Unaudited Interim Condensed Consolidated Financial Statements of

# NFI GROUP INC.

March 31, 2024

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# NFI GROUP INC.

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

| | 2024 Q1 | 2023 Q1 restated (note 2.6) |
|---|---|---|
| Revenue (note 17) | $ 722,749 | $ 525,134 |
| Cost of sales (note 4) | 653,800 | 488,897 |
| **Gross profit** | 68,949 | 36,237 |
| Sales, general and administration costs and other operating expenses | 57,030 | 57,757 |
| Foreign exchange loss | 1,268 | 229 |
| **Earnings (loss) from operations** | 10,651 | (21,749) |
| Gain on disposition of property, plant and equipment and right-of-use asset | 97 | 17 |
| Impairment loss on intangible assets | (1,028) | — |
| Unrealized foreign exchange gain on monetary items | 5,491 | 424 |
| **Earnings (loss) before interest and income taxes** | 15,211 | (21,308) |
| **Interest and finance costs** | | |
| Interest on long-term debt | 21,860 | 18,743 |
| Interest on convertible debt | 3,113 | 2,620 |
| Interest on senior unsecured debt | 2,183 | 2,107 |
| Accretion in carrying value of long-term debt (note 10) | 2,291 | 1,367 |
| Accretion in carrying value of convertible debt (note 12) | 1,981 | 1,840 |
| Accretion in carrying value of senior unsecured debt (note 9) | 101 | 144 |
| Interest expense on lease liability | 2,126 | 1,504 |
| Other interest and bank charges | 4,968 | 946 |
| Fair market value gain on prepayment option of second lien debt (note 11) | (2,546) | — |
| Fair market value (gain) loss on interest rate swap (note 16a) | (1,453) | 5,546 |
| Fair market value gain on cash conversion option (note 12) | (3,970) | (2,599) |
| | 30,654 | 32,218 |
| **Loss before income tax recovery** | (15,443) | (53,526) |
| **Income tax recovery** (note 8) | (6,029) | (7,562) |
| **Net loss for the period** | $ (9,414) | $ (45,964) |
| | | |
| **Other comprehensive gain (loss)** | | |
| Actuarial gain (loss) on defined benefit pension plan - this item will not be reclassified subsequently to profit or loss | 5,321 | (2,957) |
| Unrealized foreign exchange (loss) gain on translation of foreign operations - this item will not be reclassified subsequently to profit or loss | (1,636) | 4,542 |
| Net gain on equity hedge of restricted share plan | — | 115 |
| **Total comprehensive loss for the period** | (5,729) | (44,264) |
| | | |
| **Net loss per share (basic)** (note 14) | $ (0.08) | $ (0.60) |
| **Net loss per share (diluted)** (note 14) | $ (0.08) | $ (0.60) |

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

# NFI GROUP INC.
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**As at March 31, 2024**
(in thousands of U.S. dollars)

| | | March 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current** | | | | |
| Cash | $ | 68,491 | $ | 49,615 |
| Accounts receivable (note 3, 16e) | | 464,530 | | 466,353 |
| Inventories (note 4) | | 787,996 | | 762,581 |
| Income tax receivable | | 23,220 | | 26,314 |
| Derivative financial instruments (note 16a, b) | | 152 | | — |
| Prepaid expenses and deposits | | 20,900 | | 18,988 |
| | | 1,365,289 | | 1,323,851 |
| Property, plant and equipment | | 196,277 | | 194,474 |
| Right-of-use asset | | 112,219 | | 114,437 |
| Derivative financial instruments (note 11, 16a, b) | | 6,766 | | 2,767 |
| Goodwill and intangible assets | | 967,824 | | 976,377 |
| Accrued benefit asset | | 8,993 | | 4,337 |
| Other long-term assets (note 5) | | 50,279 | | 50,676 |
| Deferred tax assets | | 33,785 | | 33,041 |
| | $ | 2,741,432 | $ | 2,699,960 |
| **Liabilities** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities | | 577,321 | | 547,626 |
| Income tax payable | | 4,513 | | — |
| Derivative financial instruments (note 16a, b) | | — | | 1,481 |
| Current portion of long-term liabilities (note 6) | | 172,235 | | 170,599 |
| | | 754,069 | | 719,706 |
| Accrued benefit liability | | 2,526 | | 3,035 |
| Obligations under leases | | 118,610 | | 120,044 |
| Deferred compensation obligation | | 3,656 | | 3,198 |
| Deferred revenue | | 30,925 | | 30,540 |
| Provisions (note 7) | | 68,970 | | 65,258 |
| Deferred tax liabilities | | 38,016 | | 46,756 |
| Derivative financial instruments (note 12, 16a, b) | | 5,135 | | 9,296 |
| Senior unsecured debt (note 9) | | 61,081 | | 61,796 |
| Long-term debt (note 10) | | 562,324 | | 536,037 |
| Second lien debt (note 11) | | 172,568 | | 172,396 |
| Convertible debentures (note 12) | | 225,972 | | 228,985 |
| | $ | 2,043,852 | $ | 1,997,047 |
| **Commitments and contingencies** (note 18) | | | | |
| **Shareholders' equity** | | | | |
| Share capital (note 13) | | 1,240,387 | | 1,240,163 |
| Stock option and restricted share unit reserve | | 13,845 | | 13,673 |
| Accumulated other comprehensive income | | 8,094 | | 4,409 |
| Deficit | | (564,746) | | (555,332) |
| | $ | 697,580 | $ | 702,913 |
| | $ | 2,741,432 | $ | 2,699,960 |

