



NFI

Financial Results 2025 First Quarter

May 8, 2025

Notes to readers

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE 13-WEEKS AND 52-WEEKS ENDED March 30, 2025

Information in this Management's Discussion and Analysis ("MD&A") relating to the financial condition and results of operations of NFI Group Inc. and its subsidiaries (collectively referred to as "NFI" or the "Company") is supplemental to, and should be read in conjunction with, NFI's unaudited interim condensed consolidated financial statements (including notes) (the "Financial Statements") for the 13-week and 52-week period ended March 30, 2025 and the 52-week period ended December 29, 2024 and has been prepared as of May 8, 2025.

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

QUARTERLY AND ANNUAL REPORTING PERIODS

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

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

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

Notes to readers

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

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

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

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

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

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

NFI's mobility solutions

Workforce Development + Training



VEHICLE
INNOVATION
CENTER



Institute



MCI Academy
Training for Advancing Technology



Learning
Institute

Infrastructure Solutions



Infrastructure
Solutions™

Financing



Financial
Solutions™

Buses + Coaches



Connected Vehicles + Diagnostics



Connect™



Parts, Publications + Service



Service



nfi.parts

Leaders in Propulsion-Agnostic Mobility Solutions



60+

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

44

Facilities Across the Group



13

Countries with an NFI vehicle in service

~8,900

Team Members Globally



16,527 EUs

of combined firm (6,236) and option (10,291) backlog^{NG}

\$13.7B

Value of total firm (\$4.9B) and option (\$8.8B) backlog^{NG}



265M+

Electric Service Miles Driven

36.5%

of total backlog^{NG} is ZEB EUs

630+

EV chargers delivered via Infrastructure SolutionsTM since 2018

97+

Megawatts charging capacity delivered via Infrastructure SolutionsTM since 2018

Financial Highlights for 2025 First Quarter

\$841.4M

Total Revenue

\$94.0M

Gross Profit

\$62.7M

Adjusted EBITDA⁽¹⁾

\$4.4M

Free Cash Flow ⁽¹⁾

(\$0.05)

Net Loss Per Share

6,591 EUs

in LTM New Orders

6,236 EUs

In Firm Backlog⁽²⁾

1,028

EUs Delivered

(\$6.5M)

Net loss

\$40.8M

Cash Flow generated by operating activities

\$127.9M

Total Liquidity ⁽²⁾⁽³⁾

\$0.02

Adjusted Net Earnings Per Share⁽⁴⁾

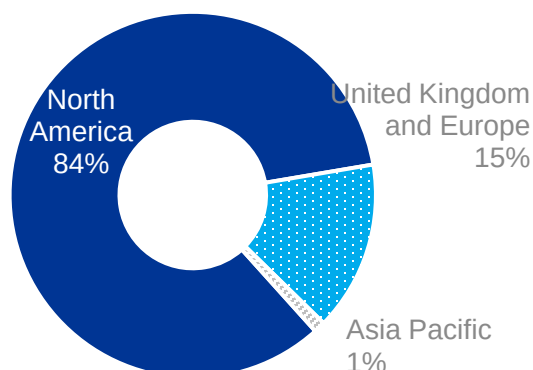
5,306 EUs

Active Bids

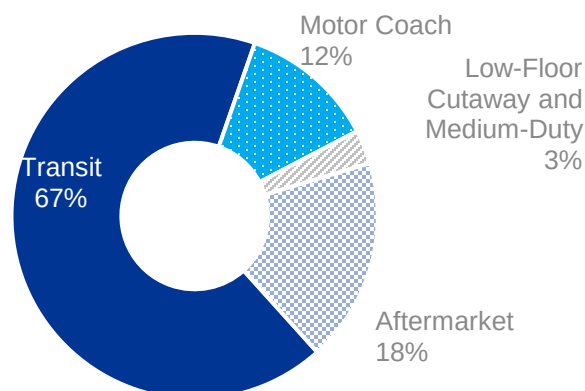
10,291 EUs

In Option Backlog⁽²⁾

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



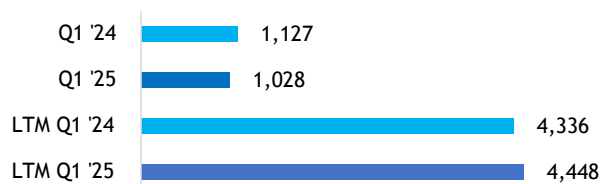
Q1 Revenue by Geography



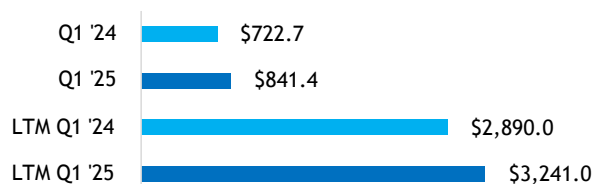
Q1 Revenue by Product

Key Performance Indicators

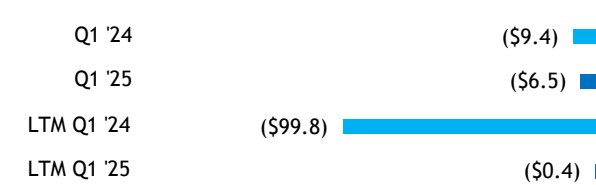
Deliveries (EUs)



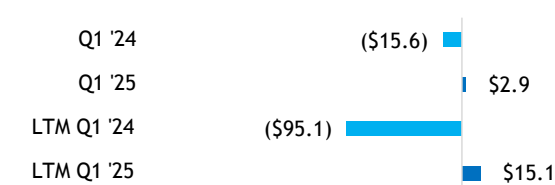
Revenue (\$ millions)



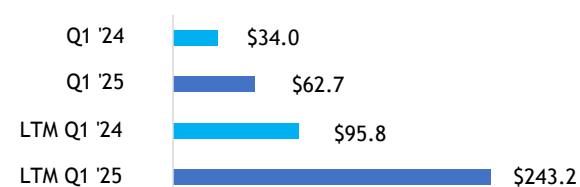
Net Loss (\$ millions)



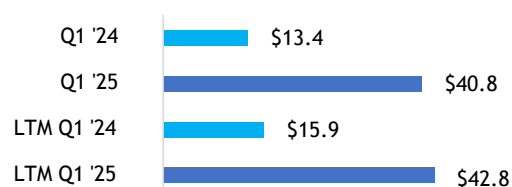
Adjusted Net (Loss) Earnings^{NG} (\$ millions)



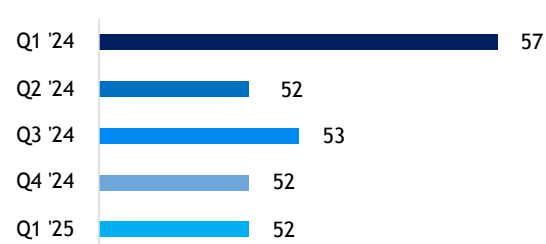
Adjusted EBITDA^{NG} (\$ millions)



Net cash generated by operating activities (\$ millions)



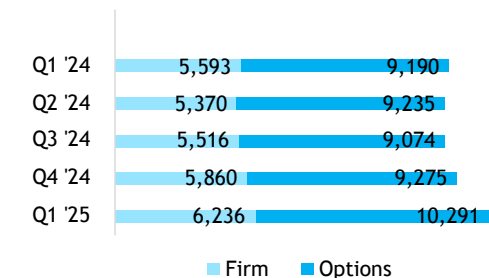
Working Capital Days^{NG}



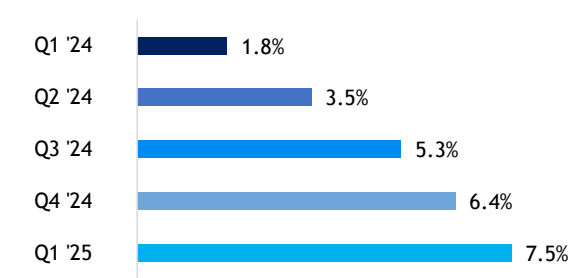
Total Liquidity^{NG} (\$ millions)



Backlog^{NG} (EUs)



ROIC^{NG}



Financial Results

During the first quarter of 2025, NFI saw improvements with increases in the average sale price of its buses and coaches, and their associated per unit gross margin, Adjusted EBITDA^{NG} and net income metrics. In the first quarter of 2025, NFI realized its highest number of ZEB deliveries in Company history, with over one third of delivered buses being ZEB models. The Company saw some improvements in overall seat supply performance, although quarterly results were adversely impacted with delays in planned deliveries and increases in raw material and work-in-process inventory. The Company continues to work closely with the affected supplier on their total recovery plan. The Aftermarket segment delivered another quarter of strong performance, even as it saw some decrease from the same period in 2024, primarily related to the timing of retrofit and midlife extension programs in North America and parts purchases in international markets.

The Company's end markets remain healthy, with significant order and award activity, a robust public bid environment, and an improved contractual environment in North America.

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

Deliveries (EUs)	2025 Q1	2024 Q1	% Change	2025 Q1 LTM	2024 Q1 LTM	% Change
Transit buses	732	841	(13.0 %)	3,149	3,278	(3.9 %)
Motor coaches	134	140	(4.3 %)	661	626	5.6 %
Medium-duty and cutaway	162	146	11.0 %	638	432	47.7 %
New vehicle deliveries	1,028	1,127	(8.8 %)	4,448	4,336	2.6 %
Pre-owned coach	27	83	(67.5 %)	97	211	(54.0 %)
Zero-emission deliveries (included in the above totals)	348	201	73.1 %	1,183	913	29.6 %
Zero-emission deliveries as a percentage of total new vehicle deliveries	33.9 %	17.8 %	90.4 %	26.6 %	21.1 %	26.3 %

Revenue (\$ millions)	2025 Q1	2024 Q1	% Change	2025 Q1 LTM	2024 Q1 LTM	% Change
Transit buses	550.3	449.5	22.4 %	2,029.4	1,832.8	10.7 %
Motor coaches	97.2	87.6	11.0 %	442.3	386.7	14.4 %
Medium-duty and cutaway	23.6	17.7	33.3 %	83.1	54.0	53.9 %
Total New Vehicle Revenue	671.1	554.8	21.0 %	2,554.8	2,273.5	12.4 %
Pre-owned coach	3.7	3.2	14.8 %	16.4	19.0	(13.6 %)
Infrastructure Solutions™	10.9	2.7	304.9 %	34.4	13.3	158.8 %
Fiberglass reinforced polymer components	3.1	2.1	47.5 %	11.3	8.5	32.4 %
Manufacturing Revenue	688.8	562.8	22.4 %	2,616.9	2,314.3	13.1 %
Aftermarket	152.6	159.9	(4.6 %)	624.1	575.7	8.4 %
Total Revenue	841.4	722.7	16.4 %	3,241.0	2,890.0	12.1 %
North America	709.8	562.6	26.2 %	2,599.8	2,266.5	14.7 %
United Kingdom and Europe	122.7	149.3	(17.8 %)	600.3	570.5	5.2 %
Asia Pacific	8.9	10.8	(17.2 %)	40.9	53.0	(22.8 %)

Manufacturing revenue for 2025 Q1 increased by \$126.1 million, or 22.4 %, compared to 2024 Q1. This increase was mainly due to favourable product mix within Transit, including higher ZEB deliveries, and increased medium-duty and low-floor cutaway bus deliveries.

