Unaudited Interim Condensed Consolidated Financial Statements of

NFI GROUP INC.

June 30, 2024

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NFI GROUP INC.

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

13-weeks and 26-weeks ended June 30, 2024 ("2024 Q2" and "2024 Q2 YTD", respectively) and 13-weeks and 26-weeks ended July 2, 2023 ("2023 Q2" and "2023 Q2 YTD", respectively)

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

	2024 Q2	2023 Q2 restated (note 2.6)	2024 Q2 YTD	2023 Q2 YTD restated (note 2.6)
Revenue (note 17)	$ 851,233	$ 660,292	$ 1,573,982	$ 1,185,426
Cost of sales (note 4)	749,794	612,400	1,403,594	1,101,297
Gross profit	101,439	47,892	170,388	84,129
Sales, general and administration costs and other operating expenses	64,263	61,902	121,293	119,659
Foreign exchange loss (gain)	814	(2,713)	2,082	(2,484)
Earnings (loss) from operations	36,362	(11,297)	47,013	(33,046)
(Loss) gain on disposition of property, plant and equipment and right-of-use asset	(54)	(969)	43	(952)
Impairment loss on intangible assets	—	—	(1,028)	—
Loss on debt extinguishment	(234)	—	(234)	—
Unrealized foreign exchange gain (loss) on monetary items	2,625	(4,471)	8,116	(4,047)
Earnings (loss) before interest and income taxes	38,699	(16,737)	53,910	(38,045)
Interest and finance costs				
Interest on long-term debt	21,063	22,438	42,923	41,181
Interest on convertible debt	3,113	3,622	6,226	6,242
Interest on senior unsecured debt (note 9)	921	1,777	3,104	3,884
Accretion in carrying value of long-term debt (note 10)	2,323	1,290	4,614	2,657
Accretion in carrying value of convertible debt (note 12)	2,012	1,868	3,993	3,708
Accretion in carrying value of senior unsecured debt (note 9)	73	180	174	324
Interest expense on lease liability	2,742	1,639	4,868	3,143
Other interest and bank charges	2,525	636	7,493	1,582
Fair market value gain on prepayment option of second lien debt (note 11)	(550)	—	(3,096)	—
Fair market value (gain) loss on interest rate swap (note 16a)	(171)	2,008	(1,624)	7,554
Fair market value (gain) loss on cash conversion option (note 12)	(116)	4,512	(4,086)	1,913
	33,935	39,970	64,589	72,188
Earnings (loss) before income tax expense	4,764	(56,707)	(10,679)	(110,233)
Income tax expense (recovery) (note 8)	2,217	(8,606)	(3,812)	(16,168)
Net earnings (loss) for the period	$ 2,547	$ (48,101)	$ (6,867)	$ (94,065)
Other comprehensive gain (loss)				
Actuarial gain on defined benefit pension plan - this item will not be reclassified subsequently to profit or loss	3,314	3,306	8,635	349
Unrealized foreign exchange (loss) gain on translation of foreign operations - this item will not be reclassified subsequently to profit or loss	(287)	5,158	(1,923)	9,700
Net gain on equity hedge of restricted share plan	—	156	—	271
Total comprehensive earnings (loss) for the period	5,574	(39,481)	(155)	(83,745)
Net earnings (loss) per share (basic) (note 14)	$ 0.02	$ (0.62)	$ (0.06)	$ (1.22)
Net earnings (loss) per share (diluted) (note 14)	$ 0.02	$ (0.62)	$ (0.06)	$ (1.22)

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 June 30, 2024
(in thousands of U.S. dollars)

