significant, unplanned capital expenditures. Reports of unauthorized access to the Company's vehicles or their systems could negatively affect NFI's brand and

reputation and lead to loss of confidence in the Company's products, which could adversely impact its business and operating results.

The occurrence of any such events could result in material costs (including for remedial measures) and could materially and adversely affect the Company's reputation, relationships with customers and suppliers, result in significant liabilities and could have a material adverse effect on the Company's business, operations, financial condition, liquidity and operating results.

Artificial Intelligence and Emerging Technology Risks

The Company is increasingly exposed to risks associated with the development, adoption and use of AI and other emerging technologies, both internally and by third parties with whom the Company does business. AI technologies are evolving rapidly and may be deployed by the Company, its suppliers, customers or malicious actors in ways that could adversely affect the Company's operations, financial performance, data security, regulatory compliance and reputation.

AI-related risks include, but are not limited to, unauthorized or inappropriate use of Company data, data leakage through AI tools, inaccuracies or bias in AI-generated outputs, intellectual property infringement, increased cybersecurity threats enabled by AI-driven attacks (including automated attacks and deepfakes), failure of AI systems to perform as intended, and the risk that AI investments do not deliver expected business value. Regulatory and legal frameworks governing AI are also developing and may impose additional compliance obligations, costs or restrictions on the Company's use of AI technologies.

If these risks are not effectively managed, they could result in operational disruption, loss or misuse of sensitive information, regulatory enforcement action, litigation, reputational harm, or a failure to realize anticipated benefits from AI-enabled initiatives.

The Company's ability to execute its strategy and conduct operations is dependent upon its ability to attract, train and retain qualified personnel, including its ability to retain and attract executives, senior management and key employees

The Company's continued success depends, in part, on its ability to identify, attract, motivate, train and retain qualified personnel in key functions, trades and geographic areas, including the members of our executive and senior management teams. In particular, the Company is dependent on its ability to identify, attract, motivate, train and retain qualified professionals (for example, engineers) and skilled labour (for example, welders, painters and electricians) with the requisite education, background and industry experience to assist in the development, enhancement, introduction and manufacture of the Company's products and technology solutions.

Failure to identify, attract, motivate, train and retain qualified personnel, whether as a result of an insufficient number of qualified local residents or the allocation of inadequate resources to training, integration and retention, or the reduction of available labour as a result of regional employment conditions could impair the ability of the Company to execute its business strategy and could have a material adverse effect on the Company's business, financial condition, liquidity and operating results. The loss of the services of one or more key employees could have a material adverse effect on the Company's business, financial condition, liquidity and operating results, including the ability to manage the business effectively and to successfully execute its strategies. In the event certain of these employees decide to resign unexpectedly, the Company could incur disruptions to the completion of certain initiatives and the Company could incur significant costs in hiring, training, developing and retaining their replacements or successors.

The Company may be exposed to liabilities under applicable anti-corruption laws and any determination that it violated these laws could have a material adverse effect on its business

The Company is subject to various anti-corruption laws that prohibit improper payments or offers of payments to governments and their officials for the purpose of obtaining or retaining business. The Company's activities create the risk of unauthorized payments or offers of payments by its employees or agents that could be in violation of various anti-corruption laws, including the Canadian Corruption of Foreign Public Officials Act, the United States Foreign Corrupt Practices Act and The UK Bribery Act 2010. The Company has implemented policies to discourage these practices by its employees and agents and provides training through online courses.

However, the Company's existing policies and procedures and any future improvements may prove to be less than effective and the Company's employees or its agents may engage in conduct for which the Company might be held responsible. If employees and agents violate the Company's policies or the Company fails to maintain adequate record-keeping and internal accounting practices to accurately record its transactions, the Company may be subject to regulatory sanctions. Violations of the applicable anti-corruption laws may result in severe criminal or civil sanctions and penalties and other liabilities which could have a material adverse effect on the Company's reputation, business, financial condition, liquidity and operating results.

The Company's risk management policies and procedures may not be fully effective in achieving their intended purposes

The Company's policies, procedures, controls and oversight to monitor and manage enterprise risks may not be fully effective in achieving their intended purpose and may leave the Company exposed to identified or unidentified risks. Past or future misconduct by the Company's employees, suppliers or agents could result in the Company's violation of laws, regulatory sanctions and/or serious reputational harm or financial harm. While management monitors the Company's policies, procedures and controls, it cannot provide assurance that the Company's policies, procedures and controls will be sufficient to prevent all forms of misconduct. Management and the Board review the Company's compensation policies and practices as part of its risk management program, but it is possible that the compensation policies could incentivize management and other employees to subject the Company to inappropriate risk or to engage in misconduct. If such inappropriate risks or misconduct occurs, it is possible that it could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

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 Company's President and Chief Executive Officer ("CEO") and the Company's 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. Management, under the supervision of the CEO and CFO, evaluated the design and operational effectiveness of the Company's ICFR as of December 28, 2025 in accordance with the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and concluded that the Company's ICFR is effective.

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 and procedures

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 CEO and CFO have concluded that the Company's disclosure controls and procedures as at December 28, 2025 were effective.

Risks Related to Strategy

Ability to successfully execute strategic plans and maintain profitability

The Company's future operating results will depend on a number of factors, including its ability to successfully execute its strategic plans. The Company's past results may not be indicative of its future prospects and there is no assurance that the Company will sustain or grow profitability in future periods.

In addition, the successful execution of the Company's strategic plans may require additional employees, additional operating and financial systems and additional financial resources. There is no assurance that the Company will be able to hire and train qualified employees (or do so on a timely basis), that the Company will be able to expand operations and systems to the extent, and in the time required, or that the Company will be able to fund such strategic plans, either internally through operations, through the use of available credit or through the capital markets. There is no assurance that the Company will be able to effectively execute and manage its strategic plans and any future growth, and any failure to do so could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Development of competitive or disruptive products, services or technology

The Company may not be able to prevent a competitor from copying its products or technologies. If a competitor copies the Company's products or develops an equivalent or superior product or technology, there could be a material adverse effect on the Company's business, financial condition, liquidity and operating results. If a competitor develops a superior product or technology, there can be no assurance that the Company would be able to manufacture a similar or competitive new product or technology and/or effectively compete with manufacturers developing such products or technologies. The development and competitive landscape of the transportation industry is increasingly subject to changes resulting from disruptive technologies such as autonomous or driverless vehicles, advances in propulsion systems, and battery technology and battery composition and the development of new materials. There can be no assurance that the Company will be able to successfully integrate such technologies into its products and services or compete with other companies with superior innovation and technology capabilities. The introduction of disruptive and competing alternatives to public transit services, such as Uber, Via or Lyft ride-sharing services, may adversely affect the demand for public transit services and consequently the demand for certain of the Company's products. Failure to effectively innovate or compete with companies who have successfully developed or harnessed such technologies or to address disruptive or competing

products or services may have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Development and testing of new products or model variants

The Company may not be able to successfully design, develop or test new products or improvements to existing products (e.g., Xcelsior[®], Xcelsior CHARGE[™], the J-model and D-model motorcoaches, the Spirit of Equest[®], or the Enviro) in order to effectively compete with competitors. There may be no demand by customers to purchase newly developed or improved products, there may be risks and unbudgeted costs associated with launching a new product into the market place and the Company may not be able to recoup research and development costs, all of which may be material. In addition, there may be material and unforeseen warranty and other costs related to new or improved products (including relating to the reliability or functionality of such products) that management did not foresee, were not apparent when such products were tested or were not adequately priced into the bus purchase contracts for such products. Further, there may be no testing facilities available to test the Company's new products to certain governmental or customer requirements, standards or specifications.