In 2025 Q1, Manufacturing deliveries decreased by 99 EUs, or 8.8 % from 2024 Q1. In 2025 Q1, Transit deliveries were impacted by seat supply, labour production efficiency and lower UK volumes. Overall, zero-emission bus and coach deliveries for 2025 Q1 increased by 73.1 % from 2024 Q1. On an LTM basis, ZEB deliveries were 1,183 compared to 913 in 2024 Q1 LTM. This represents the highest quarterly and LTM ZEB deliveries in Company history. ZEBs as a percentage of total new vehicle deliveries increased to 33.9 % in 2025 Q1 from 17.8 % in 2024 Q1. Transit is the primary driver of ZEB deliveries with fewer electric propulsion deliveries in coach and low-floor cutaways.

Quarterly revenue of the Company's Infrastructure Solutions™ division was \$10.9 million for 2025 Q1, an increase of \$8.2 million from 2024 Q1. The increase is primarily due to the timing of delivery and completion of open contracts. Since its inception, Infrastructure Solutions™ has been responsible for the delivery of 523 depot plug-in, 108 overhead charger projects, and 40 on-route charger projects, for 72 different customers. Infrastructure Solutions™ has 28 active projects under contract, with 3 new projects added in 2025 Q1, including the first 1,440 KW charger and the first hydrogen fueling station turnkey project.

Aftermarket revenue for 2025 Q1 decreased by \$7.3 million, or 4.6 %, compared to 2024 Q1. The decrease is mainly related to reduced sales volume when compared to the record sales volume achieved in 2024 Q1.

Net Earnings (Loss) (\$ millions, except per share amounts)						
	2025 Q1	2024 Q1	% Change	2025 Q1 LTM	2024 Q1 LTM	% Change
Manufacturing	7.2	(13.4)	154.1 %	24.6	(68.3)	136.0 %
Aftermarket	26.7	32.8	(18.5 %)	113.5	109.7	3.5 %
Corporate	(40.5)	(28.8)	(40.5 %)	(138.5)	(141.2)	1.9 %
Net Loss	(6.5)	(9.4)	31.0 %	(0.4)	(99.8)	99.6 %
Adjusted Net Earnings (Loss) ^{NG}	2.9	(15.6)	118.6 %	15.1	(95.1)	115.9 %
Net Loss per Share	(0.05)	(0.08)	37.5 %	(0.00)	(0.98)	100.0 %
Adjusted Net Earnings (Loss) per Share ^{NG}	0.02	(0.13)	115.4 %	0.13	(0.93)	114.0 %

Adjusted EBITDA ^{NG} (\$ millions)						
	2025 Q1	2024 Q1	% Change	2025 Q1 LTM	2024 Q1 LTM	% Change
Manufacturing	33.2	(2.2)	1610.5 %	119.7	(21.2)	664.6 %
Aftermarket	33.0	37.5	(11.9 %)	135.1	128.2	5.4 %
Corporate	(3.6)	(1.3)	(175.7 %)	(11.6)	(11.2)	(3.6 %)
Total Adjusted EBITDA ^{NG}	62.7	34.0	84.4 %	243.2	95.8	153.9 %

Adjusted EBITDA^{NG} as a percentage of revenue

Manufacturing	4.8 %	(0.4 %)	1300.0 %	4.6 %	(0.9 %)	611.1 %
Aftermarket	21.7 %	23.5 %	(7.7 %)	21.6 %	22.3 %	(3.1 %)
Total	7.5 %	4.7 %	59.6 %	7.5 %	3.3 %	127.3 %

In 2025 Q1, Manufacturing operations experienced net earnings of \$7.2 million compared to net loss of \$13.4 million in 2024 Q1. The increase was driven by the improved revenue and margin profile from NA Transit operations, as 2024 Q1 was adversely affected by legacy inflation impacted contracts. This was offset by the lower sales from UK bus operations, as a result of increased competition and delivery timing. Manufacturing operations achieved Adjusted EBITDA^{NG} of \$33.2 million, an increase of \$35.4 million, compared to 2024 Q1 Adjusted EBITDA^{NG} Loss of \$2.2 million. The increase in Manufacturing Adjusted EBITDA^{NG} from 2024 Q1 to 2025 Q1 was primarily due to greater

overall gross margins, favourable sales mix, and the impact of a \$10.6 million adjustment for non-recurring labour and overhead costs. The increase in 2025 Q1 LTM Manufacturing net earnings and the increase in 2025 Q1 LTM Manufacturing Adjusted EBITDA^{NG} are primarily attributable to the same items that impacted quarterly results.

The 2025 Q1 Aftermarket segment net earnings decreased by \$6.1 million, or 18.5 %, compared to 2024 Q1. The decrease was mostly driven by lower volumes as NFI delivered record program revenue in 2024 Q1 from North America midlife retrofit projects. In 2025 Q1, the Aftermarket segment had an Adjusted EBITDA^{NG} of \$33.0 million, a \$4.5 million, or 11.9 %, year-over-year decrease, primarily due to lower program sales volume. Increases in Aftermarket net earnings and increases in Adjusted EBITDA^{NG} for 2025 Q1 LTM are primarily due to the same items that impacted quarterly increases.

The 2025 Q1 Corporate net loss increased by \$11.7 million compared to 2024 Q1 mainly due to increased operating expenses, interest and financing costs as well as lower realized foreign exchange gains. Corporate Adjusted EBITDA^{NG} decreased by \$2.3 million compared to 2024 Q1, primarily due to increased operating expenses in 2025 Q1 as discussed in the results from operations section on page 19. 2025 Q1 Corporate net loss increased due to the same items that impacted quarterly results. The 2025 Q1 LTM Corporate Adjusted EBITDA^{NG} decreased due to the same items that impacted quarterly results.

Net cash generated by operating activities and Free Cash Flow ^{NG} (\$ millions, except per share amounts)						
	2025 Q1	2024 Q1	% Change	2025 Q1 LTM	2024 Q1 LTM	% Change
Net cash generated by operating activities	40.8	13.4	204.5 %	42.8	15.9	169.2 %
Free Cash Flow ^{NG}	4.4	(21.5)	120.5 %	8.1	(92.7)	108.7 %
Free Cash Flow ^{NG} (CAD dollars)	6.3	(29.1)	121.6 %	11.3	(124.9)	109.0 %
Free Cash Flow per Share ^{NG} (CAD dollars)	0.05	(0.24)	120.8 %	0.10	(1.22)	108.2 %

Cash generated by operating activities in 2025 Q1 was \$40.8 million, an increase of \$27.4 million, or 204.5 %, compared to cash generated by operating activities in 2024 Q1 of \$13.4 million. This increase in cash was primarily driven by decreases in working capital balances, such as inventory and accounts receivable due to the receivable financing program. The 2025 Q1 LTM net cash generated by operating activities increased by 169.2 % compared to 2024 Q1 LTM, primarily due to significant decreases in net losses, and an increase in cash provided by working capital, partially offset by cash capital expenditures.

Free Cash Flow^{NG} in 2025 Q1 increased by \$25.9 million, or 120.5 %, compared to 2024 Q1, mainly due to an increase in cash generated by operating activities.

	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Working Capital Days ^{NG}	52	52	53	52	57
Total Liquidity ^{NG} (\$ million)	\$127.9	\$126.8	\$145.8	\$178.7	\$166.4
Backlog ^{NG} (EUs)	16,527	15,135	14,590	14,605	14,783
ROIC ^{NG}	7.5 %	6.4 %	5.3 %	3.5 %	1.8 %

As part of the Company's increased focus on cash generation and leverage reduction, the Company is actively pursuing activities to reduce Working Capital Days^{NG}. At the end of 2025 Q1, Working Capital Days^{NG} were 52, the same level as of 2024 Q4, and down from 57 at the end of 2024 Q1. The year-over-year decrease in Working Capital Days is mainly attributable to the Company's successful efforts in achieving advance payments and milestone billing payment contract structures with customers, and extended payment terms with certain suppliers. Offsetting this positive improvement was higher work-in-progress inventory reflecting the impact of seat supply disruption on North American transit deliveries. As the Company continues to ramp up production, NFI is continuing to focus efforts on lowering work-in-process inventory by resolving its supplier challenges and accelerating customer acceptance programs to lower working capital balances and improve Working Capital Days^{NG}.

The Company's Total Liquidity^{NG} position, which combines cash on-hand, plus available capacity under its First Lien Secured Facilities, without consideration given to the minimum banking liquidity^{NG} requirement of \$50 million under the First Lien Secured Facilities (which has been waived until March 30, 2025), was \$127.9 million at the end of 2025 Q1, an increase of \$1.1 million, or 0.9 % from 2024 Q4. The increase in the Total liquidity^{NG} position was due to increased milestone billings and advance payments reflected in the Company's deferred revenue balances.

At the end of 2025 Q1, the Company's total backlog^{NG} (firm orders and options) of 16,527 EUs continued to grow with a 9.2 % increase compared to 15,135 EUs at the end of 2024 Q4. The quarter-over-quarter increase was driven primarily by NFI recording strong levels of new orders in 2025 Q1. Backlog^{NG} at the end of 2025 Q1 had a total dollar value of \$13.7 billion.