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

# NFI GROUP INC.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the period ended March 31, 2024
(in thousands of U.S. dollars)

| | Share Capital | Stock Option and Restricted Share Unit Reserve | Accumulated Other Comprehensive (Loss) Income | Deficit | Total Shareholders' Equity |
|---|---|---|---|---|---|
| **Balance, January 1, 2023 (restated)** | **$ 988,218** | **$ 11,285** | **$ (2,979)** | **$ (419,168)** | **$ 577,356** |
| Net loss | — | — | — | (45,964) | (45,964) |
| Other comprehensive gain | — | — | 1,700 | — | 1,700 |
| Share-based compensation, net of deferred income taxes | — | 444 | — | — | 444 |
| Shares issued | 70 | (70) | — | — | — |
| **Balance, April 2, 2023** | **$ 988,288** | **$ 11,659** | **$ (1,279)** | **$ (465,132)** | **$ 533,536** |
| Net loss | — | — | — | (90,200) | (90,200) |
| Other comprehensive gain | — | — | 5,688 | — | 5,688 |
| Equity Transaction Cost | (10,476) | — | — | — | (10,476) |
| Share-based compensation, net of deferred income taxes | — | 2,312 | — | — | 2,312 |
| Shares issued – private placement (note 13) | 170,458 | — | — | — | 170,458 |
| Shares issued | 91,893 | (298) | — | — | 91,595 |
| **Balance, December 31, 2023** | **$ 1,240,163** | **$ 13,673** | **$ 4,409** | **$ (555,332)** | **$ 702,913** |
| Net loss | — | — | — | (9,414) | (9,414) |
| Other comprehensive gain | — | — | 3,685 | — | 3,685 |
| Equity Transaction Cost | 7 | — | — | — | 7 |
| Share-based compensation, net of deferred income taxes | — | 389 | — | — | 389 |
| Shares issued (note 13) | 217 | (217) | — | — | — |
| **Balance, March 31, 2024** | **$ 1,240,387** | **$ 13,845** | **$ 8,094** | **$ (564,746)** | **$ 697,580** |

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

# NFI GROUP INC.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**13-weeks ended March 31, 2024 ("2024 Q1") and 13-weeks ended April 2, 2023 ("2023 Q1")**

(in thousands of U.S. dollars)

| | 2024 Q1 | 2023 Q1 |
|---|---|---|
| **Operating activities** | | |
| Net loss for the period | $ (9,414) | $ (45,964) |
| Income tax recovery | (6,029) | (7,562) |
| Depreciation of property, plant and equipment | 13,056 | 13,036 |
| Amortization of intangible assets | 8,181 | 7,865 |
| Impairment loss on intangible assets | 1,028 | — |
| Share-based compensation | 389 | 409 |
| Interest and finance costs recognized in profit or loss | 37,171 | 34,817 |
| Gain on fair value adjustment for total return swap | — | (692) |
| Unrealized foreign exchange gain on monetary items | (5,491) | (424) |
| Foreign exchange loss (gain) on cash held in foreign currency | 1,563 | (185) |
| Gain on fair value adjustment for cash conversion option | (6,516) | (2,599) |
| Gain on disposition of property, plant and equipment | (97) | (17) |
| Past service costs | — | 4,764 |
| Defined benefit expense | 943 | 613 |
| Defined benefit funding | (826) | (817) |
| Cash generated by operating activities before non-cash working capital items and interest and income taxes paid | 33,958 | 3,244 |
| Changes in non-cash working capital items (note 15) | 9,573 | (41,744) |
| Cash generated by (used in) operating activities before interest and income taxes paid | 43,531 | (38,500) |
| Interest paid | (33,181) | (29,246) |
| Income taxes recovered | 3,005 | 1,367 |
| Net cash generated by (used in) operating activities | 13,355 | (66,379) |
| **Financing activities** | | |
| Repayment of obligations under lease | (6,509) | (5,078) |
| Proceeds from revolving credit facilities | 23,934 | 15,997 |
| Share issuance costs | 7 | — |
| Proceeds from senior unsecured debt | — | 86,996 |
| Net cash generated by financing activities | 17,432 | 97,915 |
| **Investing activities** | | |
| Acquisition of intangible assets | (2,856) | (1,461) |
| Proceeds from disposition of property, plant and equipment | 720 | 139 |
| Investment in long-term restricted deposits | — | (18,024) |
| Acquisition of property, plant and equipment (note 17) | (8,212) | (2,987) |
| Net cash used in investing activities | (10,348) | (22,333) |
| Effect of foreign exchange rate on cash | (1,563) | 185 |
| **Increase in cash** | 18,876 | 9,388 |
| **Cash — beginning of period** | 49,615 | 49,987 |
| **Cash — end of period** | $ 68,491 | $ 59,375 |

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

## 1. CORPORATE INFORMATION

### 1.1 Corporate information

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

These unaudited interim condensed consolidated financial statements (the "Statements") were approved by NFI's board of directors (the "Board") on May 2, 2024.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

### 2.1 Statement of Compliance

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

### 2.2 Basis of preparation

The Statements were prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") which require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. References to Non-IFRS measures have been denoted with an "NG".