Acquisition risk

The Company intends to continue to identify, develop and acquire suitable acquisition targets in pursuit of its strategic plans and to diversify and grow. Acquisitions inherently involve a number of risks, including, but not limited to, the possibility that the Company pays more than the acquired assets are worth; the additional expense associated with completing an acquisition; the difficulty of integrating the operations and not being able to maintain the levels of operating efficiency that the acquired company had achieved; the challenge of implementing uniform standards, controls procedures and policies throughout the acquired business; the inability to integrate, train, retain and motivate key personnel of the acquired business; the potential disruption to the Company's ongoing business and the distraction of management from the Company's day-to-day operations; the inability to incorporate acquired businesses successfully into the Company's existing operations and to eliminate redundant and excess costs; and the potential impairment of relationships with the Company's employees, suppliers and customers. As a result of difficulties associated with combining operations, the Company may not be able to achieve the cost savings and other benefits that it would hope to achieve with the acquisition. If any one or more of such risks materialize, they could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Further, inherent in any acquisition there is risk of liabilities and contingencies that the Company may not discover in its due diligence prior to the consummation of a particular acquisition, and the Company may not be indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies in any acquisition could also have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Reliance on third-party manufacturers

The Company's reliance on third-party contract manufacturers exposes it to a number of risks. These risks include a manufacturer not performing on its contractual obligations, encountering difficulties in manufacturing its products in required volumes and quality levels to meet the Company's needs or failing to establish and follow good manufacturing practices and to document its adherence to such practices. There is also a risk that long lead times for critical components may affect production lead times. Third-party manufacturers may also experience negative impacts on parts and component supply, the supply and cost of labour and the effects of loss of or reduction in production, including as a result of the global supply

chain issues, which may in turn adversely affect the availability and cost of products to the Company. If any of the Company's third-party manufacturers needs to be replaced, the Company will have to identify and select acceptable alternative manufacturers from among a limited number of potential manufacturers, which could be time consuming and costly. In addition, an alternate source may not be available to the Company or may not be in the position to satisfy the Company's production requirements at commercially reasonable prices and quality. Therefore, any significant interruption in contract manufacturing may result in the Company being unable to deliver the affected products to meet its customer orders and deprive the Company of product revenues, which could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Third-Party Distribution/Dealer Agreements

The Company has entered into agreements with third-party distributors and dealers to market and sell its buses and to provide after sales service in respect of those buses in certain geographic areas and/or with respect to certain types of customers (e.g., private operators). The Company may, in the future, enter into similar agreements. The Company is subject to the risks normally associated with such distribution and dealer arrangements. The Company is dependent on its distributors and dealers to supplement its direct marketing and sales efforts. The Company does not control the activities of its distributors and dealers with respect to the marketing, sale and service of the Company's products, and they may make decisions that may be contrary to the Company's interests. Some of these agreements may be non-exclusive and permit the distributors and dealers to offer competitors' products. If any significant distributor or dealer terminated their relationship with the Company for any reason, decided to focus on marketing competitors' products over the Company's products or decided not to market the Company's products at all, the Company's ability to bring its products to market may be impacted. If the Company is unable to manage the risks related to the use of third-party distributors or dealers, maintain the relationships with them or offer the appropriate incentives to focus them on the sale of the Company's products, the Company's sales and revenues may be materially adversely affected.

Risks Related to Financing

Availability to the Company of future financing

Management expects that the Company's principal sources of funds will be cash generated from its operating activities and borrowing capacity remaining under its First Lien Facility and/or from future securities offerings. Management believes that these funds will provide the Company with sufficient liquidity and capital resources to meet its current and future financial obligations, as well as to provide funds for its financing requirements, capital expenditures and other needs for the foreseeable future. Despite management's expectations, however, the Company may require additional equity or debt financing to meet its financing requirements. This financing may not be available when required or may not be available on commercially favorable terms or on terms that are otherwise satisfactory to the Company. While the Company expects to be able to refinance its credit facilities prior to their maturities, if the Company is unable to successfully refinance its credit facilities, the Company may not have sufficient liquidity and capital resources to meet its financial obligations. The Company will also need to repay in cash the principal amount of any Debentures that are not converted into Shares prior to the maturity of the Debentures, subject to the ability of the Company to make such repayment in the form of Shares in certain circumstances.

The Company may not be able to generate the necessary amount of cash to maintain operations, fund working capital, or service its existing debt, which may require the Company to refinance its debt

The Company's ability to pay principal and interest on its credit facilities, the Debentures, the Notes and other debt obligations will depend on its future financial performance. The Company's ability to generate cash will depend on many factors, some of which may be beyond its control, including general economic, financial and regulatory conditions. Other factors may also cause a lower amount of cash to be generated such as an increase in inventory, work in process or finished goods as a result of production or supply issues and delays by customers in accepting buses or coaches delivered to them for inspection and acceptance. If the Company cannot generate enough cash flow in the future to maintain operations, fund working capital or to service its debt, it may need to refinance all or a portion of its debt, obtain additional financing (on terms that may be less favourable than existing financing terms) or sell assets. The Company might not be able to implement any of these strategies on satisfactory terms or on a timely basis, if at all. The First Lien Facility and the Notes Indenture restrict the Company's ability to dispose of assets and use the proceeds from such dispositions and may also restrict the Company's ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. Because of these restrictions, the Company may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. If the Company is unable to meet its debt service obligations or comply with its covenants, a default under its debt agreements would result.

The Company's substantial consolidated indebtedness could negatively impact the business.

The Company has a substantial amount of indebtedness under its credit facilities, the Debentures, the Notes and other agreements with third parties. As at December 28, 2025, the Company had total third-party indebtedness of approximately \$1.1 billion. In addition, the credit facilities, the Debenture Indenture and the Notes Indenture permit future further indebtedness provided that certain covenants are satisfied.

The degree to which the Company is leveraged on a consolidated basis could have important consequences to the holders of Securities, including:

- the Company's ability in the future to obtain trade credit from vendors, performance bonds from surety companies or additional financing for working capital, capital expenditures, acquisitions or other purposes may be limited;
- a significant portion of the Company's cash flow (on a consolidated basis) is likely to be dedicated to the payment of the principal of and interest on the Company's indebtedness, including its credit facilities, the Debentures and the Notes, thereby reducing funds available for future operations, capital expenditures and/or dividends on the Shares;
- the Company may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures;
- the Company may be limited in its ability to plan for or react to changes in its business or the industry in which it operates; and
- the Company may be at a competitive disadvantage to its competitors that have less indebtedness.