The 2025 Q1 ROIC^{NG} increased by 5.7 % to 7.5 % from 2024 Q1, due to the increase in Adjusted EBITDA^{NG} offset by an increase in the invested capital base^{NG}. The increase in invested capital^{NG} is primarily due to a gradual increase in long-term debt and higher working capital balances.

2025 Q1 Highlights

During the first quarter of 2025, NFI continued to see year-over-year improvement in many of the Company's key operational and financial metrics, including revenue, gross margin, net loss, cash generated from operations, Adjusted EBITDA^{NG}, and Working Capital Days^{NG}. The Company saw significant improvement in its manufacturing segment margins compared to 2024 Q1 as the Company has now moved past all legacy inflation impacted contracts. NFI's backlog continued to grow, reaching a record of nearly \$13.7 billion at the end of 2025 Q1. NFI's strong backlog^{NG} of 16,527 EUs of various propulsion types, matches the Company's propulsion agnostic approach to provide the widest range of vehicle types for its customers. This multi-year backlog provides visibility on the Company's expected growth in 2025 and beyond.

NFI continues to navigate seat supply disruption within its North American transit business. In response, NFI maintained lower production rates during the quarter, maintained dedicated team members onsite at the supplier's facility and is working directly with the supplier's management team and an external consultant on their recovery plan. At the end of the quarter, NFI had 113 EUs of buses in inventory essentially complete, apart from seats. This was a decrease from the end of 2024 Q4. This number reduced to approximately 91 EUs as of May 2, 2025. In addition, a new Buy America compliant seat supplier has started seat deliveries and is expected to significantly ramp up production in the second half of 2025 that is expected to further support overall improvements to seat supply performance. The Company has further rebalanced its future seat orderbook with multiple suppliers to avoid further reliance on the impacted seat supplier.

NFI has continued to take numerous actions to support overall supply performance, including earlier order placement to suppliers, use of alternative suppliers, an enhanced and dedicated supplier development team, and carrying higher levels of inventory for certain components. These initiatives have helped improve consistency of supply of production parts and components, but due to the highly customized nature of North American transit products and ongoing issues with a few select suppliers, the Company continues to experience supply chain challenges and there continues to be a risk of supply disruptions going forward.

ARBOC, NFI's medium-duty and cutaway business segment, continued its success in the first quarter of 2025 with 162 EUs delivered, a 11.0% year-over-year increase.

As of the end of 2025 Q1, NFI employed 8,876 team members across all of its global locations, down slightly from the 9,000 team members as of the end of 2024, reflecting headcount reductions within NFI's UK operations.

Global Tariff Implications

During the quarter, NFI incurred costs related to tariffs on the imports of steel and aluminum into the U.S., and tariffs associated with imports of certain goods from outside of North America used in its Canadian and U.S. manufacturing and aftermarket business. The Company has increased its sale prices in the aftermarket segment to reflect the impact of these tariffs. The Company has accrued tariff costs within WIP inventory, with the expectation that they will be passed on to customers through contractual obligations that allow for increased sale prices on the affected vehicles.

The Company continues to monitor the changing policy landscape and take necessary actions to limit the impact and exposure to tariffs on the Company and its operations.

Strong Market Demand and Increasing Procurements

NFI saw another period of strong order intake during the first quarter with total firm and option orders of 2,523 EUs. While this was a decrease from the first quarter of 2024, that was a period when NFI recorded its highest quarterly awards ever with two major contract wins in New York and New Jersey. Orders were up 32.5% from 2024 Q4, reflecting the strong bid environment in North American markets. Firm orders made up 52.2% of the quarterly orders.

Forward demand metrics remained strong in 2025 Q1 with 3,655 EUs in Bids Submitted to customers, 1,651 EUs in Bids in Process and 28,445 EUs in the Company's total North American Bid Universe. NFI's backlog^{NG}, with a combined value of nearly \$13.7 billion, is up 7.1% from the previous quarter, and up 16.6% year-over-year, giving the Company its highest backlog ever. See Appendix B for details.

The Company also had 515 EUs in bid awards pending (where NFI had received notification of award from the customer, but formal purchase order documentation had not yet been finalized) as at the end of 2025 Q1. The combination of pending awards and active bids is expected to position NFI for new additions to its backlog^{NG} throughout 2025.

Quarterly New Wins

During the first quarter of 2025, the Company announced a few major milestones and contract awards, including:

- New Flyer of America Inc. received a new firm contract award from the Maryland Transit Authority for 117 buses (127 EUs). The award is a mix of hybrid and ZEBs in 40' and 60' lengths.



- Alexander Dennis announced an order from Liverpool City Region Combined Authority for 58 Enviro400EV buses.
- New Flyer Industries Canada ULC secured two firm orders from Durham Region Transit for 43 EUs. The award is a mix of diesel and ZEBs in 40' and 60' lengths. DRT's Xcelsior CHARGE NG buses will be among the first manufactured under New Flyer's All-Canadian Build initiative.

Offering the Industry's Broadest Solutions

NFI remained focused on executing its strategy of offering vehicles with the broadest propulsion type and turn-key solutions for the transit and coach industry. During the quarter, NFI added 282 EUs in ZEBs to its backlog^{NG} and 2,241 EUs of non-ZEBs. NFI also installed 57 chargers and has an Infrastructure Solutions™ backlog^{NG} of 66 chargers.

NFI's backlog^{NG} of clean propulsion systems, including compressed natural gas, diesel-electric hybrid and ZEBs represents approximately 58.8% of total backlog^{NG}. The Company's vehicle offering includes over 60 models with six different propulsion types, matching the needs of the widest range of customers.

Other Events in and following the Quarter

In March 2025, NFI announced that it was resuming a \$75 million receivable financing program with CIBC Capital Markets that enhances NFI's financial flexibility, accelerates cash flow from its accounts receivables and lowers interest expense, while maintaining NFI's strong relationships with its customers. The Company also announced that it had obtained a waiver for the \$50 million minimum liquidity requirement under its existing senior secured facilities (Secured Facilities), effective until March 31, 2025, providing access to those funds, if required.

Subsequent Events

On April 15, 2025, NFI announced that Colin Robertson, previously Vice Chair of the Board, has been appointed Chair of the Board, succeeded Chan Galbato, who had decided to step down from the Board to pursue other opportunities. NFI Vice Chair Larry Edwards assumed the role of Lead Independent Director.

Subsequent to quarter end, NFI entered into a new two-year first lien secured revolving credit facility (First Lien Facility) with a total borrowing limit of \$845 million, which includes \$300 million in letter of credit availability. The First Lien Facility can be extended for an additional two years if NFI enters into certain additional subordinated credit arrangements, and it refinances and replaces the Company's existing senior secured facilities. Taking into account the new First Lien Facility, on a pro-forma basis NFI's 2025 Q1 ending liquidity would have been \$171.9 million. Please refer to NFI's news release dated May 7, 2025, for information regarding the terms and conditions of the new First Lien Facility.

Outlook

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

Management believes market demand for NFI's products is evident through the Company's continued new orders and a strong public transit funding environment in North America. This funding environment drives the Company's North American Public Bid Universe which currently has active bids of 5,306 EUs, and a five-year forecasted customer demand of 23,139 EUs. In addition, the Company has also seen overall increases in market demand within public and private coach and low-floor cutaway markets. This demand is primarily driven by increasing ridership and travel, return-to-work initiatives, and an increase in average bus and coach fleet age. NFI's UK and international business has seen softer demand when compared to North America, primarily due to increased foreign and domestic competition.

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

As previously disclosed, the highly customized nature of NFI's products can result in specific suppliers having a significant impact on the Company's operations and new vehicle production, as currently evidenced by the seat supply disruption. The Company anticipates that there will continue to be challenges in receiving certain components as suppliers recover their operations and as NFI increases production of ZEBs (where the supply chain is not as experienced as in traditional propulsion systems). NFI has implemented strategies to mitigate overall supply chain risk and those specifically related to ZEBs, including the utilization of multiple battery suppliers for specific regions, partnering with larger, more established suppliers, providing increased lead time for component purchases and carrying higher levels of inventory for certain components. The Company may continue to experience quarterly fluctuations in the delivery of buses and coaches based on supply availability and customer acceptance.

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

Government Investments in Public Transportation

The Company's bus and coach product lines (New Flyer, ARBOC, MCI and AD) are primarily used for public transit, which remains a critical method of transportation and an economic enabler for cities around the world. Public transit has also been a significant and focused area of investment for governments as they seek to improve ridership access, reduce urban congestion, and achieve emissions targets. Enhanced public investments increased NFI's new orders throughout 2022, 2023, 2024 and now into 2025.

Ridership level trends in the U.S. remain strong, with the latest available APTA Ridership Trends Dashboard report (as of 2024 Q4) showing bus ridership growth of 9.2% in FY2024 and 7.1% year-over-year in 2024 Q4. APTA's Ridership report discloses that the largest growth in 2024 comes from cities of two million or more, is attributed to various factors such as, but not limited to, increased services and bus routes, return-to-office mandates, and the continued growth of non-office jobs. Continued recovery in ridership levels is important to support the operating costs of transit agencies, including the purchase of aftermarket parts and services.

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

NFI continues to advance discussions and initiatives to improve bus manufacturing contract structures in the United States and Canada, and has been incorporating milestone billing payment structures into new contracts, which provide payments throughout the build period of a new vehicle, rather than receiving 100% of the purchase price following final delivery and customer acceptance. These new structures have been introduced into bids and contracts following the FTA's issuance of the February 2024 "Dear Colleague" letter to transit agencies that receive federal funding for bus purchases. The Company has also negotiated amendments to implement milestone billing structures into pre-2024 contracts wherever possible. While it will take time for the benefits of these structures to be fully reflected in NFI's financial results, the Company has seen success in increasing advance and progress payments with growth in the Company's deferred revenue balances.

In response to growing demand from Canadian customers, NFI announced Project "True North", the all-Canadian build project of its Canadian New Flyer subsidiary, which is expected to increase its Canadian manufacturing capacity by up to 240 EUs annually by 2027. Not

only will this project allow for full Canadian bus builds, but it is expected that it will also free up U.S. capacity to service more U.S. customers across NFI's network.