In preparing these Statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied by the Company in its audited consolidated financial statements as at and for the 52-week period ended December 31, 2023 ("Fiscal 2023").

The going concern basis asserts that the Company has the ability to realize its assets and discharge its liabilities and commitments in the normal course of business and requires an assessment looking out at least 12 months. In Q3 2022, our going concern assessment required disclosures on material uncertainties that would cast significant doubts as to the ability of the Company to continue as a going concern. Our current assessment supports that material uncertainties no longer exists however this assessment has involved management judgments, estimates and assumptions including:

- Revenue and margin projections and forecasts regarding performance against the debt covenants;
- Healthy order book and continued growth of sales backlog; and
- Improvements in supply health and labour availability.

Actual results may differ from these estimates and assumptions.

### 2.3 Principles of consolidation

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

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

Inter-company transactions between subsidiaries are eliminated on consolidation.

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

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.4 Fiscal periods

| | Period from January 1, 2024 to December 29, 2024 ("Fiscal 2024") | | | Period from January 2, 2023 to December 31, 2023 ("Fiscal 2023") | | |
|---|---|---|---|---|---|---|
| | Period End Date | | # of Calendar Weeks | Period End Date | | # of Calendar Weeks |
| Quarter 1 | March 31, 2024 | ("2024 Q1") | 13 | April 2, 2023 | ("2023 Q1") | 13 |
| Quarter 2 | June 30, 2024 | ("2024 Q2") | 13 | July 2, 2023 | ("2023 Q2") | 13 |
| Quarter 3 | September 29, 2024 | ("2024 Q3") | 13 | October 1, 2023 | ("2023 Q3") | 13 |
| Quarter 4 | December 29, 2024 | ("2024 Q4") | 13 | December 31, 2023 | ("2023 Q4") | 13 |
| Fiscal year | December 29, 2024 | | 52 | December 31, 2023 | | 52 |

### 2.5 Functional and presentation currency

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

### 2.6 Provisions

The Company elected to make a voluntary change in accounting policy on the existence of warranties to provide better information to the readers of the financial statements. After a review of assurance and service-type warranties were performed, it was deemed more relevant to classify certain extended warranties as assurance-type warranties in accordance with IAS 37. As the company has applied this change in policy retrospectively, this has resulted in a prior year restatement of revenue and cost of sales of $0.7 million.

### 2.7 New standards adopted

IAS 1 – Presentation of Financial Statements

Classification of Liabilities as Current or Non-current, which amends IAS 1, was issued January 2020 and October 2022, effective for annual reporting periods beginning on or after January 1, 2024. This clarified a criterion in IAS 1 for classifying a liability as noncurrent: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. Management assessed that this standard does not have a material impact on the unaudited interim condensed consolidated financial statements and that the Company is in compliance with the required disclosure.

International Tax Reform – Pillar two model rules

In May 2023, the IASB amended IAS 12, Income Taxes, for International tax reform – Pillar two model rules. The amendments to IAS 12 have been introduced in response to the Organization for Economic Co-operation and Development's BEPS Pillar Two rules and include a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules disclosure requirements for affected entities. The mandatory temporary exception and disclosure requirements apply immediately for annual reporting periods beginning on or after January 1, 2023, which have been adopted by the Company as at December 31, 2023. Management does not believe Pillar Two legislation will have a material impact on the consolidated financial statements of the Company.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

**2.8 Standards issued but not yet adopted**

IAS 7 & IFRS 7 – Supplier financing arrangements - disclosures

In May 2023, the International Accounting Standards Board ("IASB") issued the final amendments to IAS 7 and IFRS 7 which address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and provide additional disclosure requirements for supplier finance arrangements including disclosure of the terms and conditions, range of payment due dates, and liquidity risk information. The amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet must also be disclosed.

First time adoption of the disclosure requirements under IAS 7 and IFRS 7 will be for the fiscal period ending December 29, 2024.

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

## 3. ACCOUNTS RECEIVABLE

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Trade, net of allowance for doubtful accounts (note 16e) | $ 431,158 | $ 430,261 |
| Other | 33,372 | 36,092 |
| | $ 464,530 | $ 466,353 |

## 4. INVENTORIES

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Raw materials | $ 341,019 | $ 360,575 |
| Work in process | 349,888 | 331,119 |
| Finished goods | 97,089 | 70,887 |
| | $ 787,996 | $ 762,581 |

| | 2024 Q1 | 2023 Q1 |
|---|---|---|
| Cost of inventories recognized as expense and included in cost of sales | $ 597,271 | $ 475,668 |
| Write-down of inventory to net realizable value in cost of sales | 853 | 560 |

## 5. OTHER LONG-TERM ASSETS

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Long-term restricted deposit(s) (note 16a) | $ 45,441 | $ 45,441 |
| Long-term accounts receivable | 4,838 | 5,235 |
| | $ 50,279 | $ 50,676 |

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

## 6. CURRENT PORTION OF LONG-TERM LIABILITIES

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Deferred revenue | $ 142,832 | $ 138,091 |
| Provisions (note 7) | 11,698 | 13,341 |
| Deferred compensation obligation | 356 | 1,208 |
| Obligations under leases | 17,349 | 17,959 |
| | $ 172,235 | $ 170,599 |

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

## 7. PROVISIONS

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

The restructuring provision consists of costs associated with the closure and termination of the lease in respect of the Guildford, United Kingdom ("UK") facility operated by Alexander Dennis.