The Company's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control. These factors might inhibit the Company from refinancing the indebtedness under its credit facilities, the Debentures, the Notes and other agreements at maturity.

The restrictive covenants in the First Lien Facility and the Notes Indenture could impact the Company's business and affect its ability to pursue its business strategies

The First Lien Facility and the Notes Indenture feature restrictive covenants that limit the Company's ability, among other things, to:

- incur additional indebtedness and guarantee indebtedness (including guarantees of additional indebtedness);
- pay dividends or make other distributions in respect of, repurchase or redeem, capital stock;
- make certain restricted payments and investments (including joint ventures);
- create or permit to exist certain liens;
- transfer, lease or sell certain assets;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates;
- designate unrestricted subsidiaries;
- prepay, redeem or repurchase certain subordinated indebtedness; and
- issue certain preferred stock or similar equity securities.

In addition, the First Lien Facility also requires the Company to comply with positive covenants, including maintaining compliance with specified financial ratios. The Company's ability to comply with these covenants and ratios may be affected by events beyond its control.

Risks Related to Capital Structure and Tax

Payment of dividends

In December 2022, the Board made the decision to suspend the payment of dividends given credit agreement constraints and to support the Company's focus on improving its liquidity and financial position. Under the terms of NFI's credit facilities, the Company needs to comply with certain covenants to be able to declare or pay dividends. Future decisions on the resumption of dividend payments will be made by the Board and depend on the Company's financial performance and compliance with credit facilities covenants, among other considerations. There can be no assurance that dividend payments will resume.

NFI is dependent on its subsidiaries for all cash available for distributions

NFI is dependent on the operations and assets of its subsidiaries. Cash distributions to the holders of Shares, if any are declared, and interest payments to the holders of the Debentures and the Notes will be dependent on the ability of NFI's subsidiaries to make dividend or other payments to their affiliates. The actual amount of cash available for distribution to holders of Shares, Debentures and Notes will depend upon numerous factors relating to the business of the Company, including profitability, changes in revenue, fluctuations in working capital, capital expenditure levels, applicable laws, compliance with contracts and contractual restrictions contained in the instruments governing any indebtedness. Any reduction in the amount of cash available for distribution, or actually distributed, by NFI's subsidiaries will reduce the

amount of cash available to NFI and NFHI, as applicable, to pay dividends on the Shares and make payments to holders of Debentures and the Notes. While NFI and NFHI are contractually obligated to make interest payments on the Debentures and the Notes, respectively, cash dividends by NFI on the Shares are not guaranteed and, if declared, will fluctuate with the performance of the business of NFI's subsidiaries.

Coliseum has a significant influence over NFI and its interests may not align with those of NFI's other shareholders

As of the date hereof, Coliseum beneficially owns, controls, manages or directs, directly or indirectly, approximately 21.2% of the issued and outstanding Shares, and is NFI's single largest shareholder. In light of such ownership, Coliseum is in a position to exercise significant influence over matters requiring shareholder approval, including the election of directors, the determination of significant corporate actions as well as any fundamental transactions that would require the vote by way of special resolution of shareholders. In addition, under the Investment Agreement, Coliseum has the right to designate one nominee for election or appointment to the Board so long as Coliseum owns, controls or directs, directly or indirectly, at least 10% of the issued and outstanding Shares. Accordingly, Coliseum has significant influence over NFI.

The Notes Indenture and the First Lien Facility contain cross default or cross acceleration provisions that may result in all of the debt issued under the Notes Indenture and the First Lien Facility to become immediately due and payable because of a default under an unrelated debt instrument

The Company's failure to comply with the obligations contained in the agreements governing any of its debt instruments could result in an event of default under such instruments, which could result in the Notes and amounts outstanding under the First Lien Facility (together with accrued and unpaid interest and other fees) becoming immediately due and payable. In such event, the Company would need to raise funds from alternative sources, which funds may not be available to the Company on favorable terms, on a timely basis or at all. Alternatively, such a default could require the Company to sell its assets and otherwise curtail its operations in order to pay its creditors. These alternative measures could have a material adverse effect on the Company's business, financial position, results of operations and/or cash flows, which could cause the Company to become bankrupt or insolvent or otherwise impair the ability of the Company's subsidiaries to make cash available by dividend, debt repayment or otherwise to enable the Company to make payments in respect of its indebtedness, including the Notes.

NFI may not be able to make principal payments on the Debentures and/or the Notes

The Debentures will mature in January 2027 and the Notes will mature in July 2030. The Company may not be able to repay the principal outstanding from new financing, cash flows or other sources. There is no guarantee that the Company will be able to repay the outstanding principal amount upon maturity of the Debentures or the Notes.

Redemption by NFI of the Debentures for Shares will result in dilution to holders of Shares

NFI may determine to redeem outstanding Debentures for Shares or to repay outstanding principal amounts and interest owing thereunder at maturity of the Debentures by issuing additional Shares. Accordingly, holders of Shares may suffer dilution.

Debentures and Notes may be redeemed prior to maturity

The Debentures may be redeemed, at the option of NFI, on and after January 15, 2025 and prior to maturity at any time and from time to time subject to certain conditions. The Notes may be redeemed, at the option of NFHI prior to maturity at any time and from time to time subject to certain conditions. Holders of Debentures or Notes should assume that this redemption option will be exercised if the Company is able to refinance at a lower interest rate or it is otherwise in the interest of the Company to redeem the Debentures or the Notes, as applicable.

NFI may not be able to repurchase the Debentures upon a change of control as required by the Debenture Indenture

Upon the occurrence of certain specific kinds of change of control events, NFI will be required to offer to purchase outstanding Debentures at their principal amount plus accrued and unpaid interest, if any, to the date of purchase. However, it is possible that NFI will not have sufficient funds at the time of the change of control to make the required purchase or that restrictions contained in other indebtedness will restrict those purchases. Failure to make an offer to purchase the Debentures would constitute a default under the Debenture Indenture, which might constitute a default under the terms of NFI's other indebtedness at that time.

If a holder of Debentures converts its Debentures in connection with a Cash Change of Control that occurs, NFI may, in certain circumstances, be required to increase the conversion rate pursuant to the terms of the Debenture Indenture. While the increased conversion rate is designed to compensate a holder of Debentures for the lost option time value of its Debentures as a result of a Cash Change of Control in certain circumstances, the increased conversion rate amount is only an approximation of such lost value and may not adequately compensate the holder for such loss. In addition, in some circumstances as described in the Debenture Indenture, no adjustment will be made.