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

In the U.K., government support has helped improve demand for buses, especially low- and zero-emission, yet the competitive environment remains challenging, with foreign manufacturers, that are not required to employ domestic labour, having secured a higher proportion of government funded contracts from recent contract awards. NFI has seen a desire by government leadership to ensure that funds allocated to the bus industry provide wider community and social benefit in the U.K, but no local labour requirements have yet been mandated. Alexander Dennis will continue its efforts to secure additional orders and awards, but has lowered its production rates and associated labour, with expectations for further cost reduction activities in the near-term as it navigates through current market dynamics.

Other Markets

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

NFI's Aftermarket business primarily sells bus and coach parts to public and private customers, and also provides service to private operators. Following record financial performance in 2024, NFI anticipates that its Aftermarket segment will continue to generate strong revenue and margin contribution throughout 2025, although growth rates are not expected to be as high as those seen in 2023 and 2024. This expectation is driven by anticipated lower North American midlife program revenues in 2025.

The Company also continues to focus on growing its NFI Infrastructure Solutions™ business to assist customers in assessing their charging infrastructure requirements and to manage infrastructure procurement and project installation. Since its inception, Infrastructure Solutions™ has been responsible for the delivery of 523 plug-in and 108 overhead charger projects, for a total of 97 megawatts ("MW") charging capacity, for 72 different customers. Through 2025, Infrastructure Solutions™ is scheduled to deliver 30 plug-in and 36 overhead depot chargers, for a total of 16 MW. Infrastructure Solutions™ has 28 active projects under contract, with three new projects in 2025 Q1.

Financial Guidance

NFI reaffirms its financial guidance for Fiscal 2025.

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

Please refer to NFI's MD&A dated March 13, 2025 for information regarding the assumptions and expectations for 2025 guidance. Note that the guidance numbers above do not include the impact of U.S. and Canadian tariffs and any changes resulting from U.S. funding policy developments discussed below.

Impact of U.S. and Canadian Tariffs and U.S. Policy Developments

NFI is taking numerous actions to alleviate the impacts of U.S. and Canadian tariffs, including leveraging the Company's localized production facilities, regionalized service and aftermarket parts distribution networks, and contractual terms of its firm orders. However, there remains a significant amount of imports and exports of parts, components, partially and fully assembled buses that travel across the U.S. and Canada border.

During the first quarter, NFI was subject to tariffs on imports of steel and aluminum in the U.S. and Canada, and tariffs on imports of goods from China. The Company's finished buses and coaches, completed in Canada or the U.S., and bus shells started in Canada, currently move between the U.S. and Canada without additional tariffs under the provisions of the United States, Mexico and Canada Free Trade Agreement (commonly referred to as the USMCA).

Going forward, NFI anticipates that the impact of tariffs will increase with U.S. tariffs now in effect on imports from most countries and as suppliers increase prices to reflect the impact of those tariffs. NFI anticipates that a significant portion of increased costs resulting from U.S. and Canadian tariffs impacting its public transit buses and public motorcoaches can be passed on to end customers through contractual obligations and through general price increases. This is likely to require negotiation with customers and such contractual protections may not cover all costs or be effective for extended periods.

It may be more difficult to pass on the impacts of increased input costs in private coach markets, as they do not have the same contractual terms. NFI anticipates that tariffs may lead to a reduction in private coach demand (and associated production) within North America. In addition, there may also be near-term cash flow implications due to the payment timing of tariffs and there may also be a decrease in order sizes due to higher prices.

The recent announcement of U.S. funding appropriations for Fiscal Year 2025 provides further support for ongoing funding to support future bus and coach orders and future option conversions. However, U.S. funding policy developments may evolve in unpredictable ways, particularly in the case of electric vehicles, which may have material impacts on the Company's future orders and option conversion. As the Company offers a wide range of propulsion agnostic bus and coach models, it expects that any decrease in electric vehicle orders would likely be replaced by orders for other propulsion types, including clean diesel, compressed natural gas or diesel electric hybrids.

The impact tariffs, U.S. funding developments and other trade measures could have general economic conditions, supply chain health, customer demand and the Company's business is uncertain and could be materially adverse. In addition, the current seat supply disruptions may be extended and/or exacerbated beyond management's current expectations, there remains a risk of additional supply or operational disruptions. See Appendix A Forward Looking Statements for a description of risks and other factors and the Company's filings on SEDAR+ at www.sedarplus.ca.

Selected Quarterly and Annual Financial and Operating Information

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

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

Comparison of First Quarter 2025 Results

(\$ thousands)			2025 Q1	2024 Q1
Statement of Earnings Data				
Revenue				
North America			588,469	435,473
United Kingdom and Europe			97,537	123,913
Asia Pacific			2,862	3,499
Manufacturing operations			688,868	562,885
North America			121,272	127,147
United Kingdom and Europe			25,201	25,410
Asia Pacific			6,079	7,307
Aftermarket operations			152,552	159,864
Total revenue			\$ 841,420	\$ 722,749
Earnings from operations			\$ 31,096	\$ 10,651
Earnings before interest and income taxes			\$ 32,352	\$ 15,211
Net loss			\$ (6,486)	\$ (9,414)
Adjusted EBITDA ^{NG}			\$ 62,696	\$ 33,936
Cash capital expenditures			\$ 5,900	\$ 8,212

Results of Operations

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

Revenue

(\$ thousands)		
	2025 Q1	2024 Q1
Manufacturing Revenue	688,868	562,885
Aftermarket Revenue	152,552	159,864
Total Revenue	841,420	722,749
Earnings from Operations	31,096	10,651
Earnings before interest and income taxes	32,352	15,211
Loss before income tax expense	(6,006)	(15,443)
Net Loss	(6,486)	(9,414)

Manufacturing revenue for 2025 Q1 increased by \$126.0 million, or 22.4%, compared to 2024 Q1. In 2025 Q1, revenue increased because of an improved average selling price per unit delivered, which was up approximately 4.3% year-over-year. This reflects the Company's efforts to improve pricing for inflation and a higher number of ZEBs.

Aftermarket revenue for 2025 Q1 decreased by \$7.3 million, or 4.6% compared to the record sales achieved in 2024 Q1. Revenue decrease was primarily driven by lower program volumes associated with midlife retrofit programs in the Company's North American operations.

Cost of sales

(\$ thousands)		
	2025 Q1	2024 Q1
Manufacturing		
Direct cost of sales	556,000	457,975
Depreciation and amortization	15,156	18,139
Other overhead	66,744	65,954
Manufacturing cost of sales	637,900	542,068
As percent of Manufacturing sales	92.6 %	96.3 %
Aftermarket		
Direct cost of sales	106,537	108,634
Depreciation and amortization	3,023	3,098
Aftermarket cost of sales	109,560	111,732
As percent of Aftermarket sales	71.8 %	69.9 %
Total Cost of sales	747,460	653,800
As percent of sales	88.8 %	90.5 %

The consolidated cost of sales for 2025 Q1 increased by \$93.7 million, or 14.3 %, compared to 2024 Q1.

Cost of sales from Manufacturing operations in 2025 Q1 was \$637.9 million (92.6 % of Manufacturing operations revenue) compared to \$542.1 million (96.3 % of Manufacturing operations revenue) in 2024 Q1, an increase of \$95.8 million, or 17.7 %. The quarterly increase in cost of sales was driven by higher percentage of ZEB deliveries. Cost of sales decreased as a percentage of revenue in 2025 Q1, mainly due to an improvement in operational efficiencies that has resulted from improved supply availability.

Cost of sales from Aftermarket operations in 2025 Q1 was \$109.6 million (71.8 % of Aftermarket revenue) compared to \$111.7 million (69.9 % of Aftermarket revenue) in 2024 Q1, a decrease of \$2.2 million, or 1.9%. Cost of sales decreased slightly as a percentage of revenue in 2025 Q1, mainly due to improved sales mix and an improvement in operational efficiencies.

Gross Margins

(\$ thousands)		
	2025 Q1	2024 Q1
Manufacturing	50,968	20,817
Aftermarket	42,992	48,132
Total Gross Margins	93,960	68,949
As a percentage of sales		
Manufacturing	7.4 %	3.7 %
Aftermarket	28.2 %	30.1 %
	11.2 %	9.5 %

Manufacturing gross margin for 2025 Q1 of \$51.0 million (7.4 % of Manufacturing revenue), increased by \$30.2 million compared to a gross margin of \$20.8 million (3.7 % of Manufacturing revenue) for 2024 Q1. Manufacturing gross margin as a percentage of revenue increased in 2025 Q1, mainly due to an improvement in favorable product mix and the recovery from operational inefficiencies faced in 2024 Q1 and the completion of all legacy-inflation impacted contracts in the first half of 2024.

Aftermarket gross margins for 2025 Q1 of \$43.0 million (28.2 % of Aftermarket revenue) decreased by \$5.1 million, or 10.7 %, compared to 2024 Q1 gross margins of \$48.1 million (30.1 % of Aftermarket revenue). Aftermarket gross margin as a percentage of revenue remained relatively stable in 2025 Q1 when compared to 2024 Q1 due to lower program volumes associated with midlife retrofit programs in the Company's North American operations.

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

(\$ thousands)		
	2025 Q1	2024 Q1
Selling expenses	8,104	7,818
General and administrative expenses	55,130	49,212
Total SG&A	63,234	57,030

The consolidated SG&A for 2025 Q1 of \$63.2 million (7.5 % of consolidated revenue) increased by \$6.2 million, or 10.9 %, compared to \$57.0 million (7.9 % of consolidated revenue) in 2024 Q1. Consolidated SG&A increased year-over-year due to increased production and related selling expenses.

Realized foreign exchange gain (loss)

In 2025 Q1, the Company recorded a realized foreign exchange gain of \$0.4 million compared to a loss of \$1.3 million in 2024 Q1.

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

Earnings (losses) from operations

Consolidated earnings from operations in 2025 Q1 were \$31.1 million (3.7 % of consolidated revenue) compared to earnings of \$10.7 million (1.5 % of consolidated revenue) in 2024 Q1, an improvement of \$20.4 million, or 192.0 %. Further explanations for these improvements are provided in the subsequent paragraphs below.

In 2025 Q1, earnings from operations attributable to the Manufacturing segment were \$7.7 million (1.1 % of Manufacturing revenue) compared to losses of \$19.4 million ((3.5 %) of Manufacturing revenue) in 2024 Q1, an increase of \$27.1 million, or 139.5 %. The improved earnings as a percentage of revenue is mainly attributable to a favourable product mix.