	June 30, 2024	December 31, 2023
Assets		
Current		
Cash	$ 77,445	$ 49,615
Accounts receivable (note 3, 16d)	487,203	466,353
Inventories (note 4)	835,730	762,581
Income tax receivable	2,828	26,314
Derivative financial instruments (note 16a, b)	222	—
Prepaid expenses and deposits	24,696	18,988
	1,428,124	1,323,851
Property, plant and equipment	197,902	194,474
Right-of-use asset	107,807	114,437
Derivative financial instruments (note 11, 16a, b)	7,486	2,767
Goodwill and intangible assets	964,039	976,377
Accrued benefit asset	10,430	4,337
Other long-term assets (note 5)	51,179	50,676
Deferred tax assets	40,551	33,041
	$ 2,807,518	$ 2,699,960
Liabilities		
Current		
Accounts payable and accrued liabilities	589,213	547,626
Income tax payable	2,333	—
Derivative financial instruments (note 16a, b)	—	1,481
Current portion of long-term liabilities (note 6)	230,466	179,207
	822,012	728,314
Accrued benefit liability	2,397	3,035
Obligations under leases	114,827	120,044
Deferred compensation obligation	2,232	708
Deferred revenue	40,572	30,540
Provisions (note 7)	52,410	59,140
Deferred tax liabilities	34,389	46,756
Derivative financial instruments (note 12, 16a, b)	4,968	9,296
Senior unsecured debt (note 9)	54,997	61,796
Long-term debt (note 10)	576,145	536,037
Second lien debt (note 11)	172,910	172,396
Convertible debentures (note 12)	225,628	228,985
	$ 2,103,487	$ 1,997,047
Commitments and contingencies (note 18)		
Shareholders' equity		
Share capital (note 13)	1,241,230	1,240,163
Stock option and restricted share unit reserve	13,879	13,673
Accumulated other comprehensive income	11,121	4,409
Deficit	(562,199)	(555,332)
	$ 704,031	$ 702,913
	$ 2,807,518	$ 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 June 30, 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	—	—	—	(94,065)	(94,065)
Other comprehensive gain	—	—	10,320	—	10,320
Share-based compensation, net of deferred income taxes	—	1,310	—	—	1,310
Shares issued	142	(142)	—	—	—
Balance, July 2, 2023	**$ 988,360**	**$ 12,453**	**$ 7,341**	**$ (513,233)**	**$ 494,921**
Net loss	—	—	—	(42,099)	(42,099)
Other comprehensive loss	—	—	(2,932)	—	(2,932)
Equity Transaction Cost	(10,476)	—	—	—	(10,476)
Share-based compensation, net of deferred income taxes	—	1,446	—	—	1,446
Shares issued - private placement (note 13)	170,458	—	—	—	170,458
Shares issued	91,821	(226)	—	—	91,595
Balance, December 31, 2023	**$ 1,240,163**	**$ 13,673**	**$ 4,409**	**$ (555,332)**	**$ 702,913**
Net loss	—	—	—	(6,867)	(6,867)
Other comprehensive gain	—	—	6,712	—	6,712
Equity Transaction Cost	7	—	—	—	7
Share-based compensation, net of deferred income taxes	—	1,266	—	—	1,266
Shares issued (note 13)	1,060	(1,060)	—	—	—
Balance, June 30, 2024	**$ 1,241,230**	**$ 13,879**	**$ 11,121**	**$ (562,199)**	**$ 704,031**

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 and 26-weeks ended June 30, 2024 ("2024 Q2" and "2024 Q2 YTD", respectively) and 13-weeks and 26-weeks ended July 2, 2023 ("2023 Q2" and "2023 Q2 YTD", respectively)

(in thousands of U.S. dollars)

	2024 Q2	2023 Q2 restated (note 2.6)	2024 Q2 YTD	2023 Q2 YTD restated (note 2.6)
Operating activities				
Net earnings (loss) for the period	$ 2,547	$(48,101)	$ (6,867)	$ (94,065)
Income tax expense (recovery)	2,217	(8,606)	(3,812)	(16,168)
Depreciation of property, plant and equipment	12,502	10,896	25,558	23,932
Amortization of intangible assets	8,109	7,835	16,290	15,700
Impairment loss on intangible assets	—	—	1,028	—
Share-based compensation	877	831	1,266	1,240
Interest and finance costs recognized in profit or loss	34,600	35,459	71,772	70,276
Gain on fair value adjustment for total return swap	—	(229)	—	(921)
Unrealized foreign exchange gain (loss) on monetary items	(2,625)	4,471	(8,116)	4,047
Foreign exchange (gain) loss on cash held in foreign currency	(580)	(2,405)	983	(2,590)
(Gain) Loss on fair value adjustment for cash conversion option	(116)	4,512	(4,086)	1,913
Gain on fair value adjustment for prepayment option	(550)	—	(3,096)	—
Loss (Gain) on disposition of property, plant and equipment	54	969	(43)	952
Loss on debt extinguishment	234	—	234	—
Past service costs	—	—	—	4,764
Defined benefit expense	649	779	1,592	1,392
Defined benefit funding	(674)	(454)	(1,500)	(1,271)
Cash generated by operating activities before non-cash working capital items and interest and income taxes paid	57,244	5,957	91,202	9,201
Changes in non-cash working capital items (note 15)	(22,111)	(11,284)	(12,538)	(53,028)
Cash generated by (used in) operating activities before interest and income taxes paid	35,133	(5,327)	78,664	(43,827)
Interest paid	(11,919)	(27,957)	(45,100)	(57,203)
Income taxes recovered	6,519	19,509	9,524	20,876
Net cash generated by (used in) operating activities	29,733	(13,775)	43,088	(80,154)
Financing activities				
Repayment of obligations under lease	(6,002)	(5,283)	(12,511)	(10,361)
(Repayment) proceeds from revolving credit facilities	(4,848)	22,372	19,086	38,369
Share issuance costs	—	—	7	—
Proceeds from senior unsecured debt	—	—	—	86,996
Net cash (used in) generated by financing activities	(10,850)	17,089	6,582	115,004
Investing activities				
Acquisition of intangible assets	(4,375)	(2,583)	(7,231)	(4,044)
Proceeds from disposition of property, plant and equipment	137	66	857	205
Investment in long-term restricted deposits	—	—	—	(18,024)
Acquisition of property, plant and equipment (note 17)	(6,271)	(5,089)	(14,483)	(8,076)
Net cash used in investing activities	(10,509)	(7,606)	(20,857)	(29,939)
Effect of foreign exchange rate on cash	580	2,405	(983)	2,590
Increase (decrease) in cash	8,954	(1,887)	27,830	7,501
Cash — beginning of period	68,491	59,375	49,615	49,987
Cash — end of period	$ 77,445	$ 57,488	$ 77,445	$ 57,488