NFHI may not be able to repurchase the Notes upon a change of control as required by the Notes Indenture

Upon the occurrence of certain specific kinds of change of control events, NFHI will be required to offer to purchase outstanding Notes at 101% of their principal amount plus accrued and unpaid interest, if any, to the date of purchase. The occurrence of specified events that would constitute a change of control constitute a default under the First Lien Facility. In addition, the First Lien Facility may limit or prohibit the purchase of the Notes by the Company in the event of a change of control or if an asset sale offer is required, unless and until such time as the indebtedness under the First Lien Facility is repaid in full, or the Company obtains a waiver from the holders of such indebtedness. The Company may not be able to repurchase the Notes upon a change of control because it may not have sufficient financial resources to purchase all of the Notes that are tendered upon a change of control and repay its other indebtedness that will become due at such time. The Company may require additional financing from third parties to fund any such purchases, and we may be unable to obtain financing on satisfactory terms or at all. If the Company fails to repurchase the Notes in that circumstance, it will be in default under the Notes Indenture. Further, NFHI's ability to repurchase the Notes may be limited by law. In order to avoid the obligations to repurchase the Notes and events of default and potential breaches of the First Lien Facility, the Company may have to avoid certain change of control transactions that would otherwise be beneficial to us.

Moreover, in certain circumstances specified in the Notes Indenture, where the net proceeds of asset dispositions above a certain threshold amount are not used in a permitted manner, the Company will be required to commence an asset sale offer, as defined under the Notes Indenture, pursuant to which the

Company will be obligated to offer to purchase the applicable Notes at a price equal to 100% of their principal amount plus accrued and unpaid interest.

The exercise by the holders of the Notes of their right to require the Company to repurchase the Notes pursuant to a change of control offer or asset sale offer could cause a default under the agreements governing its other indebtedness, including future agreements, even if the change of control or asset sale itself does not, due to the financial effect of such repurchases on the Company. In the event a change of control offer or asset sale is required to be made at a time when the Company are prohibited from purchasing Notes, the Company could attempt to refinance the borrowings that contain such prohibitions. If the Company does not obtain consent or repay those borrowings, it will remain prohibited from purchasing the Notes. In that case, the Company's failure to purchase tendered Notes would constitute an event of default under the Notes Indenture which could, in turn, constitute a default under the Company's other indebtedness. Finally, the Company's ability to pay cash to the holders of the Notes upon a repurchase may be limited by its then existing financial resources.

Conversion of the Debentures following certain transactions could lessen or eliminate the value of the conversion privilege associated with the Debentures

In the case of certain transactions, each Debenture may (i) become convertible into the securities, cash or property receivable by a holder of Shares based on the number of Shares into which the Debenture was convertible immediately prior to the transaction, or (ii) become convertible into certain prescribed securities with limited liquidity. These changes could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future and result in the receipt of illiquid securities and thereby have a material adverse effect on the value of the Debentures.

Future sales or the possibility of future sales of a substantial number of Shares or Debentures may impact the price of the Shares and/or the Debentures and could result in dilution

Future sales, or the possibility of future sales, of a substantial number of Shares or Debentures in the public market could adversely affect the prevailing market price of the Shares and/or the Debentures and could impair NFI's ability to raise capital through future sales of those securities. Additionally, the issuance of additional Shares or Debentures may dilute an investor's investment in NFI and reduce distributable cash per Share.

NFI may issue Shares or other securities from time to time in order to raise capital or as consideration for future acquisitions and investments. If an acquisition or investment is significant, the number of Shares or the number or aggregate principal amount, as the case may be, of other securities that may be issued may in turn be significant. In addition, NFI may also grant registration rights covering those Shares or other securities in connection with any acquisitions or investments.

Payments to holders of the Debentures are subordinated in right of payment to existing and future Senior Indebtedness and will depend on the financial health of NFI and its creditworthiness

The likelihood that holders of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of NFI and its creditworthiness. In addition, the Debentures are unsecured obligations of NFI and are subordinate in right of payment to all NFI's existing and future Senior Indebtedness (as defined under the Debenture Indenture). Therefore, if NFI becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, NFI's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its Senior Indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts

due on any or all of the Debentures then outstanding. The Debenture Indenture does not prohibit or limit the ability of NFI or its subsidiaries to incur additional debt or liabilities (including Senior Indebtedness) or to make distributions on the Shares. The Debenture Indenture does not contain any provision specifically intended to protect holders of Debentures in the event of a future leveraged transaction involving NFI.

If the Company is required to write down goodwill or other intangible assets, its financial condition and operating results would be negatively affected

The Company has a substantial amount of goodwill and other finite and indefinite-lived intangible assets on its balance sheet as a result of equity transactions and acquisitions that have occurred during previous financial periods. If management determines goodwill and other intangible assets are impaired, the Company will be required to write down all or a portion of these assets. Any significant write-downs would have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

The method to compute the amount of impairment incorporates quantitative data and qualitative criteria, including new information and highly subjective judgments that could dramatically change the determination of the valuation of goodwill and an intangible asset in a very short period of time. These determinations are sensitive to minor changes in underlying assumptions as management's assumptions change with more information becoming available. Any resulting impairment loss could have a material adverse effect on the Company's business, financial condition, liquidity and operating results for a particular quarterly or annual period.

Income and Other Tax Risks

The Company is subject to income tax laws in various jurisdictions. In addition, the business and operations of the Company are complex and the Company has, over the course of its history, undertaken a number of significant acquisitions, financings, reorganizations and other material transactions. The computation of income and other taxes payable in respect of the Company's business and a result of these transactions involves many complex factors, including the Company's interpretation of relevant tax legislation and regulations. The income tax interpretations, legislation and regulations that pertain to the Company's activities are subject to continual change (whether by legislative or judicial action or decision), retroactively or for the future, which could adversely affect the Company's tax positions. While management believes the provision for income and other taxes is adequate and in accordance with IFRS and applicable legislation and regulations, tax filing positions are subject to review and adjustment by taxation authorities who may challenge the Company's interpretation of the applicable tax legislation and regulations. If any challenge to the Company's tax filing positions were to succeed, it could result in a reassessment of taxes or otherwise have a material adverse effect on the Company's tax obligations.

Deferred income tax assets and liabilities are recorded based on expected future income tax rates and management's assumptions regarding the expected timing of the reversal of temporary differences. The Company has substantial deferred income tax assets and liabilities. The recognition of deferred income tax assets depends on management's assumption that future earnings will be sufficient to realize the deferred benefit. The amount of the asset recorded is based on management's best estimate of the timing of the reversal of the asset.

The audit and review activities of the Canada Revenue Agency, the U.S. Internal Revenue Service, His Majesty's Revenue and Customs in the UK and other jurisdictions' tax authorities affect the ultimate determination of the amounts of income and other taxes payable or receivable, deferred income tax assets or liabilities and income tax expense. Therefore, there can be no assurance that income and other taxes will

be payable as anticipated and/or the amount and timing of receipt or use of the tax related assets will be as currently expected. Management's experience indicates the taxation authorities are more aggressively pursuing perceived income and other tax issues and have increased the resources they put to these efforts.