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

The Company provides for onerous contracts when the unavoidable costs of meeting the contract are greater than the economic benefits expected to be received under it.

| | Insurance Risk Retention | Restructuring | Warranty | Onerous Contracts | Total |
|---|---|---|---|---|---|
| **January 1, 2023** | $ 22,527 | 7,000 $ | 63,941 | 1,786 | 95,254 |
| Additions | 20,010 | 1,523 | 46,550 | 1,661 | 69,744 |
| Amounts used/realized | (11,556) | (406) | (65,677) | (1,006) | (78,645) |
| Unused provision | (551) | (7,000) | 1,172 | (1,243) | (7,622) |
| Unwinding of discount and effect of changes in the discount rate | — | — | 15 | — | 15 |
| Exchange rate differences | (1) | 28 | (263) | 89 | (147) |
| **December 31, 2023** | $ 30,429 $ | 1,145 $ | 45,738 $ | 1,287 $ | 78,599 |
| Additions | 13,015 | 254 | 12,099 | — | 25,368 |
| Amounts used/realized | (3,431) | (101) | (19,437) | (316) | (23,285) |
| Unwinding of discount and effect of changes in the discount rate | — | — | (18) | — | (18) |
| Exchange rate differences | 1 | (12) | 25 | (10) | 4 |
| | 40,014 | 1,286 | 38,407 | 961 | 80,668 |
| Less current portion (note 6) | 1,106 | — | 10,592 | — | 11,698 |
| **March 31, 2024** | $ 38,908 | $ 1,286 $ | 27,815 $ | 961 $ | 68,970 |

## 8. INCOME TAX RECOVERY

The income tax recovery for 2024 Q1 was $6.0 million compared to $7.6 million in 2023 Q1. The decreased income tax recovery is primarily due to decreased losses before taxes, and the detrimental impact due to non-recognition of deferred tax assets associated with restricted interest in the UK. This detrimental impact is offset by partial recognition of previously unrecognized deferred tax assets associated with Canadian loss carryforwards.

The Effective Tax Rate ("ETR") for 2024 Q1 was 39.0% and the ETR for 2023 Q1 was 14.1%. The 2024 Q1 ETR is positively impacted by the recognition of previously unrecognized deferred tax assets associated with Canadian loss carryforwards, offset by the detrimental impact due to non-recognition of deferred tax assets associated with restricted interest in the UK.

## 9. SENIOR UNSECURED DEBT

On January 20, 2023, the Company finalized agreements with Manitoba Development Corporation ("MDC") for a C$50 million debt facility, for general corporate purposes, and with Export Development Canada ("EDC") for two credit facilities of up to $150 million, to support supply chain financing ("supply chain financing facility") for $50 million and surety and performance bonding requirements for new contracts ("Guarantee Facility") for up to $100 million.

On January 10, 2024, the Company amended its agreement with EDC to increase the size of the Guarantee Facility to $125 million. The amended Guarantee Facility is made up of an Account Performance Security Guarantee up to $50 million and Surety Reinsurance Support up to $125 million. The aggregate amount of the Guarantee Facility cannot exceed $125 million.

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

## 9. SENIOR UNSECURED DEBT (Continued)

The MDC agreement bears interest at a rate equal to Canadian one year benchmark bond yield plus an applicable margin. The EDC agreement bears interest at a rate equal to adjusted term Secured Overnight Financing Rate ("SOFR") plus an applicable margin to that rate.

In August 2023, as part of the Company's refinancing plan ("Refinancing Plan"), both the MDC facility and EDC supply chain financing facility were extended to April 30, 2026. The EDC bonding support facility (note 18c) has a one-year term for each new contract, subject to annual renewals. Additionally, $25 million was repaid on the EDC supply chain financing facility as a permanent reduction.

| | Face Value | Unamortized Transaction Costs | **Net Book Value March 31, 2024** | Net Book Value December 31, 2023 |
|---|---|---|---|---|
| MDC | $ 36,925 | $ 233 | $ 36,692 | $ 37,480 |
| EDC | 25,000 | 611 | 24,389 | 24,316 |
| | $ 61,925 | $ 844 | $ 61,081 | $ 61,796 |

## 10. LONG-TERM DEBT

| | Face Value | Unamortized Transaction Costs | **Net Book Value March 31, 2024** | Net Book Value December 31, 2023 |
|---|---|---|---|---|
| First lien North America ("NA") revolving credit facility, Secured ("NA Revolving Facility") | $ 131,963 | $ 11,829 | $ 120,134 | $ 113,297 |
| First lien NA term loan, Secured ("NA Non-Revolving Facility") | 400,000 | — | 400,000 | 400,000 |
| First lien UK revolving Credit Facility, Secured ("UK Revolving Facility") | 18,223 | 727 | 17,496 | — |
| First lien UK Term loan, Secured ("UK Non-Revolving Facility") | 20,477 | — | 20,477 | 19,913 |
| Government of Canada Loan | 5,101 | 885 | 4,216 | 2,827 |
| | $ 575,764 | $ 13,441 | $ 562,323 | $ 536,037 |

The NA Revolving Facility and the NA Non-Revolving Facility (together referred to as, the "North American Facility") have a total borrowing limit of $761 million, which includes a $150 million letter-of-credit facility.