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

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

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 July 31, 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").

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.

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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.5 Functional and presentation currency

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

2.6 Provisions

In Q4 2023, the Company elected to make a change in accounting policy on the existence of warranties. After a review of assurance and service-type warranties was performed, it was deemed more relevant to classify certain extended warranties as assurance-type warranties in accordance with IAS 37 – Provisions, contingent liabilities and contingent assets. As the company has applied this change in policy retrospectively, this has resulted in a 2023 Q2 restatement of quarterly revenue and cost of sales of $0.7 million and 2023 Q2 YTD revenue and cost of sales of $1.4 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.

On June 20, 2024, Bill C-69, *An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024*, received third reading in the House of Commons and became substantively enacted for Canadian financial reporting purposes. Bill C-69 includes the Pillar Two rules published by the Organization for Economic Co-operation and Development ("OECD") and applies to fiscal years beginning on or after December 31, 2023 (January 1, 2024 for the Corporation). The Pillar Two model rules impose a 15% global minimum tax applicable to large multinational enterprises, to be applied in each country. The Corporation continues to assess its potential exposure to the income tax resulting from these rules and does not expect any material impact on its consolidated financial statements. No amount of current tax arising under Pillar Two tax has been accrued in these interim financial statements.

The enacted Pillar Two legislation in both the UK and Canada, as well as the proposed Pillar Two legislation in certain jurisdictions the Company operates in is not expected to have a significant impact on the consolidated financial statements of the Company.

2.8 Standards issued but not yet adopted

IAS 7 & IFRS 7 – Supplier financing arrangements - disclosures

In May 2023, the IASB issued the final amendments to IAS 7 – Statement of cash flows and IFRS 7 – Financial instruments: disclosures 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

	June 30, 2024	December 31, 2023
Trade, net of allowance for doubtful accounts (note 16e)	$ 455,511	$ 430,261
Other	31,692	36,092
	$ 487,203	$ 466,353

4. INVENTORIES

	June 30, 2024	December 31, 2023
Raw materials	$ 370,917	$ 360,575
Work in process	393,607	331,119
Finished goods	71,206	70,887
	$ 835,730	$ 762,581

	2024 Q2	2023 Q2	2024 Q2 YTD	2023 Q2 YTD
Cost of inventories recognized as expense and included in cost of sales	$ 716,872	$ 591,266	$ 1,342,889	$ 1,066,934
Write-down of inventory to net realizable value in cost of sales	78	1,027	932	1,586

5. OTHER LONG-TERM ASSETS

	June 30, 2024	December 31, 2023
Long-term restricted deposit(s) (note 16a)	$ 46,746	$ 45,441
Long-term accounts receivable	4,433	5,235
	$ 51,179	$ 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

	June 30, 2024	December 31, 2023
Deferred revenue	$ 183,183	$ 138,091
Provisions (note 7)	26,934	19,459
Deferred compensation obligation	3,794	3,698
Obligations under leases	16,555	17,959
	$ 230,466	$ 179,207