U.S. tax legislation and regulations impose limitations on intercompany debt incurred by the Company's U.S. subsidiaries. These regulations treat related party debt as equity for U.S. federal income tax purposes in certain circumstances – including, for example, in certain circumstances in which a debtor corporation makes a distribution exceeding certain current and accumulated earnings and profits. If any debt issued by the Company's U.S. subsidiaries were recharacterized as equity under the regulations, then the otherwise deductible interest paid on such debt could be recharacterized as a non-deductible distribution subject to U.S. federal withholding tax. Such withholding tax, as well as the loss of the deduction by the U.S. subsidiary, could increase the U.S. federal income tax liability and adversely affect the Company's financial position, cash flow and liquidity.

MARKET FOR SECURITIES

Common Shares

The Shares are listed and posted for trading on the TSX under the trading symbol "NFI". The total monthly volume of trading and the closing price ranges of the Shares on the TSX in each month of 2025 are set forth in the following table ⁽¹⁾:

	CLOSING HIGH (C\$)	CLOSING LOW (C\$)	TOTAL VOLUME
January 2025	14.93	12.02	5,412,459
February 2025	11.78	9.97	9,174,085
March 2025	13.42	10.53	7,542,372
April 2025	11.83	10.55	4,340,588
May 2025	16.23	11.87	6,681,881
June 2025	18.04	14.93	4,917,637
July 2025	19.85	17.95	5,750,801
August 2025	19.18	18.05	3,427,519
September 2025	18.84	14.75	7,513,285
October 2025	15.72	13.73	7,027,263
November 2025	14.28	13.01	4,697,512
December 2025	15.88	12.88	7,743,269

(1) Source: Historical data from the TSX.

Debentures

The Debentures are listed and posted for trading on the TSX under the trading symbol “NFI.DB”. The monthly volume of trading and the closing price ranges of the Debentures on the TSX in each month of 2025 are set forth in the following table ⁽¹⁾:

	CLOSING HIGH (C\$)	CLOSING LOW (C\$)	TOTAL VOLUME
January 2025	98.00	95.01	166,231
February 2025	98.20	94.56	86,630
March 2025	97.00	94.25	42,930
April 2025	97.00	93.00	42,833
May 2025	99.50	95.73	64,640
June 2025	99.00	98.50	44,280
July 2025	99.99	99.00	114,560
August 2025	99.93	99.00	52,650
September 2025	99.97	98.01	57,870
October 2025	100.25	99.00	45,670
November 2025	99.50	99.04	37,140
December 2025	100.00	99.11	30,330

⁽¹⁾ Source: Historical data from the TSX.

AUDITORS, TRANSFER AGENT, REGISTRAR AND TRUSTEE

The auditors of the Company are Deloitte LLP at its office in Winnipeg, Manitoba, Canada.

The transfer agent and registrar for the Shares is Computershare Investor Services Inc. at its principal office in Toronto, Ontario, Canada.

The trustee for the Debentures is Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

The trustee for the Notes is Computershare Trust Company, N.A. at its principal office in St. Paul, Minnesota.

MATERIAL CONTRACTS

In addition to contracts entered into in the ordinary course of business, the following material contracts have been entered into by NFI within the most recently completed financial year, or before the most recently completed financial year but are still in effect. The long-term incentive plans listed below with the exception of the 2025 Restricted Share Unit Plan, have awards outstanding (either under the current or a prior version).

- the Investment Agreement dated May 11, 2023 between Coliseum and NFI, as amended;
- the Registration Rights Agreement dated August 25, 2023 between Coliseum and NFI;
- the First Lien Facility referred to under “Description of Capital Structure – Credit Facilities”;
- the Amended and Restated SRP dated May 4, 2023 and referred to under “Description of Capital Structure – Shareholder Rights Plan”;
- the Debenture Indenture dated December 2, 2021 referred to under “Description of Capital Structure – Debentures”;
- the Notes Indenture dated June 13, 2025 referred to under “Description of Capital Structure – Notes”;
- the 2025 Restricted Share Unit Plan for Non-Employee Directors effective May 9, 2025;
- the Amended and Restated 2020 Share Option Plan effective March 12, 2020 and amended and restated effective August 5, 2020;
- the agreement for the sale and purchase of certain of the issued share capital of Alexander Dennis dated May 28, 2019 among NFI International Limited and the sellers named thereto;
- the Amended and Restated Restricted Share Unit Plan for Non-Employee Directors effective May 8, 2014 and amended and restated effective December 8, 2015, December 18, 2017, March 14, 2019 and September 14, 2020;
- the Amended Performance and Restricted Share Unit Plan effective December 16, 2013 and amended effective December 18, 2018 and August 5, 2020;
- the Amended and Restated Share Option Plan amended and effective March 21, 2013 and amended and restated effective December 8, 2015, December 31, 2018 and August 5, 2020;
- the investment agreement dated January 23, 2013 between Marcopolo S.A. and NFI; and
- the Amended and Restated Deferred Share Unit Plan for Non-Employee Directors adopted November 7, 2011 and amended and restated effective June 30, 2014, December 8, 2015, December 18, 2015, March 14, 2019 and September 14, 2020.

Each of the above material contracts is available for review on SEDAR+ at www.sedarplus.ca.

LEGAL PROCEEDINGS

In the ordinary course of business, the Company may, from time to time, be subject to various pending and threatened lawsuits in which claims for monetary damages are asserted. The Company is not involved in any legal proceedings that management expects will have a material effect on the Company. To management's knowledge, no legal proceedings of a material nature involving the Company are pending or threatened by any individuals, entities or governmental authorities.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the directors of NFI, except as disclosed in this Annual Information Form, as of the date of this Annual Information Form, no director nor officer and no person or company beneficially owning, directly or indirectly, or exercising control or direction over, Shares carrying more than 10% of the voting rights attached to the Shares, nor any associates or affiliates of the foregoing, had any material interest in any transactions involving NFI.

INTERESTS OF EXPERTS

Deloitte LLP, NFI's auditors, has been named as having prepared a certified statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 - *Continuous Disclosure Obligations* by NFI during, or relating to NFI's fiscal year ended December 28, 2025. To the knowledge of NFI, Deloitte LLP holds no beneficial interest, directly or indirectly, in any securities or other property of NFI or any of its affiliates.

ADDITIONAL INFORMATION

Additional information is provided in NFI's financial statements and management's discussion and analysis of NFI's financial condition and results of operations for its most recently completed fiscal year. Copies of such documents and any additional information related to NFI may be found on SEDAR+ at www.sedarplus.ca. In the alternative, copies may be obtained from NFI, upon written request.

Additional information, including directors' and officers' remuneration and indebtedness, the principal holders of NFI's securities and securities authorized for issuance under equity compensation plans is contained in NFI's Management Information Circular filed with Canadian securities regulatory authorities in connection with the annual meeting of shareholders of NFI held in 2025.