Earnings from operations related to Aftermarket operations in 2025 Q1 were \$26.7 million (17.5 % of Aftermarket revenue) compared to \$32.7 million (20.5 % of Aftermarket revenue) in 2024 Q1. Earnings from Aftermarket operations decreased due to less favourable product mix and lower sales volume.

Unrealized foreign exchange gain (loss)

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

(\$ thousands)	2025 Q1	2024 Q1
Unrealized gain on forward foreign exchange contracts	1,216	1,196
Unrealized (loss) gain on other long-term monetary assets/liabilities	(110)	4,295
	1,106	5,491

At March 30, 2025, the Company had \$58.1 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 2025 to June 2025. The related liability of \$2.8 million (December 29, 2024: \$1.3 million) is recorded on the unaudited interim condensed consolidated statements of financial position as a current derivative financial instruments liability and the corresponding change in the fair value of the foreign exchange forward contracts is recorded in the unaudited interim condensed consolidated statements of net loss and total comprehensive loss.

Earnings before interest and income taxes ("EBIT")

In 2025 Q1, the Company recorded EBIT of \$32.4 million compared to an EBIT of \$15.2 million in 2024 Q1. The improvement in EBIT was driven primarily by higher performance and improved gross margins within the Manufacturing segment.

Interest and finance costs

The interest and finance charges for 2025 Q1 of \$38.4 million increased by \$7.8 million compared to \$30.7 million in 2024 Q1. The increase is primarily due to a fair market value loss on the Company's prepayment option of the second-lien debt, as well as interest on long-term debt and lease liabilities. The Company's prepayment option of second-lien debt had a fair market value loss of \$2.3 million in 2025 Q1.

The Company had a fair market value gain on its interest rate swap of \$0.2 million in 2025 Q1, compared to a gain of \$1.5 million in 2024 Q1. The Company's cash conversion option had a fair market value gain of \$1.7 million in 2025 Q1 compared to a gain of \$4.0 million in 2024 Q1.

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 had a notional value of \$500 million until October 25, 2024, and thereafter a notional value of \$450 million until its expiry on April 25, 2025. The swap carries an interest rate of 4.6%. Please see note 17c of the unaudited interim condensed consolidated financial statements for disclosure of financial instruments and risk management.

Loss before income taxes ("LBT")

LBT in 2025 Q1 of \$6.0 million improved by \$9.5 million compared to a LBT of \$15.4 million in 2024 Q1. The primary drivers of the changes of LBT are addressed in the Earnings from operations and Interest and finance costs sections above.

Income tax expense (recovery)

The income tax expense for 2025 Q1 was \$0.5 million compared to a recovery of \$6.0 million in 2024 Q1. The increased income tax expense is primarily due to increased profitability.

The Effective Tax Rate ("ETR") for 2025 Q1 was (8.0)% and the ETR for 2024 Q1 was 39.0%. The 2025 Q1 ETR was detrimentally impacted by the non-recognition of deferred tax assets associated with restricted interest in the UK, and non-deductible foreign exchange losses.

Income tax expense recognized in the unaudited interim condensed consolidated statement of net loss for 2025 Q1 does not include any amount related to BEPS Pillar Two ("Pillar Two") income taxes (2024 not applicable).

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

Net loss

The Company reported net loss of \$6.5 million in 2025 Q1, an improvement of \$2.9 million, or 31.1 %, compared to net loss of \$9.4 million in 2024 Q1. The decrease in net loss for 2025 Q1 is primarily due to increases in the Company's earnings from operations, offset by lower unrealized foreign exchange gains on monetary items and an increase in interest and finance costs.

Net loss (\$ millions, except per Share figures)	2025 Q1	2024 Q1
Earnings from operations	31,096	10,651
Gain on disposition of property, plant and equipment	150	97
Impairment loss on intangible assets	-	(1,028)
Unrealized foreign exchange gain on monetary items	1,106	5,491
Interest and finance costs	(38,358)	(30,654)
Income tax (expense) recovery	(480)	6,029
Net loss	(6,486)	(9,414)
Net loss per Share (basic)	(0.05)	(0.08)
Net loss per Share (fully diluted)	(0.05)	(0.08)

The Company recorded net loss per Share for 2025 Q1 of \$0.05 compared to net loss per Share of \$0.08 in 2024 Q1. The per Share net loss improved in 2025 Q1 because of improved operational performance in both Manufacturing and Aftermarket, and an increase in the outstanding number of Shares.

Cash Flow

The cash flows of the Company are summarized as follows:

(\$ thousands)	2025 Q1	2024 Q1
Cash generated by operating activities before non-cash working capital items and interest and income taxes paid	49,930	33,958
Interest paid	(33,618)	(33,181)
Income taxes recovered	740	3,005
Cash flow provided by working capital	23,748	9,573
Net cash generated by operating activities	40,800	13,355
Net cash generated by financing activities	21,110	17,432
Net cash used in investing activities	(2,976)	(10,348)

Cash flow from operating activities

The 2025 Q1 net cash generated by operating activities of \$40.8 million was mainly comprised of \$17.1 million of net cash earnings as well as by \$23.7 million of cash provided by working capital.

Cash flow from financing activities

Cash generated by financing activities of \$21.1 million during 2025 Q1 is due to proceeds received from the Company's Secured Facilities, totaling \$26.4 million, offset by repayments made to obligations under leases of \$5.4 million. The improvement in 2025 Q1 compared to 2024 Q1 is primarily due to the increased proceeds from the long-term debt.

Cash flow from investing activities

(\$ thousands)	2025 Q1	2024 Q1
Acquisition of intangible assets	(2,206)	(2,856)
Proceeds from disposition of property, plant and equipment	-	720
Investments in long-term restricted deposits	5,130	-
Acquisition of property, plant and equipment	5,900	(8,212)
Cash used in investing activities	8,824	(10,348)

Cash used in investing activities decreased in 2025 Q1, primarily due to increased investments in long-term restricted deposits, as well as decreased investments on the acquisition of intangible assets and property, plant and equipment. Long-term restricted deposits are collateral for a certain amount of the Company's letters of credit.

Credit risk

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

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

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

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

\$ thousands		March 30, 2025	December 29, 2024
Current, including holdbacks	\$	509,723	\$ 444,869
<u>Past due amounts but not impaired</u>			
1 - 60 days		52,598	28,531
Greater than 60 days		19,140	17,366
Less: allowance for doubtful accounts		(1,035)	(1,035)
Total accounts receivables, net	\$	580,426	\$ 489,731

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

Commitments and Contractual Obligations

The following table describes the Company's maturity analysis of the undiscounted cash flows of leases and accrued benefit liabilities as at March 30, 2025:

\$ thousands	Total	2025	2026	2027	2028	2029	Post 2029
Leases	\$ 209,657	20,030	23,427	21,116	13,808	11,104	120,173
Accrued benefit liability	2,788	2,788					
	\$ 212,445	22,818	23,427	21,116	13,808	11,104	120,173

As at March 30, 2025, outstanding surety bonds guaranteed by the Company totaled \$362.1 million (December 29, 2024: \$307.4 million). The estimated maturity dates of the surety bonds outstanding at March 30, 2025 range from December 2026 to December 2039. Management believes that adequate facilities exist to meet projected surety requirements.

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

Under the North American Secured Facility, the Company has established a letter of credit sub-facility of \$150.0 million (December 29, 2024: \$150.0 million). As at March 30, 2025, letters of credit totaling \$89.4 million (December 29, 2024: \$80.5 million) remain outstanding as security for contractual obligations of the Company under the North American Secured Facility. This decrease is primarily driven by collateral requirements provided to support bonds associated with new contracts and the Company utilizing its additional capacity under the EDC facility to support bonding requirements.

The EDC facility includes two credit facilities of up to \$165 million, to support supply chain financing ("supply chain financing facility") for \$20 million and surety and performance bonding requirements for new contracts ("Guarantee Facility") for up to \$145 million. The Guarantee Facility is made up of an Account Performance Security Guarantee ("PSG") up to \$90 million and Surety Reinsurance Support up to \$55 million.

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

As at March 30, 2025, there was \$137.8 million (December 29, 2024: \$134.7 million) outstanding under the Guarantee Facility.

As at March 30, 2025, letters of credit in the UK totaling \$7.0 million remained outstanding as security for contractual obligations of the Company outside of the UK facility (December 29, 2024: \$7.5 million). Additionally, there were \$39.4 million (December 29, 2024: \$38.0 million) of letters of credit outstanding outside of the Secured Facilities.

Management believes that the Company was in compliance in all material respects with all applicable contractual obligations as at March 30, 2025. The Company has not provided for any costs associated with these letters of credit.

The Company does not have any off-balance sheet arrangements or any material capital asset commitments at March 30, 2025.

Through the normal course of operations, the Company has guaranteed payments and residual values to third party lenders on behalf of customers. As at March 30, 2025, the Company had guaranteed \$2.0 million (December 29, 2024: \$2.1 million) of these arrangements. The Company has not provided for any of these costs, as it does not believe it will have to pay out on any of these arrangements.

Share Option Plan

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

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

The following reconciles the Share options outstanding:

	2025 Q1		2024 Q1	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance at beginning of period	1,973,558	C\$24.25	2,018,117	C\$26.00
Granted during the period	317,517	C\$13.81	317,729	C\$13.52
Expired during the period	(137,921)	C\$40.84	(223,316)	C\$26.59
Exercised during the period	(7,162)	C\$10.46	—	C\$0.00
Balance at end of period	2,145,992	C\$21.68	2,112,530	C\$24.06

Restricted Share Unit Plan for Non-Employee Directors

Pursuant to the Company's Restricted Share Unit Plan for Non-Employee Directors, a maximum of 500,000 Shares are reserved for issuance to non-employee directors. The Company issued 22,052 director restricted share units ("Director RSUs"), with a total value of \$0.2 million, in 2025 Q1. Approximately \$0.1 million of the issued Director RSUs were exercised and exchanged for 8,873 Shares.

Critical accounting estimates and judgments

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

Provisions

In 2024 Q4, management identified that certain warranties were incorrectly classified and accounted for as service-type rather than assurance-type. The correction of this error resulted in an immaterial prior period adjustment between Deferred Revenue and Warranty Provision amounting to \$17.4 million and increase to revenue and cost of sales of \$7.3 million.