There was $92.3 of million of outstanding letters-of-credit drawn against the North American Facility at March 31, 2024. The North American Facility bears interest at a rate equal to the Secured Overnight Financing Rate ("SOFR") or a U.S. base rate for loans denominated in U.S. dollars and a Canadian prime rate or bankers' acceptance rate for loans denominated in Canadian dollars, plus an applicable margin to those rates, and matures on April 30, 2026.

The UK Revolving Facility and the UK Non-Revolving Facility (together referred to as, the "UK Facility") have a total borrowing limit of £30.4 million to support AD's operations in the UK. Amounts drawn under the UK Facility bear interest at a rate equal to Sterling Overnight Index Average ("SONIA") plus an applicable margin. The UK Facility matures on April 30, 2026.

The Company entered into an agreement for up to C$10 million in interest-free financing through the Government of Canada to support facility enhancements and zero-emission product growth. The financing matures on March 1, 2030.

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

## 11. SECOND LIEN DEBT

| | Face Value | Unamortized Transaction Costs | **Net Book Value March 31, 2024** | Net Book Value December 31, 2023 |
|---|---|---|---|---|
| Second Lien Debt | $ 180,412 | $ 9,971 | $ 170,441 | $ 170,269 |
| Prepayment Option | 2,127 | — | 2,127 | 2,127 |
| | $ 182,539 | $ 9,971 | $ 172,568 | $ 172,396 |

The second lien debt financing is secured against all of the Company's assets, and bears interest at an annual coupon of 14.5%, payable semi-annually on January 2 and July 2 commencing on January 2, 2024. The second lien debt facility matures on August 1, 2028.

The Company can exercise an option to prepay a portion of the remaining principal (note 16a) at 100% of the face value plus applicable premium, expiring on the first anniversary of the debt facility. Prior to the second anniversary, the Company can exercise its option to prepay a portion of the remaining principal at 106% of the face value. Prior to the third anniversary, the Company can exercise its option to prepay a portion of the remaining principal at 103% of the face value. An option to prepay the remaining principal at par is available from the third anniversary onwards.

At inception, the prepayment option was recognized as a derivative asset with a fair value of $2.1 million. At March 31, 2024, the asset was revalued at $5.3 million. A fair market value gain of $2.6 million was recorded on the Company's unaudited interim condensed consolidated statement of net loss and comprehensive loss.

The second lien debt is financed by funds and accounts managed by Coliseum Capital Management LLC. Coliseum Capital Management also participated in an equity transaction with the Company (note 13).

## 12. CONVERTIBLE DEBENTURES

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

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

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

| | Face Value | Unamortized Transaction Costs | **Net Book Value March 31, 2024** | Net Book Value December 31, 2023 |
|---|---|---|---|---|
| Convertible Debt | $ 231,698 | $ 5,726 | $ 225,972 | $ 228,985 |
| Cash Conversion Option | 5,135 | — | 5,135 | 9,296 |
| | $ 236,833 | $ 5,726 | $ 231,107 | $ 238,281 |

## 13. SHARE CAPITAL

| | | **March 31, 2024** | | December 31, 2023 |
|---|---|---|---|---|
| Authorized - Unlimited | | | | |
| Issued – 118,978,577 Common Shares (December 31, 2023: 118,961,932) | $ | 1,240,387 | $ | 1,240,163 |

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

| Shares | Number (000s) | | Net Book Value |
|---|---|---|---|
| **Balance – December 31, 2023** | 118,962 | $ | 1,240,163 |
| Director Restricted Share Units ("Director RSU") exercised | 17 | | 217 |
| Issuance of Shares | — | | 7 |
| **Balance – March 31, 2024** | 118,979 | $ | 1,240,387 |

## 14. LOSS PER SHARE

| | | **2024 Q1** | | **2023 Q1** |
|---|---|---|---|---|
| Net loss attributable to equity holders | $ | (9,414) | $ | (45,964) |
| Weighted average number of Shares in issue | | 118,972,157 | | 77,161,510 |
| Weighted average number of Shares for diluted earnings per Share | | 118,972,157 | | 77,161,510 |
| **Net loss per Share (basic)** | $ | (0.0791) | $ | (0.5957) |
| **Net loss per Share (diluted)** | $ | (0.0791) | $ | (0.5957) |

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

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

## 15. SUPPLEMENTAL CASH FLOW INFORMATION

### Changes in non-cash working capital items

| Cash inflow (outflow) | | **2024 Q1** | | **2023 Q1** |
|---|---|---|---|---|
| Accounts receivable | $ | 375 | $ | (24,341) |
| Income tax receivable | | (399) | | 427 |
| Inventories | | (26,952) | | (104,379) |
| Prepaid expenses and deposits | | (1,943) | | 3,648 |
| Accounts payable and accrued liabilities | | 31,507 | | 39,765 |
| Deferred revenue | | 5,411 | | 54,435 |
| Provisions | | 2,070 | | (11,594) |
| Other | | (496) | | 295 |
| | $ | 9,573 | $ | (41,744) |