APPENDIX “A”

NFI GROUP INC. (the “Issuer”)

AUDIT COMMITTEE CHARTER

PURPOSE

1. Responsibility

- (a) The Audit Committee (the “**Committee**”) is a standing committee appointed by the board of directors (the “**Board**”) of NFI Group Inc. (the “**Issuer**”). The Committee is established to fulfill applicable public company obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting including responsibility to, among other things as may be delegated by the Board from time to time, oversee:
- (i) The integrity of the Issuer’s financial statements and financial reporting process, including the audit process and the Issuer’s internal controls over financial reporting, disclosure controls and procedures, compliance with other related legal and regulatory requirements;
 - (ii) The qualifications, independence and performance of the Issuer’s external auditors;
 - (iii) The work of the Issuer’s financial management, internal auditors and external auditors;
 - (iv) Enterprise risk management, privacy and data security and to monitor the same; and
 - (v) The auditing, accounting and financial reporting process generally.
- (b) The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members to: (a) plan or conduct audits; (b) determine that the Issuer’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles; or (c) conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee, the Audit Committee Chair (the “**Committee Chair**”) and its audit committee financial expert are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Issuer, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities.
- (c) Management is responsible for the preparation, presentation and integrity of the Issuer’s financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting

and compliance with accounting standards and applicable laws and regulations. Management is also responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls over financial reporting and disclosure controls and procedures. The external auditors are responsible for planning and carrying out an audit of the Issuer's annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles.

MEMBERSHIP

1. Number of Members

The members of the Committee shall be appointed by the Board on the recommendation of the Issuer's Human Resources, Compensation and Corporate Governance committee (the "**HR Committee**"). The Committee will be comprised of not less than three (3) directors of the Issuer and its size may be increased if so determined by the Board.

2. Independence

The Committee shall be constituted at all times of "independent directors" who meet or exceed the meaning of "independent" as defined in National Instrument 58-101 – Disclosure of Corporate Governance Practices ("**NI 58-101**"). Each member shall be "independent" in accordance with National Instrument 52-110 – Audit Committees ("**NI 52-110**").

3. Financial Literacy and Other Related Experience

Each member shall be able to read and understand fundamental financial statements, and shall otherwise be "financially literate" within the meaning of applicable requirements or guidelines for audit committee service under securities laws or the rules of any applicable stock exchange, including NI 52-110. Each member should have reasonable sufficient experience in such other economic, financial, investment or business matters as the Board may deem appropriate.

4. Appointment and Replacement of Committee Members

Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all its power so long as a quorum remains. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders after his or her appointment or until his or her successor shall be duly appointed and qualified.

5. Committee Chair

Each year, the Board will appoint one member who is qualified for such purpose to be the Committee Chair. If, in any year, the Board does not appoint a Committee Chair, the incumbent Committee Chair will continue in office until a successor is appointed. The Committee Chair must be a non-executive director. The Committee Chair shall be responsible for leadership of the Committee assignments and reporting to the Board. If the Committee Chair is not present at any

meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting. The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

6. **Conflicts of Interest**

If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of directors, that member shall be responsible for alerting the Committee Chair. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair shall advise the Chair of the Board. If the Committee Chair, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee the member's interest and shall not participate in consideration of the matter and shall not vote on the matter.

PROCEDURES

1. **Meetings**

The Committee shall meet regularly and as often as it deems necessary to perform the duties and discharge its responsibilities described herein in a timely manner, but not less than four (4) times a year and any time the Issuer proposes to issue a press release with its quarterly or annual earnings information or any other material financial information of the Issuer. The Committee shall meet within forty-five (45) days following the end of each of the first three financial quarters and shall meet within ninety (90) days following the end of the financial year. The Committee shall maintain written minutes of its meetings, which will be filed with the meeting minutes of the Board. Each member is expected to attend all meetings. A meeting of the Committee may be called by the external auditors, the Committee Chair, the Chief Executive Officer, the Chief Financial Officer (the "CFO") or any Committee member. Meetings will be held at a location determined by the Committee Chair and notice shall be given in accordance with the provisions of the Issuer's by-laws.

2. **Notice to Auditors**

The external auditors are entitled to receive notice of every meeting of the Committee and, at the expense of the Issuer, to attend and be heard thereat and, if is requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the external auditors.

3. **Agenda**

The Committee Chair, with the assistance of the CFO, shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall be, to the extent practical, communicated to members of the Committee sufficiently in advance of each meeting to permit meaningful review.

4. **Separate Executive Meetings**

The Committee shall meet periodically, but no less than quarterly with the CFO, the head of internal audit function and the external auditors in separate executive sessions to discuss any matters that the Committee or any of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without management present.

5. **Quorum**

Two members will constitute quorum for any meeting of the Committee.

6. **Voting**

At meetings of the Committee, each member will be entitled to one vote and questions will be decided by a majority of votes. In case of an equality of votes, the Committee Chair will not have a second or casting vote in addition to his or her original vote.

7. **Participation**

Members may participate in a meeting of the Committee in person or by means of telephone, web conference or other communication equipment. The Committee may invite such other directors, officers and employees of the Issuer and such other advisors and persons as is considered advisable to attend any meeting of the Committee. For greater certainty, the Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.

8. **Reliance**

Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on: (a) the integrity of those persons or organizations within and outside the Issuer from which it receives information; (b) the accuracy of the financial and other information provided to the Committee by such persons or organizations; and (c) representations made by management and the external auditors as to the permissible non-audit services provided by the external auditors to the Issuer and its subsidiaries.

9. **Self-Evaluation**

The Committee shall conduct a self-evaluation at least annually to determine whether it and its members are functioning effectively, and report its conclusion to the Board.

AUDIT RESPONSIBILITIES

Selection and Oversight of the External Auditors

1. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the shareholders of the Issuer and shall report directly to the Committee and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Issuer to be proposed in the Issuer's management information circular for shareholder approval and shall have authority to terminate the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the

- incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board.
2. The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of a registered public accounting firm engaged (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purposes of preparing or issuing an audit report or performing other audit, review or attest services of the Issuer, and each such registered public accounting firm must report directly to the Committee.
 3. The Committee will approve policies and procedures for the pre-approval of services to be rendered by the external auditors, which policies and procedures shall include reasonable detail with respect to the services covered. All permissible non-audit services to be provided to the Issuer or any of its affiliates by the external auditors or any of their affiliates that are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee. The Committee shall have the sole discretion regarding the prohibition of the external auditor providing certain non-audit services to the Issuer and its affiliates. The Committee shall also review and approve disclosures with respect to permissible non-audit services.
 4. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken that the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:
 - (a) actively engage in a dialogue with the external auditors about all relationship or services that may impact the objectivity and independence of the external auditors;
 - (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Issuer and its subsidiaries, on the one hand, and the external auditors and their affiliates on the other hand, and to the extent there are relationships, monitor and investigate them;
 - (c) ensure the rotation of the lead (and concurring) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by applicable law;
 - (d) consider whether there should be a regular rotation of the external audit firm itself; and
 - (e) consider the auditor independence standards promulgated by applicable auditing regulatory and professional codes.
 5. The Committee shall establish and monitor clear policies for the hiring by the Issuer of employees or former employees of the external auditors.
 6. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require. Such reports shall include:

- (a) a description of the external auditors' internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, or Canadian Public Accountability Board ("CPAB") review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more external auditors carried out by the external auditors and any steps taken to deal with any such issues; and
 - (b) a report describing: (i) the proposed audit scope, approach and independence of all critical accounting policies and practices to be used in the annual audit; (ii) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; and (iii) other material written communication between the external auditors and management, such as any management letter or schedule of unadjusted differences.
7. The Committee shall (i) annually review the experience and qualifications of the independent audit team and review the performance of the external auditors, including assessing their professional skepticism, effectiveness and quality of serve, and (ii) every five (5) years perform a comprehensive review of the performance of the external auditors over multiple years to provide further insight on the audit firm, its independence and application of professional standards.

Appointment and Oversight of Internal Auditors

1. The appointment, terms of engagement, compensation, replacement or dismissal of the internal auditors function shall be subject to prior review and approval by the Committee. When the internal audit function is performed by employees of the Issuer, the Committee shall review the mandate, budget, planned activities, staffing and organizational structure of the internal audit function and the Audit and Risk Management Services (the "ARMS") department. The internal audit function and ARMS department may be outsourced to a firm other than the external auditor. The Committee will confirm that the internal audit function is independent of management and has sufficient resources to carry out its mandate. The Committee will discuss this mandate with the internal auditor.
2. The Committee will review the appointment and replacement of the senior manager-employee of the ARMS department (the "ARMS Manager").
3. The Committee shall obtain from the internal auditors, and shall review, summaries of the significant reports to management prepared by the internal auditors, or the actual report if requested by the Committee, and management's responses to such reports.
4. The Committee shall, as it deems necessary or appropriate, communicate with the internal auditors with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal auditor brings to the attention of the Committee. The head of the internal audit function shall have unrestricted access to the Committee.
5. The Committee shall, annually or more frequently as it deems necessary or appropriate, evaluate the internal auditors, including their activities, organizational structure, independence, objectivity, qualifications and effectiveness.

Oversight and Monitoring of Audits

1. The Committee shall review with the external auditors, the internal auditors and management the audit function generally, the objectives, staffing, locations, coordination (reduction of redundant efforts) and effective use of audit resources, reliance upon management and internal audit and general audit approach and scope of proposed audits of the financial statements of the Issuer and its subsidiaries, the overall audit plans, the responsibilities of management, the internal auditors and the external auditors, the audit procedures to be used and the timing and estimated budgets and staffing of the audits.
2. The Committee shall meet periodically with the internal auditors to discuss the progress of their activity, any significant findings stemming from internal audits, any changes required in the planned scope of their audit plan and any difficulties or disputes that arise with management in the course of their audits, including any restrictions on the scope of their work or access to required information, and the adequacy of management's responses in correcting audit-related deficiencies.
3. The Committee shall review with management the results of internal and external audits.
4. The Committee shall provide an open avenue of communication between the external auditors, the internal auditors, the Board and management and take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

1. The Committee shall, as it deems necessary or appropriate, oversee, review and discuss with management, the external auditors and the internal auditors (together and separately as it deems necessary), among other items and matters:
 - (a) the quality, appropriateness and acceptability of the Issuer's accounting principles, practices and policies used in its financial reporting, its consistency from period to period, changes in the Issuer's accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new or unusual transactions or events;
 - (b) all significant financial reporting issues, estimations and judgements made in connection with the preparation of the financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any "second opinions" sought by management from an independent auditor with respect to the accounting treatment of a particular item;
 - (c) any material change to the Issuer's auditing and accounting principles and practices as recommended by management, the external auditors or the internal auditors or which may result from proposed changes to applicable generally accepted accounting principles;
 - (d) the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented; and
 - (e) the effect of regulatory and accounting initiatives on the Issuer's financial statements and other financial disclosures.

2. The Committee will review and resolve disagreements between management and the external auditors regarding financial reporting or the application of any accounting principles or practices.

Oversight and Monitoring of Internal Controls Over Financial Reporting (“ICOFR”)

1. The Committee shall, as it deems necessary or appropriate, exercise oversight of, review and discuss with management, the external auditors and the internal auditors (together and separately, as it deems necessary):
 - (a) the adequacy and effectiveness of the Issuer’s ICOFR and disclosure controls and procedures designed to ensure compliance with applicable laws and regulations;
 - (b) any significant deficiencies or material weaknesses in ICOFR or disclosure controls and procedures;
 - (c) the risk of management’s ability to override the Issuer’s internal controls;
 - (d) any fraud, of any amount or type, that involves management or other employees who have a significant role in the ICOFR;
 - (e) the adequacy of the Issuer’s internal controls and any related significant findings and recommendations of the external auditor and internal auditors together with management’s responses thereto; and
 - (f) management’s compliance with the Issuer’s processes, procedures and internal controls.
2. The Committee shall establish procedures for: (a) the receipt, retention, and treatment of complaints received by the Issuer regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Issuer of concerns regarding questionable accounting or auditing matters.

Oversight and Monitoring of the Issuer’s Financial Reporting and Disclosure

1. The Committee shall:
 - (a) review with the external auditors and management and recommend to the Board for approval the audited financial statements and the notes and Management’s Discussion and Analysis (“MD&A”) accompanying such financial statements, the Issuer’s annual report and any financial information of the Issuer contained in any registration statement, prospectus, information circular or any other disclosure document or regulatory filing of the Issuer;
 - (b) review with the external auditors and management each set of interim financial statements and the notes and MD&A accompanying such financial statements and any other disclosure documents or regulatory filings of the Issuer containing or accompanying financial information of the Issuer; and
 - (c) review the disclosure regarding the Committee required to be included in any publicly filed or available document by applicable securities laws or regulations or stock exchange rules or requirements.

- (d) Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.
- 2. Prior to their distribution or public disclosure, the Committee shall discuss earnings press releases, as well as financial information and earnings guidance, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Issuer gives earnings guidance.
- 3. The Committee shall oversee compliance with the requirements of applicable securities laws or rules for disclosure of auditors' services, engagements and independence of external auditors and audit committee member qualifications and activities.
- 4. The Committee shall receive and review the financial statements and other financial information of material subsidiaries of the Issuer and any auditor recommendations concerning such subsidiaries.
- 5. The Committee shall oversee compliance with legal and regulatory requirements with respect to financial statements and financial reporting.