This change had no effect on net loss, total equity, cash flows, or earnings per share ("EPS").

Standards Issued but not adopted**IFRS 18 - Presentation and Disclosure in Financial Statements**

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

Capital Allocation Policy

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

Maintaining Financial Flexibility

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

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

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

At March 30, 2025, the Company had convertible debentures outstanding of C\$338 million ("Debentures"). The Debentures may be converted in whole or in part from time to time at the holder's option into 30.1659 Shares for each C\$1,000 principal amount of Debentures, representing a conversion price of approximately C\$33.15 per Share and total potential conversion of 10,196,074 shares.

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

	Total Leverage Ratio ^{NG}	Interest Coverage Ratio ^{NG}	Minimum Banking Liquidity ^{NG}	Senior Secured Net Leverage Ratio ^{NG}
2025 Q1	<4.75x	>1.75x	Waived	<3.50x
2025 Q2	<4.25x	>2.00x	\$50,000	<3.25x
2025 Q3	<4.25x	>2.25x	\$50,000	<3.25x
2025 Q4 and after	<3.75x	>2.50x	\$50,000	<3.00x

\$ thousands	March 30, 2025	December 29, 2024
Banking Liquidity ^{NG} Position	\$ 127,905	\$ 126,800
Total Leverage Ratio ^{NG} (must be less than 4.75)	3.86	4.37
Senior Secured Net Leverage Ratio ^{NG} (must be less than 3.50)	2.74	3.09
Interest Coverage Ratio ^{NG} (must be greater than 1.75 [2024: must be greater than 1.25])	1.76	1.51

As of March 30, 2025, NFI's banking liquidity^{NG} was \$127.9 million, without consideration given to the minimum banking liquidity^{NG} requirement of \$50 million under the Secured Facilities, which was waived for 2025 Q1. As part of the Company's efforts to improve working capital and liquidity^{NG}, the Company has secured milestone payments and deposits from certain customers. The Company remains focused on cash and liquidity management, including efforts to accelerate deliveries and customer acceptances, accelerating customer payments through the pursuit of advance payments and deposits wherever possible, and improving supplier payment terms. As of March 30, 2025, the Company has \$214.9 million in deferred revenue related to customer advanced payments and is continuing to work with other customers to obtain milestone payments to offset the working capital required to support the transition to ZEB and increased production levels.

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

In 2024 Q4, the Company entered into an agreement to amend the Interest Coverage Ratio requirement. Although, NFI met the original covenant requirement, the Company proactively engaged with its banking partners to ensure continued compliance.

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

The Company continuously evaluates its capital structure to match liquidity and capital needs with a desire to lower overall interest expenses. As the First Lien Secured Facilities mature in April 2026, and became a current liability in April 2025, the Company has continued to advance its plans to extend or refinance them with a goal of obtaining a longer-term flexible capital structure that increases liquidity and lowers total interest expenses. The Company will continue to work on these initiatives in 2025 Q2 and beyond.

Business Investment

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

In November 2022, Alexander Dennis announced that several of its vehicles will now offer its next-generation electric chassis, driveline and battery system. Alexander Dennis has secured orders in the UK using this new technology, and, in 2023 Q2, Alexander Dennis delivered its first battery-electric buses to key customers in Hong Kong.

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

In October 2024, NFI announced that in response to growing demand for its products in Canada, the Company is expanding its Canadian manufacturing capabilities through its All Canadian Build project. NFI is co-investing in the project alongside government partners to support facility upgrades, zero-emission bus testing for Canadian customers, working capital, project administration, and other capital and operational costs. Construction activities began in October 2024 and the first bus builds are planned for the fourth quarter of 2025, with a continued ramp-up through 2026.

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

Return of Capital to Shareholders

The Company maintains a Share dividend policy that is consistent with the Company's financial performance and the desire to retain certain cash flows to support the ongoing requirements of the business and to provide the financial flexibility to pursue revenue diversification and growth opportunities. 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 Facilities covenants.

The Company's 2025 Q1 Free Cash Flow^{NG} was C\$6.3 million, with no dividends declared during this period. For 2024 Q1, Free Cash Flow^{NG} was (C\$29.1) million and no dividends were declared during the period.

Non-IFRS and Other Financial Measures

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

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

Management believes that Adjusted EBITDA^{NG}, and Net Operating Profit After Taxes ("NOPAT")^{NG} are important measures in evaluating the historical operating performance of the Company. However, Adjusted EBITDA^{NG} and NOPAT^{NG} are not recognized earnings measures under IFRS Accounting Standards and do not have standardized meanings prescribed by IFRS. Accordingly, Adjusted EBITDA^{NG} and NOPAT^{NG} may not be comparable to similar measures presented by other issuers. Readers of this MD&A are cautioned that Adjusted EBITDA^{NG} should not be construed as an alternative to net earnings or loss determined in accordance with IFRS Accounting Standards and NOPAT^{NG} should not be construed as an alternative to earnings (loss) from operations determined in accordance with IFRS Accounting Standards as an indicator of the Company's performance.

The Company defines Adjusted EBITDA^{NG} as earnings before interest, income tax, depreciation and amortization after adjusting for the effects of certain non-recurring, non-operating, and items occurring outside of normal operations that do not reflect the current ongoing cash operations of the Company. These adjustments are provided in the following table reconciling net earnings or losses to Adjusted EBITDA^{NG} based on the historical financial statements of the Company for the periods indicated.

The Company defines NOPAT^{NG} as Adjusted EBITDA^{NG} less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%.

(\$ thousands)				
	2025 Q1	2024 Q1	52-Weeks Ended March 30, 2025	52-Weeks Ended March 31, 2024
Net loss	(6,486)	(9,414)	(368)	(99,770)
Addback				
Income taxes (recovery)	480	(6,029)	3,341	(31,373)
Interest expense ⁸	38,358	30,654	138,644	150,834
Amortization	18,181	21,237	77,074	81,116
(Gain) loss on disposition of property, plant and equipment and right of use assets	(149)	(97)	140	709
Gain on debt modification ¹³	-	-	-	(8,908)
Loss on debt extinguishment ¹⁴	-	-	234	-
Unrealized foreign exchange gain on non-current monetary items and forward foreign exchange contracts	(1,106)	(5,491)	(14,232)	(1,371)
Past service costs and other pension costs ¹²	-	-	-	(7,000)
Equity settled stock-based compensation	372	389	2,216	2,597
Unrecoverable insurance costs and other ⁷	-	144	(28)	1,037
Expenses incurred outside of normal operations ⁹	10,636	-	21,693	920
Prior year sales tax provision ¹¹	-	-	-	101
Impairment loss on intangible assets ¹⁰	-	1,028	1,250	1,028
Restructuring costs ⁶	2,410	1,515	13,234	5,816
Adjusted EBITDA ^{NG}	62,696	33,936	243,198	95,736
Depreciation of property, plant and equipment and right of use assets	(10,744)	(13,056)	(45,469)	(49,390)
Tax at 31%	(16,105)	(6,473)	(61,296)	(14,367)
NOPAT ^{NG}	35,847	14,407	136,433	31,979
Adjusted EBITDA ^{NG} is comprised of:				
Manufacturing	33,232	(2,219)	119,640	(21,199)
Aftermarket	33,048	37,457	135,132	128,182
Corporate	(3,584)	(1,302)	(11,574)	(11,247)

(Footnotes on page 30)

Free Cash Flow^{NG} and Free Cash Flow per Share^{NG}

Management uses Free Cash Flow^{NG} and Free Cash Flow per Share^{NG} as non-IFRS measures to evaluate the Company's operating performance and liquidity^{NG}, to assess the Company's ability to pay dividends on the Shares, service debt, pay interest on the Debentures and meet other payment obligations. However, Free Cash Flow^{NG} and Free Cash Flow per Share^{NG} are not recognized earnings measures under IFRS Accounting Standards and do not have standardized meanings prescribed by IFRS. Accordingly, Free Cash Flow^{NG} and the associated per Share figure may not be comparable to similar measures presented by other issuers. Readers of this MD&A are cautioned that Free Cash Flow^{NG} should not be construed as an alternative to cash flows from operating activities determined in accordance with IFRS Accounting Standards as a measure of liquidity^{NG} and cash flow. The Company defines Free Cash Flow^{NG} as net cash generated by or used in operating activities adjusted for changes in non-cash working capital items and adjusted for items as shown in the reconciliation of net cash generated by operating activities (an IFRS Accounting Standards measure) to Free Cash Flow^{NG} based on the Company's historical financial statements.

The Company generates its Free Cash Flow^{NG} from operations and management expects this will continue to be the case for the foreseeable future. Net cash flows generated from operating activities are significantly impacted by changes in non-cash working capital. The Company uses its Secured Facilities to finance working capital and therefore has excluded the impact of working capital in calculating Free Cash Flow^{NG}.