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

The other category includes the restructuring provision consisting of costs associated with the closure and termination of the lease in respect of the Guildford, United Kingdom ("UK") facility operated by Alexander Dennis, the lease will be terminated in May 2025. It also includes a provision 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	Warranty	Other	Total
January 1, 2023	$ 22,527	$ 63,941	$ 8,786	$ 95,254
Additions	20,010	46,550	3,184	69,744
Amounts used/realized	(11,556)	(65,677)	(1,412)	(78,645)
Unused provision	(551)	1,172	(8,243)	(7,622)
Unwinding of discount and effect of changes in the discount rate	—	15	—	15
Exchange rate differences	(1)	(263)	117	(147)
December 31, 2023	$ 30,429	$ 45,738	$ 2,432	$ 78,599
Additions	13,416	35,565	666	49,647
Amounts used/realized	(6,636)	(40,914)	(1,799)	(49,349)
Unused provision	380	—	—	380
Unwinding of discount and effect of changes in the discount rate	—	(10)	—	(10)
Exchange rate differences	3	93	(19)	77
	37,592	40,472	1,280	79,344
Less current portion (note 6)	849	24,805	1,280	26,934
June 30, 2024	$ 36,743	$ 15,667	$ —	$ 52,410

8. INCOME TAX EXPENSE

The income tax expense for 2024 Q2 was $2.2 million compared to a recovery of $8.6 million in 2023 Q2. The increased income tax expense is primarily due to increased earnings before tax.

The income tax recovery for 2024 Q2 YTD is $3.8 million, compared to a recovery of $16.2 million in 2023 Q2 YTD. The decrease in the overall income tax recovery is primarily due to a reduced loss before tax, offset by the re-recognition of deferred tax assets associated with Canadian loss carry-forwards.

The Effective Tax Rate ("ETR") for 2024 Q2 was 46.6% and the ETR for 2023 Q2 was 15.2%. The ETR for 2024 Q2 YTD was 35.7% and the ETR for 2023 Q2 YTD was 14.7%. The 2023 Q2 ETR and the 2023 Q2 YTD ETR were detrimentally impacted by the non-recognition of deferred tax assets associated with Canadian loss carry-forwards, and 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 ("PSG") up to $50 million and Surety Reinsurance Support up to $75 million.

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

9. SENIOR UNSECURED DEBT (Continued)

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 required by EDC to be repaid on the supply chain financing facility as a permanent reduction.

In April 2024, MDC and the Company 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).

	Face Value	Unamortized Transaction Costs	**Net Book Value June 30, 2024**	Net Book Value December 31, 2023
MDC	$ 36,544	$ —	$ 36,544	$ 37,480
Unamortized interest benefit	(6,010)	—	(6,010)	—
EDC	25,000	537	24,463	24,316
	$ 55,534	$ 537	$ 54,997	$ 61,796

10. LONG-TERM DEBT

	Face Value	Unamortized Transaction Costs	**Net Book Value June 30, 2024**	Net Book Value December 31, 2023
First lien North America ("NA") revolving credit facility, Secured ("NA Revolving Facility")	$ 142,470	$ 10,460	$ 132,010	$ 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	640	17,583	—
First lien UK Term loan, Secured ("UK Non-Revolving Facility")	20,516	—	20,516	19,913
Government of Canada Loan	7,236	1,200	6,036	2,827
	$ 588,445	$ 12,300	$ 576,145	$ 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 $93.9 million of outstanding letters-of-credit drawn against the North American Facility at June 30, 2024. The North American Facility bears interest at a rate equal to the 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 the MCI Winnipeg facility enhancements and zero-emission product development and 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 June 30, 2024**	Net Book Value December 31, 2023
Second Lien Debt	$ 180,412	$ 9,629	$ 170,783	$ 170,269
Prepayment Option	2,127	—	2,127	2,127
	$ 182,539	$ 9,629	$ 172,910	$ 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 of every year 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 June 30, 2024, the asset was revalued at $5.9 million. A fair market value gain of $0.6 million was recorded on the Company's unaudited interim condensed consolidated statement of net earnings (loss) and total comprehensive earnings (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 in 2023.