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

## 16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### (a) Fair value measurement of financial instruments

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

| | March 31, 2024 | | |
|---|---|---|---|
| | Fair value level | Carrying amount | Fair value |
| **Financial assets recorded at fair value** | | | |
| Cash | Level 1 | $ 68,491 | $ 68,491 |
| Long-term restricted deposit (note 5) | Level 1 | 45,441 | 45,441 |
| Foreign exchange forward contracts | Level 2 | 152 | 152 |
| Derivative financial instrument assets - current | | $ 152 | $ 152 |
| Interest Rate Swap | Level 2 | 1,453 | 1,453 |
| Prepayment Option (note 11) | Level 2 | 5,313 | 5,313 |
| Derivative financial instrument assets - long term | | $ 6,766 | $ 6,766 |
| **Financial liabilities recorded at fair value** | | | |
| Cash Conversion Option (note 12) | Level 2 | 5,135 | 5,135 |
| Derivative financial instrument liabilities - long term | | $ 5,135 | $ 5,135 |

| | December 31, 2023 | | |
|---|---|---|---|
| | Fair value level | Carrying amount | Fair value |
| **Financial assets recorded at fair value** | | | |
| Cash | Level 1 | $ 49,615 | $ 49,615 |
| Long-term restricted deposit (note 5) | Level 1 | 45,441 | 45,441 |
| Prepayment Option (note 11) | Level 2 | 2,767 | 2,767 |
| Derivative financial instrument assets – long term | | $ 2,767 | $ 2,767 |
| **Financial liabilities recorded at fair value** | | | |
| Foreign exchange forward contracts | Level 2 | 1,481 | 1,481 |
| Derivative financial instrument liabilities - current | | $ 1,481 | $ 1,481 |
| Cash Conversion Option (note 12) | Level 2 | 9,296 | 9,296 |
| Derivative financial instrument liabilities - long term | | $ 9,296 | $ 9,296 |

### (b) Risk Management

At March 31, 2024, the Company had $73.2 million of foreign exchange forward contracts to buy currencies in which the Company operates (U.S. dollars, Canadian dollars, or GBP). These foreign exchange contracts range in expiry dates from April 2024 to September 2024. The related asset of $0.2 million asset (December 31, 2023: $1.5 million liability) is recorded on the statements of financial position as a current derivative financial instruments asset and the corresponding change in the fair value of the foreign exchange forward contracts is recorded in the unaudited interim condensed consolidated statements of net loss and total comprehensive loss.

On January 26, 2024, NFI entered into an agreement for a new interest rate swap to hedge its exposure to changing interest rates. The contract has a notional value of $500 million until October 25, 2024, and thereafter a notional value of $450 million until its expiry on April 25, 2025. The swap carries an interest rate of 4.6%.

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

**16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

**(c) Liquidity[5,NG] Management**

The Company's principal sources of funds are cash generated from its operating activities, share and other issuances and borrowing capacity remaining under the NA Facility and UK Facility (collectively the "Secured Facilities").

The Company's approach to managing liquidity[NG] risk is to ensure, as far as possible, that it will always have sufficient liquidity[NG] to meet liabilities when due. At March 31, 2024, the Company had a cash balance of $68.5 million (December 31, 2023: $49.6 million), $540 million drawn under the North American Facility due in 2026 (December 31, 2023: $526 million), and $103.1 million of outstanding letters of credit (December 31, 2023: $96.6 million). As at March 31, 2024 the Company had $38 million drawn under the UK Facility (December 31, 2023: $21.0 million). The total liquidity[NG] position as at March 31, 2024 is $166.4 million, without consideration given to the minimum banking liquidity[NG] requirement under the Secured Facilities of $50.0 million. In addition, as at March 31, 2024 the Company had $49.2 million of the letters of credit outstanding outside of the North American Facility. The North American Facility has a total borrowing limit of $761 million, which includes a $150 million letter-of-credit facility. The UK Facility has a total borrowing limit of £30.4 million.

The details of the covenants under the Secured Facilities are as follows:

| | Total Leverage Ratio[1,NG] | Interest Coverage Ratio[2,NG] | Total Net Debt to Capitalization[3,NG] | Minimum Cumulative Adjusted EBITDA[4,NG] | Minimum Banking Liquidity[5,NG] | Senior Secured Net Leverage Ratio[6,NG] |
|---|---|---|---|---|---|---|
| March 2024 | Waived | Waived | <0.65:1.00 | >$47,000 | $50,000 | Waived |
| 2024 Q2 | Waived | Waived | <0.65:1.00 | >$105,000 | $50,000 | Waived |
| 2024 Q3 | <6.00x | >1.25x | N/A | N/A | $50,000 | <4.50x |
| 2024 Q4 | <4.75x | >1.50x | N/A | N/A | $50,000 | <3.50x |
| 2025 Q1 | <4.75x | >1.75x | N/A | N/A | $50,000 | <3.50x |
| 2025 Q2 | <4.25x | >2.00x | N/A | N/A | $50,000 | <3.25x |
| 2025 Q3 | <4.25x | >2.25x | N/A | N/A | $50,000 | <3.25x |
| 2025 Q4 and after | <3.75x | >2.50x | N/A | N/A | $50,000 | <3.00x |

1. Total Leverage Ratio ("TLR")[NG] is calculated as aggregate indebtedness of the Company not including the Company's 5.0% convertible debentures and certain non-financial products, but including any senior unsecured or second lien indebtedness, less unrestricted cash and cash equivalents up to a maximum of $50 million, divided by Adjusted EBITDA[NG] (calculated on a trailing twelve-month basis). The TLR[NG] is reintroduced in the third quarter of 2024.