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

(\$ thousands, except per Share figures)				
	2025 Q1	2024 Q1	52-Weeks Ended March 30, 2025	52-Week Ended March 31, 2024
Net cash generated by operating activities	40,800	13,355	42,785	15,921
Changes in non-cash working capital items ²	(23,748)	(9,573)	40,702	(6,355)
Interest paid ²	33,618	33,181	121,544	113,324
Interest expense ²	(32,326)	(33,550)	(123,407)	(131,958)
Income taxes (recovered) paid ²	(740)	(3,005)	4,325	(30,942)
Current income tax expense ²	(12,483)	(4,998)	(43,796)	7,916
Repayment of obligations under lease	(5,372)	(6,509)	(23,223)	(23,143)
Cash capital expenditures	(5,900)	(8,212)	(28,002)	(31,939)
Acquisition of intangible assets	(2,206)	(2,856)	(16,947)	(11,669)
Proceeds from disposition of property, plant and equipment	-	720	241	2,350
Defined benefit funding ³	717	826	2,721	3,194
Defined benefit expense ³	(490)	(943)	(3,318)	(3,109)
Past service costs and other pension costs ¹²	-	-	-	(7,000)
Expenses incurred outside of normal operations ⁹	10,636	-	21,693	920
Equity hedge	-	-	-	3,073
Unrecoverable insurance costs and other ⁷	-	144	(28)	1,037
Prior year sales tax provision ¹¹	-	-	-	101
Restructuring costs ⁶	2,410	1,515	13,234	8,370
Foreign exchange loss on cash held in foreign currency ⁴	(506)	(1,563)	(460)	(2,801)
Free Cash Flow ^{NG}	4,410	(21,468)	8,066	(92,710)
U.S. exchange rate ¹	1.4317	1.3541	1.4041	1.3469
Free Cash Flow (C\$) ^{NG}	6,314	(29,070)	11,326	(124,875)
Free Cash Flow per Share (C\$) ^{NG, 5}	0.0530	(0.2443)	0.0952	(1.2205)

1. U.S. exchange rate (C\$ per US\$) is the average exchange rate for the period.
2. Changes in non-cash working capital are excluded from the calculation of Free Cash Flow^{NG} as these temporary fluctuations are managed through the Secured Facilities which are available to fund general corporate requirements, including working capital requirements, subject to borrowing capacity restrictions. Changes in non-cash working capital are presented on the unaudited interim condensed consolidated statements of cash flows net of interest and income taxes paid.
3. The cash effect of the difference between the defined benefit expense and funding is included in the determination of cash from operating activities. This cash effect is excluded in the determination of Free Cash Flow^{NG} as management believes that the defined benefit expense amount provides a more appropriate measure, as the defined benefit funding can be impacted by special payments to reduce the unfunded pension liability.
4. Foreign exchange loss on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS Accounting Standards; however, because it is a cash item, management believes it should be included in the calculation of Free Cash Flow^{NG}.
5. Per Share calculations for Free Cash Flow^{NG} (C\$) are determined by dividing Free Cash Flow^{NG} by the total number of all issued and outstanding Shares using the weighted average over the period. The weighted average number of Shares outstanding for 2025 Q1 was 119,043,590 and 118,972,157 for 2024 Q1. The weighted average number of Shares outstanding for 2025 Q1 LTM and 2024 Q1 LTM was 119,026,116 and 102,319,274, respectively.
6. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with restructuring initiatives. Free Cash Flow^{NG} reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.
7. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
8. Includes fair market value adjustments to interest rate swaps, cash conversion option on the Debentures, and to the prepayment option on the Company's second lien debt. 2025 Q1 includes a gain of \$0.2 million compared to a gain of \$1.5 million in 2024 Q1 for the interest rate swaps. 2025 Q1 includes a gain of \$1.7 million and 2024 Q1 includes a gain of \$4.0 million on the cash conversion option. The prepayment option had a loss of \$2.3 million in 2025 Q1 and a gain of \$2.6 million in 2024 Q1.
9. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. In 2025 Q1, \$10.6 million in labour and overhead costs were incurred as a result of the seat supply disruption, in addition to \$11.1 million recognized in 2024 Q4.
10. In 2024 Q1, the Company recognized an impairment loss on a New Product Development ("NPD") project for \$1.0 million.
11. Provision for sales taxes as a result of a previous state sales tax review.
12. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. 2022 Q2 includes \$7.0 million for the liability related to the closure of MCI's Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2.
13. As a result of the Company's comprehensive refinancing, the Company had recognized an accounting gain in 2023 Q3 stemming from the modification made to its Secured Facilities. In 2023 Q4, an accounting loss was recorded to adjust the gain on debt modification.
14. In 2024 Q2, the Company recognized an accounting loss for the debt extinguishment related to the amendments made to the MDC senior unsecured facility.

Adjusted Net Earnings (Loss)^{NG} and Adjusted Net Earnings (Loss) per Share^{NG}

Management believes that Adjusted Net Earnings (Loss)^{NG} and the associated per Share figure are important measures in evaluating the historical operating performance of the Company. Adjusted Net Earnings (Loss)^{NG} and Adjusted Net Earnings (Loss) per Share^{NG} are not recognized measures under IFRS Accounting Standards and do not have standardized meanings prescribed by IFRS. Accordingly, Adjusted Net Earnings (Loss)^{NG} and Adjusted Net Earnings (Loss) per Share^{NG} may not be comparable to similar measures presented by other issuers. Readers of this MD&A are cautioned that Adjusted Net Earnings (Loss)^{NG} and Adjusted Net Earnings (Loss) per Share^{NG} should not be construed as an alternative to net loss, or net loss per share, determined in accordance with IFRS Accounting Standards as indicators of the Company's performance.

The Company defines Adjusted Net Earnings (Loss)^{NG} as net earnings (loss) after adjusting for the after tax effects of certain non-recurring, non-operating and items occurring outside of normal operation, that do not reflect the current ongoing cash operations of the Company. These adjustments are provided in the following reconciliation of net earnings (loss) to Adjusted Net Earnings (Loss)^{NG} based on the historical financial statements of the Company for the periods indicated.

The Company defines Adjusted Net Earnings (Loss)^{NG} per share as Adjusted Net Earnings (Loss)^{NG} divided by the average number of Shares outstanding.

(\$ thousands, except per Share figures)				
	2025 Q1	2024 Q1	52-Weeks Ended March 30, 2025	52-Week Ended March 31, 2024
Net loss	(6,486)	(9,414)	(368)	(99,770)
Adjustments, net of tax ^{1, 2}				
Unrealized foreign exchange gain	(763)	(3,789)	(9,819)	(946)
Unrealized (gain) loss on interest rate swap	(116)	(1,003)	1,238	1,675
Unrealized (gain) loss on cash conversion option	(1,196)	(2,739)	(3,022)	1,784
Unrealized loss (gain) on prepayment option of second lien debt ³	1,586	(1,757)	(3,268)	(2,198)
Accretion in carrying value of long-term debt associated with debt modification ⁴	-	-	-	1,014
Gain on debt modification ⁵	-	-	-	(6,146)
Accretion associated to gain on debt modification	(709)	(326)	(2,080)	(777)
Loss on debt extinguishment ⁶	-	-	161	-
Equity swap settlement fee ⁷	-	-	-	2,428
Equity settled stock-based compensation	257	268	1,529	1,792
(Gain) loss on disposition of property, plant and equipment	(103)	(67)	97	488
Past service costs and other pension costs ⁸	-	-	-	(4,830)
Unrecoverable insurance costs and other ⁹	-	99	(19)	715
Expenses incurred outside of normal operations ¹⁰	7,339	-	14,968	(647)
Other tax adjustments	-	-	-	246
Accretion in carrying value of convertible debt and cash conversion option	1,446	1,367	5,693	5,310
Prior year sales tax provision ¹¹	-	-	-	70
Impairment loss on intangible assets ¹²	-	709	863	709
Restructuring costs ¹³	1,663	1,045	9,132	4,013
Adjusted Net Earnings (Loss) ^{NG}	2,918	(15,607)	15,105	(95,070)
Loss per Share (basic)	(0.05)	(0.08)	0.00	(0.98)
Loss per Share (fully diluted)	(0.05)	(0.08)	0.00	(0.98)
Adjusted Net Earnings (Loss) per Share (basic) ^{NG}	0.02	(0.13)	0.13	(0.93)
Adjusted Net Earnings (Loss) per Share (fully diluted) ^{NG}	0.02	(0.13)	0.13	(0.93)

1. Addback items are derived from the historical financial statements of the Company.
2. The Company has utilized a rate of 31.0% to tax effect the adjustments for the periods above.
3. The unrealized gain on the prepayment option is related to the Company's second lien debt instrument.
4. Normalized to exclude the over accretion of transaction costs relating to the Company's Secured Facilities.
5. As a result of the Company's refinancing in 2023, the Company has recognized an accounting gain stemming from the modification made to its Secured Facilities.
6. In 2024 Q2, the Company recognized an accounting loss for the debt extinguishment related to the amendments made to the MDC senior unsecured facility.
7. In Fiscal 2023, the Company settled its equity swaps which were used to hedge the exposure associated with changes in value of its Shares with respect to outstanding management restricted units ("Management RSUs") and a portion of the outstanding performance share units ("PSUs"), and deferred share units ("DSUs").
8. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. In 2022 Q2, \$7.0 million liability was recorded related to the anticipated closure of MCI's Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2. Also included is \$4.8 million of pension past service costs incurred during 2023 Q1.
9. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
10. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. Also included is the additional labour costs associated with the shortage of the specified item.
11. Provision for sales taxes as a result of a previous state sales tax review.
12. In 2024 Q1, the Company recognized an impairment loss on an NPD project for \$1.0 million.
13. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with other restructuring initiatives. Free Cash Flow^{NG} reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.

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

(\$ thousands)	2025 Q1	2024 Q4	2024 Q3	2024 Q2
Shareholders' Equity	703,529	707,754	699,717	704,031
Addback				
Long term debt	643,872	610,237	610,624	576,145
Second lien debt	174,202	173,741	173,309	172,910
Obligation under lease	129,629	129,511	130,020	131,382
Convertible debentures	221,540	218,020	230,453	225,628
Senior unsecured debt	51,051	50,040	56,210	54,997
Derivatives	(6,874)	(10,497)	2,327	(2,740)
Cash	(107,985)	(49,557)	(59,720)	(77,445)
Invested Capital^{NG}	1,808,964	1,829,249	1,842,940	1,784,908
Average of invested capital ^{NG} over the quarter	1,819,107	1,836,095	1,813,922	1,785,059

	2024 Q1	2023 Q4	2023 Q3	2023 Q2
Shareholders' Equity	697,580	702,913	706,177	495,140
Addback				
Long term debt	562,324	536,037	583,948	935,605
Second lien debt	172,568	172,396	172,975	-
Obligation under lease	135,959	138,003	130,102	124,405
Convertible debentures	225,972	228,985	221,427	225,081
Senior unsecured debt	61,081	61,796	60,838	87,363
Derivatives	(1,783)	8,010	6,814	(9,422)
Cash	(68,491)	(49,615)	(75,498)	(57,488)
Invested Capital^{NG}	1,785,210	1,798,525	1,806,783	1,800,684
Average of invested capital ^{NG} over the quarter	1,791,868	1,802,654	1,803,734	1,800,751

Invested Capital^{NG}

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

ROIC^{NG}

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

Total Liquidity^{NG}

Total Liquidity^{NG} is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS. The Company defines total liquidity^{NG} as cash on-hand plus available capacity under its North American and UK Secured Facilities, without consideration given to the minimum banking liquidity requirement under the Secured Facilities.