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 June 30, 2024**	Net Book Value December 31, 2023
Convertible Debt	$ 230,824	$ 5,196	$ 225,628	$ 228,985
Cash Conversion Option	4,968	—	4,968	9,296
	$ 235,792	$ 5,196	$ 230,596	$ 238,281

13. SHARE CAPITAL

		June 30, 2024		December 31, 2023
Authorized - Unlimited				
Issued - 119,021,723 Common Shares (December 31, 2023: 118,961,932)	$	1,241,230	$	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	60		1,060
Issuance of Shares	—		7
Balance – June 30, 2024	119,022	$	1,241,230

14. EARNINGS (LOSS) PER SHARE

		2024 Q2		2023 Q2		2024 Q2 YTD		2023 Q2 YTD
Net earnings (loss) attributable to equity holders	$	2,547	$	(48,101)	$	(6,867)	$	(94,065)
Weighted average number of Shares in issue		118,997,650		77,174,517		118,984,904		77,168,014
Weighted average number of Shares for diluted earnings per Share		119,130,066		77,174,517		118,984,904		77,168,014
Net earnings (loss) per Share (basic)	$	0.0214	$	(0.6233)	$	(0.0577)	$	(1.2190)
Net earnings (loss) per Share (diluted)	$	0.0214	$	(0.6233)	$	(0.0577)	$	(1.2190)

Basic earnings (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 earnings (loss) per Share is calculated using the same method as basic earnings (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 Q2		2023 Q2		2024 Q2 YTD		2023 Q2 YTD
Accounts receivable	$	(21,223)	$	(98,178)	$	(20,850)	$	(122,519)
Income tax receivable		(2,793)		(1,679)		(3,192)		(1,252)
Inventories		(48,925)		9,001		(75,877)		(95,378)
Prepaid expenses and deposits		(3,765)		(4,105)		(5,708)		(457)
Accounts payable and accrued liabilities		10,083		52,098		41,591		91,863
Income tax payable		2,333		—		2,333		—
Deferred revenue		49,713		20,065		55,124		74,500
Provisions		(1,325)		10,868		745		(726)
Other		(6,209)		646		(6,704)		941
	$	(22,111)	$	(11,284)	$	(12,538)	$	(53,028)

(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.

	June 30, 2024		
	Fair value level	Carrying amount	Fair value
Financial assets recorded at fair value			
Cash	Level 1	$ 77,445	$ 77,445
Long-term restricted deposit (note 5)	Level 1	46,746	46,746
Foreign exchange forward contracts	Level 2	222	222
Derivative financial instrument assets - current		$ 222	$ 222
Interest Rate Swap	Level 2	1,623	1,623
Prepayment Option (note 11)	Level 2	5,863	5,863
Derivative financial instrument assets - long term		$ 7,486	$ 7,486
Financial liabilities recorded at fair value			
Cash Conversion Option (note 12)	Level 2	4,968	4,968
Derivative financial instrument liabilities - long term		$ 4,968	$ 4,968

	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 June 30, 2024, the Company had $66.8 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 July 2024 to December 2024. The related asset of $0.2 million (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 earnings (loss) and total comprehensive earnings (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 June 30, 2024, the Company had a cash balance of $77.4 million (December 31, 2023: $49.6 million), $535 million drawn under the North American Facility due in 2026 (December 31, 2023: $526 million), and $93.9 million of outstanding letters of credit (December 31, 2023: $96.6 million). As at June 30, 2024 the Company had $39 million drawn under the UK Facility (December 31, 2023: $21.0 million). The total liquidity[NG] position as at June 30, 2024 is $178.7 million, without consideration given to the minimum banking liquidity[NG] requirement under the Secured Facilities of $50.0 million. In addition, as at June 30, 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]
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 will be in effect 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 with respect to 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 June 30, 2024 is provided below. Calculation of the cumulative Adjusted EBITDA[NG] commenced with 2023 Q3 results. The calculation is adjusted for the impact of the adoption of IFRS 16 in Fiscal 2019.

As at June 30, 2024, the Company was in compliance with all covenant requirements.

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

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

	June 30, 2024	December 31, 2023
Banking Liquidity[NG] Position (must be greater than $50 million)	$ 178,744	$ 170,131
Minimum Cumulative Adjusted EBITDA[NG] (must be greater than $105,000 [2023: ($3,000)])	125,974	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 June 30, 2024:

	Total	2024	2025	2026	2027	2028	Post 2028
Leases	$ 213,113	$ 13,989	$ 23,021	$ 20,223	$ 18,422	$ 12,437	$ 125,021
Accrued benefit liability	3,143	3,143					
	$ 216,256	$ 17,132	$ 23,021	$ 20,223	$ 18,422	$ 12,437	$ 125,021

(d) Credit risk

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

	June 30, 2024	December 31, 2023
Current, including holdbacks	$ 454,214	$ 438,165
Past due amounts but not impaired		
1 - 60 days	21,137	20,123
Greater than 60 days	12,445	8,669
Less: Allowance for doubtful accounts	(593)	(604)
Total accounts receivables, net	$ 487,203	$ 466,353

As at June 30, 2024, there was no amount that would otherwise be past due or impaired whose terms have been renegotiated.