2. Interest Coverage Ratio ("ICR")[NG] is calculated as the same trailing twelve month Adjusted EBITDA[NG] as the TLR[NG] divided by trailing twelve-month interest expense on the Secured Facilities, the Debentures, any senior unsecured or second lien indebtedness and other interest and bank charges.

3. Total Net Debt to Capitalization ("TNDC")[NG] is calculated as borrowings on the Secured Facilities and any senior unsecured or second lien indebtedness, less unrestricted cash and cash equivalents up to a maximum of $50 million, divided by shareholders' equity, as shown on the Company's balance sheet, plus borrowings on the Secured Facilities. The TNDC[NG] covenant excludes the impact of any actual goodwill write-downs up to a maximum of $100 million.

4. The Minimum Cumulative Adjusted EBITDA[NG] covenant is first tested with the month ending September 30, 2023, but includes results from the period May 1, 2023 to September 30, 2023. The covenant continues on a cumulative basis until April 30, 2024, at which point it becomes a trailing-twelve month test for the second quarter of 2024. The Minimum Adjusted EBITDA[NG] tests are based on calendar month-end dates from September 2023 to March 2024.

5. Banking Liquidity[NG] is calculated as unrestricted cash and cash equivalents plus the aggregate amount of credit available under the North American Facility.

6. Senior Secured Net Leverage[NG] will include the Secured Facilities and is calculated as indebtedness on those facilities, less unrestricted cash and cash equivalents up to a maximum of $50 million, divided by Adjusted EBITDA[NG] (calculated on a trailing twelve-month basis). The Senior Secured Net Leverage[NG] is reintroduced in 2024 Q3.

The calculation of the banking liquidity[NG] position, without consideration given to the minimum banking liquidity[NG] requirements under the Secured Facilities at March 31, 2024 is provided below. Calculation of the cumulative Adjusted EBITDA[NG] starts with 2024 first quarter results. The calculation is adjusted for the impact of the adoption of IFRS 16 in Fiscal 2019.

As at March 31, 2024, the Company was in compliance with all covenant requirements.

**16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

| US dollars in thousands | | March 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Banking Liquidity[NG] Position (must be greater than $50 million) | $ | 166,269 | $ | 170,131 |
| Minimum Cumulative Adjusted EBITDA[NG] (must be greater than $47,000 [2023: ($3,000)]) | $ | 82,935 | | 53,516 |
| Net Debt to Capital Ratio[NG] (must be less than 0.65:1.00 [2023: 0.65:1.00]) | | 0.39 | | 0.39 |

Compliance with financial covenants under the Secured Facilities is reported quarterly to the Board. Other than the requirements imposed by letters of credit collateral (note 5) and borrowing agreements, the Company is not subject to any externally imposed capital requirements. Capital management objectives are reviewed on an annual basis or when strategic capital transactions arise.

Under the terms of the Secured Facilities, the Company is not permitted to declare or pay dividends, until certain financial conditions exist. Currently dividends have been suspended and future decisions on the resumption of dividend payments will be dependent on financial performance and compliance with Secured Facility covenants.

The following table outlines the maturity analysis of the undiscounted cash flows of certain non-financial liability and committed leases as at March 31, 2024:

| US dollars in thousands | Total | 2024 | 2025 | 2026 | 2027 | 2028 | Post 2028 |
|---|---|---|---|---|---|---|---|
| Leases | $ 210,218 | $ 20,372 | $ 22,690 | $ 19,623 | $ 17,924 | $ 12,134 | $ 117,475 |
| Accrued benefit liability | 3,181 | 3,181 | | | | | |
| | $ 213,399 | $ 23,553 | $ 22,690 | $ 19,623 | $ 17,924 | $ 12,134 | $ 117,475 |

**(e) Credit risk**

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

| | | March 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Current, including holdbacks | $ | 433,763 | $ | 438,165 |
| Past due amounts but not impaired | | | | |
| 1 – 60 days | | 22,542 | | 20,123 |
| Greater than 60 days | | 8,838 | | 8,669 |
| Less: Allowance for doubtful accounts | | (613) | | (604) |
| Total accounts receivables, net | $ | 464,530 | $ | 466,353 |

As at March 31, 2024, there was no amount that would otherwise be past due or impaired whose terms have been renegotiated.

**(f) Capital management**

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

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

## 17. SEGMENT INFORMATION

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

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

The Manufacturing Operations segment has recorded vendor rebates of $282 (2023 Q1: $415), which have been recognized into earnings during 2024, but for which the full requirements for entitlement to these rebates have not yet been met.

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

There is no inter  segment revenue. Unallocated items in the consolidated earnings before income taxes primarily include unrealized foreign exchange gains or losses, interest and finance costs and corporate overhead costs.