Oversight of Finance Matters

- 1. The Committee shall:
 - (a) periodically review matters pertaining to the Issuer's material policies and practices respecting cash management and material financing and capital strategies or policies and objectives of the Issuer, including the review of proposed amendments to material credit agreements and other proposed material financing and capital arrangements;
 - (b) periodically review the Issuer's major financial risk exposures (including foreign exchange and interest rate) and management's initiatives to control such exposure, including the use of financial derivatives and hedging activities;
 - (c) review and discuss with management all material off-balance sheet transactions, arrangement, obligations (including contingent obligations), leases and other relationships of the Issuer with unconsolidated entities, other persons, or related parties, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves, or significant components of revenues or expenses;
 - (d) review and discuss policies, procedures and practices with respect to risk identification, assessment and management, including appropriate guidelines and policies to govern the process, as well as the Issuer's major enterprise risk exposures and the steps management has undertaken to control them;
 - (e) review and discuss with management the Issuer's effective tax rate, adequacy of tax reserves, tax payments and reporting of any pending tax audits or assessments, and material tax policies and tax planning initiatives; and

- (f) The Committee will determine and review on an annual basis the signing authority and limits of officers and senior employees in connection with the approval of expenditure and release of funds.

Risk Oversight, Privacy and Cybersecurity

1. The Issuer has developed an enterprise risk management (“ERM”) framework by which management is able to focus on the identification of risks, the assessment of those risks and the mitigation of risk associated with the achievement of the Issuer’s strategic objectives. The Issuer’s risk management program is managed through an executive level risk committee in conjunction with the ARMS department.
2. The Committee shall annually or as the Committee deems necessary or appropriate:
 - (a) review and discuss with management and as the Committee deems necessary or appropriate, the Chair of the Board or other committees of the Board, and monitor the adequacy and effectiveness of: (i) management’s program, including policies and guidelines, to identify, assess, manage, and monitor major enterprise risks of the Issuer, including financial, operational, privacy, security, business continuity, legal and regulatory, and reputational risk, as well as those risks that would threaten the Issuer’s business, future performance, solvency or liquidity; (ii) management’s risk management decisions, practices and activities; (iii) reports from management and others, including without limitation internal audit, regarding compliance with item (i) above; and (iv) the adequacy and appropriateness of management’s response to, including the implementation thereof, the matters and findings, if any, in the reports referenced in item (iii) above;
 - (b) review, discuss with management and assess the Issuer’s privacy and cybersecurity risk exposures;
 - (c) review and discuss with management the adequacy of the Issuer’s insurance coverage.
 - (d) oversee the Issuer’s risk management function and the ERM framework and, on a quarterly basis, will review a report from senior management describing the major financial, legal, operational and reputational risk exposures of the Issuer and the steps senior management has taken to monitor and control such exposures, including the Issuer’s policies with respect to risk assessment and management. The Committee will review environmental, insurance and other liability issues, risk management and information technology issues and review policies and procedures in respect thereof and report to the Board on such matters. The Committee will also review and approve management’s information technology strategic plan, business continuity plans and major technology capital investments consistent with the Issuer’s capital budget recommended by the Committee and approved by the Board; and
 - (e) oversee the Issuer’s Subsidiary and Business Unit Governance Policy.

Committee Reporting

1. The Committee shall report regularly to the Board regarding the execution of the Committee’s duties, responsibilities and activities, as well as any issues encountered and related

recommendations and recommend to the Board that the audited financial statements be included in the Issuer's annual report.

2. The Committee shall also report to the Board quarterly and/or annually regarding the oversight and receipt of certifications from applicable management confirming compliance with certain applicable laws, regulations or rules and certain Issuer policies and practices, in each case as the Committee deems necessary or appropriate.

Additional Authority and Responsibilities

1. The Committee shall have the authority to engage independent counsel and other advisers, hire and terminate special legal, accounting, financial or other consultants to advise the Committee at the Issuer's expense, in each case, as it determines necessary or appropriate to carry out its duties and without consulting with, or obtaining prior approval from, any officer of the Issuer or the Board. The Committee may ask members of management, including, without limitation, the applicable member of management responsible for enterprise risk management, or others, including, without limitation, Issuer employees or the Chair of the Board or any committee, to attend meetings or provide information as necessary. The Committee shall also have the authority to ask the Issuer's external auditors to attend meetings or provide information as necessary, and the Issuer's external auditors will have direct access to the Committee at their own initiative.
2. The Committee shall provide for appropriate funding for payment: of (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Issuer; (b) compensation to any advisers engaged or employed by the Committee under subsection 1 above; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
3. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and perform such other functions as assigned by law or the Issuer's constating documents.
4. The Committee shall review and approve in advance any proposed related-party transactions and required disclosure of such in accordance with applicable securities laws and regulations and consistent with any related-party transaction policy of the Issuer, to the extent such policy exists, and report to the Board on any approved transactions.
5. The Committee shall review and approve a Whistleblower Policy for the receipt, retention and investigation of complaints received by the Issuer regarding accounting, internal controls, disclosure controls or auditing matters and any violation of the Issuer's Code of Business Conduct and Ethics and a procedure for the confidential, anonymous submission of concerns by employees of the Issuer or third party submissions regarding such matters.

Audit Committee Chair

1. The Committee Chair should:
 - (a) provide leadership to the Committee and oversee the functioning of the Committee;

- (b) chair meetings of the Committee (unless not present), including in-camera sessions, and report to the Board following each meeting of the Committee on the activities and any recommendations and decisions of the Committee and otherwise at such times and in such manner as the Committee Chair considers advisable;
- (c) ensure that the Committee meets at least four times per financial year of the Issuer, and otherwise as is considered advisable;
- (d) in consultation with the Chair of the Board, if any, and the members of the Committee, establish dates for holding meetings of the Committee;
- (e) set the agenda for each meeting of the Committee with input from other members of the Committee, the Chair of the Board, if any, and any other appropriate individuals;
- (f) ensure that Committee materials are available to any director upon request;
- (g) act as a liaison, and maintain communication, with the Chair of the Board, if any, and the Board to co-ordinate input from the Board and to optimize the effectiveness of the Committee;
- (h) report annually to the Board on the role, mandate, and effectiveness of the Committee, in respect of contributing to the objectives of the Board and the Issuer;
- (i) assist the members of the Committee to understand and comply with the responsibilities contained in this mandate;
- (j) foster ethical and responsible decision making by the Committee;
- (k) oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;
- (l) ensure appropriate information is requested from the officers of the Issuer and is provided to the Committee to enable it to function effectively and comply with this mandate;
- (m) ensure that appropriate resources and expertise are available to the Committee;
- (n) ensure that the Committee considers whether any independent counsel or other experts or advisors retained by the Committee are appropriately qualified and independent in accordance with applicable laws;
- (o) facilitate effective communication between the members of the Committee and the officers of the Issuer;
- (p) attend, or arrange for another member of the Committee to attend, each meeting of the shareholders of the Issuer to respond to any questions from shareholders that may be asked of the Committee; and
- (q) perform such other duties as may be delegated to the Committee Chair or the Board from time to time.