(e) Capital management

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

(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 - Operating segments, the Company's bus/coach manufacturing operations and medium-duty/cutaway manufacturing operations fall under a single reportable segment. Aggregation of these operating segments is based on the segments having similar economic characteristics with similar long-term average returns, products and services, production methods, distribution and regulatory environment.

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

There is no inter segment revenue. 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 Q2			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	$ 689,567	$ 161,666	—	$ 851,233
Operating costs and expenses	679,974	131,520	34,975	846,469
Earnings (loss) before income tax expense	9,593	30,146	(34,975)	4,764
Total assets	1,987,360	511,732	308,426	2,807,518
Addition of capital expenditures	6,008	263	—	6,271
Addition of intangibles assets	4,375	—	—	4,375
Indefinite-life intangible assets	245,559	18,540	—	264,099
Goodwill	223,470	189,274	—	412,744

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

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

17. SEGMENT INFORMATION (Continued)

	2023 Q2			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers (note 2.6)	$ 522,723	$ 137,569	—	$ 660,292
Operating costs and expenses (note 2.6)	555,352	112,544	49,103	716,999
(Loss) earnings before income tax recovery	(32,629)	25,025	(49,103)	(56,707)
Total assets	2,005,998	485,809	312,257	2,804,064
Addition of capital expenditures	4,978	111	—	5,089
Addition of intangibles assets	2,583	—	—	2,583
Indefinite-life intangible assets	244,668	18,398	—	263,066
Goodwill	223,532	189,438	—	412,970

	2023 Q2 YTD			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers (note 2.6)	$ 908,775	$ 276,651	—	$ 1,185,426
Operating costs and expenses (note 2.6)	990,465	226,811	78,383	1,295,659
(Loss) earnings before income tax recovery	(81,690)	49,840	(78,383)	(110,233)
Total assets	2,005,998	485,809	312,257	2,804,064
Addition of capital expenditures	7,899	177	—	8,076
Addition of intangibles assets	4,044	—	—	4,044
Indefinite-life intangible assets	244,668	18,398	—	263,066
Goodwill	223,532	189,438	—	412,970

The Company's revenue by geography is summarized below:

	2024 Q2	2023 Q2 (note 2.6)	2024 Q2 YTD	2023 Q2 YTD (note 2.6)
North America	$ 693,143	$ 520,349	$ 1,255,763	$ 935,712
UK and Europe	150,387	131,321	299,710	233,585
Asia Pacific	7,703	8,622	18,509	16,129
Total	$ 851,233	$ 660,292	$ 1,573,982	$ 1,185,426

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

	2024 Q2	2023 Q2 (note 2.6)	2024 Q2 YTD	2023 Q2 YTD (note 2.6)
Transit buses	$ 547,630	$ 421,313	$ 997,109	$ 692,384
Motor coaches	113,064	81,048	200,689	172,839
Medium-duty and cutaway buses	19,205	9,153	36,960	23,567
Pre-owned coach	2,206	5,783	5,441	11,629
Infrastructure solutions	4,402	3,521	7,115	3,972
Fiberglass reinforced polymer components	3,060	1,905	5,138	4,384
Manufacturing revenue	$ 689,567	$ 522,723	$ 1,252,452	$ 908,775

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 June 30, 2024 range from August 2024 to December 2039.

At June 30, 2024, outstanding surety bonds guaranteed by the Company totaled $318.1 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 June 30, 2024, letters of credit totaling $93.9 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 $75 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.

As at June 30, 2024, there was $100.4 million (December 31, 2023: $74.2 million) outstanding under the bonding support facility.

As at June 30, 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 June 30, 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 June 30, 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

On July 17, 2024, NFI entered into an amended agreement with EDC to increase the size of its Guarantee Facility from $125 million to $145 million. The amended Guarantee Facility is made up of an Account Performance Security Guarantee of up to $90 million (previously $50 million) and Surety Reinsurance Support up to $55 million (previously $75 million).