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

Segment information about profits and assets is as follows:

| | 2024 Q1 | | | |
|---|---|---|---|---|
| | Manufacturing Operations | Aftermarket Operations | Unallocated | Total |
| Revenue from external customers | $ 562,885 | $ 159,864 | — | $ 722,749 |
| Operating costs and expenses | 582,272 | 127,080 | 28,840 | 738,192 |
| (Loss) earnings before income tax recovery | (19,387) | 32,784 | (28,840) | (15,443) |
| Total assets | 1,937,653 | 506,900 | 299,911 | 2,744,464 |
| Addition of capital expenditures | 9,034 | 231 | — | 9,265 |
| Addition of intangibles assets | 2,856 | — | — | 2,856 |
| Indefinite-life intangible assets | 244,503 | 18,531 | — | 263,034 |
| Goodwill | 223,451 | 189,222 | — | 412,673 |

| | 2023 Q1 | | | |
|---|---|---|---|---|
| | Manufacturing Operations | Aftermarket Operations | Unallocated | Total |
| Revenue from external customers | $ 386,052 | $ 139,082 | — | $ 525,134 |
| Operating costs and expenses | 435,114 | 114,266 | 29,280 | 578,660 |
| (Loss) earnings before income tax (recovery) expense | (49,062) | 24,816 | (29,280) | (53,526) |
| Total assets | 1,917,024 | 481,665 | 318,529 | 2,717,218 |
| Addition of capital expenditures | 3,989 | 66 | — | 4,055 |
| Addition of intangibles assets | 1,461 | — | — | 1,461 |
| Indefinite-life intangible assets | 244,668 | 18,398 | — | 263,066 |
| Goodwill | 222,195 | 188,444 | — | 410,639 |

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

**17. SEGMENT INFORMATION (Continued)**

The Company's revenue by geography is summarized below:

| | 2024 Q1 | 2023 Q1 |
|---|---|---|
| North America | $ 562,620 | $ 415,364 |
| UK and Europe | 149,323 | 102,264 |
| Asia Pacific | 10,806 | 7,506 |
| Total | $ 722,749 | $ 525,134 |

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

| | 2024 Q1 | 2023 Q1 |
|---|---|---|
| Transit buses | $ 449,479 | $ 271,071 |
| Motor coaches | 87,625 | 91,791 |
| Medium-duty and cutaway buses | 17,755 | 14,414 |
| Pre-owned coach | 3,235 | 5,846 |
| Infrastructure solutions | 2,713 | 451 |
| Fiberglass reinforced polymer components | 2,078 | 2,479 |
| **Manufacturing revenue** | $ 562,885 | $ 386,052 |

**18. COMMITMENTS AND CONTINGENCIES**

(a) In the normal course of business, the Company receives notice of potential legal proceedings or is named as a defendant in legal proceedings, including those that may be related to negligence, product liability, wrongful dismissal, contractual disputes or personal injury. Many claims are covered by the Company's insurance policies. Management does not currently expect any of the current claims to have a material adverse effect on the Company's financial position, results of operations or cash flows.

(b) Through the normal course of operations, the Company has indemnified the surety companies providing surety bonds ("surety bond") required under various contracts with customers. In the event that the Company fails to perform under a contract and the surety companies incur a cost on a surety bond, the Company is obligated to repay the costs incurred in relation to the claim up to the value of the bond.

The Company's guarantee under each bond issued by the surety companies expires on completion of obligations under the customer contract to which the bond relates. The estimated maturity dates of the surety bonds outstanding at March 31, 2024 range from April 2024 to December 2039.

At March 31, 2024, outstanding surety bonds guaranteed by the Company totaled $370.5 million (December 31, 2023: $312.7 million). The Company has not recorded any liability under these guarantees, as management believes that no material events of default exist under any contracts with customers.

(c) The Company has a letter of credit sub-facility of $150.0 million as part of the North American Facility (December 31, 2023: $150.0 million). As at March 31, 2024, letters of credit totaling $103.1 million (December 31, 2023: $96.6 million) remain outstanding as security for contractual obligations of the Company under the North American Facility.

The EDC facility includes up to $125 million of surety reinsurance support ("surety reinsurance support") for NFI's surety and performance bonding requirements ("bonding support facility"). The bonding support facility is made up of account performance security guarantee ("PSG") up to $50 million and surety reinsurance support up to $125 million.

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

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

**18. COMMITMENTS AND CONTINGENCIES (Continued)**

As at March 31, 2024, there was $101.3 million (December 31, 2023: $74.2 million) outstanding under the bonding support facility.

As at March 31, 2024, letters of credit in the UK totaling $11.2 million were outstanding as security obligations of the Company outside of the UK facility (December 31, 2023: $18.7 million). Additionally, there are $38.0 million (December 31, 2023: $45.8 million) of letters of credit outstanding outside of the UK Facility.

As at March 31, 2024, management believes that the Company was in compliance in all material respects with all applicable contractual obligations and the Company has not provided for any costs associated with these letters of credit.

(d) Through the normal course of operations, the Company has guaranteed payments and residual values to third-party lenders on behalf of customers. As at March 31, 2024, the Company had guaranteed $2.3 million (December 31, 2023: $2.4 million) of these arrangements. The Company has not provided for any of these costs, as it does not believe they will have to pay out on any of these arrangements.

**19. SUBSEQUENT EVENTS**

Subsequent to March 31, 2024, Manitoba Development Corporate ("MDC") and NFI Group entered into an amended agreement on its existing Senior Unsecured Debt Facility reducing the fixed interest rate to 0% per annum (December 31, 2023: SOFR plus applicable margin).

The Company has determined the above item to be a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of, and for the 13-weeks ended March 31, 2024 have not been adjusted to reflect the subsequent event.