Banking Liquidity^{NG}

Banking Liquidity^{NG} is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS. The Company defines banking liquidity^{NG} as cash on-hand plus available capacity under its North American Secured Facilities, without consideration given to the minimum banking liquidity requirement under the Secured Facilities.

Working Capital Days^{NG}

Working Capital Days^{NG} is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS. The Company defines Working Capital Days^{NG} as the calculated number of days to convert working capital to cash. It is calculated by the number of days in the last twelve months (2025 Q1 LTM - 364 days) divided by the working capital turnover ratio (total sales for the last twelve months divided by average working capital for the last thirteen months).

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

Book-to-Bill Ratio^{NG}

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

Backlog^{NG}

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

Total Leverage Ratio^{NG}

Total Leverage Ratio^{NG} is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS. TLR^{NG} is calculated as aggregate indebtedness of the Company, not including the Company's Debentures and certain non-financial products, but including any senior unsecured or second lien indebtedness, less unrestricted cash and cash equivalents up to a maximum of \$50 million, divided by Adjusted EBITDA^{NG} (calculated on a trailing twelve-month basis). The TLR^{NG} was reintroduced in 2024 Q3.

Interest Coverage Ratio^{NG}

Interest Coverage Ratio^{NG} is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS. ICR^{NG} is calculated as the same trailing twelve month Adjusted EBITDA^{NG} as the Total Leverage Ratio^{NG} divided by trailing twelve-month interest expense on the Secured Facilities, the Debentures, any senior unsecured or second lien indebtedness and other interest and bank charges.

Senior Secured Net Leverage^{NG}

Senior Secured Net Leverage^{NG} includes the 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} was reintroduced in 2024 Q3.

Controls and Procedures

Internal Controls over Financial Reporting

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

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

Management, under the supervision of the CEO and CFO, evaluated the design and operational effectiveness of the Company’s ICFR as of March 30, 2025 in accordance with the criteria established in COSO 2013, and concluded that the Company’s ICFR are effective.

There have been no changes in our internal controls over financial reporting that occurred as of March 30, 2025 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

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

Disclosure Controls

Management is responsible for establishing and maintaining disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required to be disclosed is reported within time periods prescribed by applicable securities legislation. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. The Company’s CEO and CFO have concluded that disclosure controls and procedures as at March 30, 2025 were effective.

Appendix A

Meaning of Certain References

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

The Shares trade on the Toronto Stock Exchange (“TSX”) under the symbol NFI, and the Convertible Debentures trade on the TSX under the symbol NFI.DB. As at March 30, 2025, 119,050,979 Shares were issued and outstanding. Additional information about NFI and the Company, including NFI’s Annual Information Form and information circular, is available on SEDAR+ at <http://www.sedarplus.ca>.

References to NFI’s geographic regions for the purpose of reporting global revenues are as follows: “North America” refers to Canada, United States, and Mexico; United Kingdom and Europe refer to the United Kingdom and Europe; and “Asia Pacific” or “APAC” refers to Hong Kong, Malaysia, Singapore, Australia, and New Zealand.

Forward-Looking Statements

This MD&A contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities laws, which reflect the expectations of management regarding the Company’s future growth, financial performance and liquidity and the Company’s strategic initiatives, plans, business prospects and opportunities, including the impact of and recovery from supply chain disruptions and plans to address them, the steps the Company plans to take to improve liquidity and the impact of tariffs, other trade measures and U.S. policy developments regarding federal vehicle funding. The words “believes”, “views”, “anticipates”, “plans”, “expects”, “intends”, “projects”, “forecasts”, “estimates”, “guidance”, “goals”, “objectives”, “targets” and similar words or expressions of future events or conditional verbs such as “may”, “will”, “should”, “could”, “would” are intended to identify forward-looking statements. These forward-looking statements reflect management’s current expectations regarding future events and the Company’s financial and operating performance and speak only as of the date of this MD&A. By their very nature, forward-looking statements require management to make assumptions and involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and give rise to the possibility that management’s predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the assumptions may not be correct and that the Company’s future growth, financial condition, ability to generate sufficient cash flow, maintain adequate liquidity and manage supply chain disruptions and the Company’s strategic initiatives, objectives, plans, business prospects and opportunities, will not occur or be achieved.

The Company continues to experience various global and regional supply chain and logistics challenges, inflationary price increases for parts, components and other inputs used in the manufacturing processes, as well as labour shortages. The Company has taken various steps to mitigate these issues (including the current North American seat supply issue), but they continue to have a significant negative impact on the Company’s business, operating results, financial condition and liquidity. These issues may continue and/or worsen, including as the Company continues to ramp up production levels. While NFI has experienced significant improvement in overall supplier performance, the supply of certain parts and components continues to be challenged and may deteriorate, including with respect to other parts and components. There can be no assurance as to if or when production operations will return to pre-pandemic production rates or deliveries. Supply chain issues could also potentially expose the Company to liquidated damages penalties under certain transit bus and motor coach purchase contracts if it is unable to meet the applicable delivery deadlines under such contracts. While the Company is closely managing its liquidity, it is possible that various events (such as delayed deliveries and customer acceptances, delayed customer payments, supply chain issues, product recalls and warranty claims) could significantly impair the Company’s liquidity and there can be no assurance that the Company would be able to obtain additional liquidity when required in such circumstances. In addition, as the Company is in the process of ramping up production levels and an increasing percentage of the Company’s orders are ZEBs that have a higher manufacturing cost, the Company’s working capital requirements have increased compared to prior years. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period or have access to additional capital when required in such circumstances and the Company’s financial performance and condition, cash flow and liquidity and its ability to maintain compliance with the covenants under its credit facilities may be impaired.

The level, type, coverage and duration of tariffs and other trade measures imposed by the US, Canada and China is fluidly evolving and may continue to change and evolve in unpredictable ways. The impact of tariffs and other trade measures on general economic conditions, customer demand and on the Company’s business is uncertain and may be significant. Such impacts may include general inflationary pressures as well as new and exacerbated supply chain disruptions leading to production inefficiencies, delivery delays and additional liquidity deterioration. It is impossible to predict the full impact on the Company of tariffs or other trade actions, and if they are in place for an extended period they may have a material adverse effect on the Company’s business, operating results, financial condition and

liquidity and may result in the Company not achieving its finalized guidance. In addition, U.S. federal funding for transit buses and coaches, including electric vehicles, could potentially be significantly reduced as a result of the U.S. administration's recent executive orders and potential policy changes. This could significantly impact the ability of U.S. transit agencies to purchase vehicles from the Company, which would likely have the most significant impact on purchases of electric vehicles. There can be no assurance as to the continuation or future amount of U.S. federal funding for transit bus and coach purchases.

Specific reference is made to the factors described above in this MD&A and in the section entitled "Risk Factors" in the Company's Annual Information Form for a discussion of the factors that may affect forward-looking statements and information. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements and information. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that could cause actions, events or results not to be as anticipated, estimated or intended or to occur or be achieved at all. The forward-looking statements and information contained herein are made as of the date of this MD&A (or as otherwise indicated) and, except as required by law, the Company does not undertake to update any forward-looking statement or information, whether written or oral, that may be made from time to time by the Company or on its behalf. The Company provides no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers and investors should not place undue reliance on forward-looking statements and information.

Appendix B - 2025 First Quarter Bid Universe and Order Activity

Demand for Transit Buses and Motor Coaches

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

In 2025 Q1, active bids of 5,306 EUs were down 1.9% year-over-year, and down 25.2% from 2024 Q4. The year-over-year decline was relatively flat, while the quarter-over-quarter decline was primarily driven by large new contract awards in 2025 Q1 of 2,523 EUs. The Company ended 2025 Q1 with 1,651 bids in process, and another 3,655 bids submitted, which is expected to drive further new orders in 2025.

The forecasted five-year North American industry procurement remains strong at 23,139 EUs. As of 2025 Q1, the Total Bid Universe was 28,445 EUs, down from its all-time high of 31,682 EUs in 2023 Q3, with the decrease primarily driven by new orders received in 2024 and 2025. The Company expects that the forecasted five-year North American industry procurement will remain high in 2025 as transit agencies continue to formalize their short- and long-term procurement plans linked to the multi-billion funding programs announced and/or launched by governments in Canada and the U.S.

As at 2025 Q1, 13,994 EUs, or 49.2%, of the Total Bid Universe are ZEBs.

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

	Bids in Process (EUs)	Bids Submitted (EUs)	Active EUs	Forecasted Industry Procurement over 5 Years (EUs) ¹	Total Bid Universe (EUs)
2024 Q1	1,470	3,940	5,410	21,350	26,760
2024 Q2	3,609	3,153	6,762	21,415	28,177
2024 Q3	5,533	3,226	8,759	20,690	29,449
2024 Q4	3,437	3,657	7,094	21,797	28,891
2025 Q1	1,651	3,655	5,306	23,139	28,445

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

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

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

Due to the transactional nature of the procurement process in the UK, European and Asia Pacific markets, Alexander Dennis does not have a Total Bid Universe metric like the one seen in North American public markets. Alexander Dennis does, however, maintain a current sales pipeline, which continued to see improvement throughout 2025 Q1. The increase in industry market demand was on display as UK and Ireland total market delivery volumes grew by 30% year-over-year in 2025 Q1 and continue to be driven by customers' fleet recovery and replacement plans. Alexander Dennis has continued to voice concerns to UK and Scottish governments regarding the uneven playing field that exists for UK bus manufacturers, who support higher wages and better domestic employment rights, while combating lower-cost foreign importers who have no investment requirement in the UK. The Company will continue to advance those discussions with a focus on increasing domestic content requirements or increased tariffs to improve the playing field for domestic players.

In Asia Pacific, the Hong Kong market is highly cyclical, and, following busier periods in 2015 through 2018, the market declined as anticipated. Alexander Dennis remains the market leader for double-deck buses in the Hong Kong market and expects to see stable annual deliveries and slow recovery, reflecting typical market cyclicity, in 2025. New Zealand and Singapore remain highly cyclical markets with more predictable purchasing expectations based on vehicle age; Alexander Dennis continues to see significant opportunities in both markets and is also pursuing additional expansion programs in South Africa and the Middle-East region.

Order activity

New orders (firm and options) during 2025 Q1 totaled 2,523 EUs, a 53.5% decrease from 2024 Q1, which is primarily driven by NFI reporting record new awards in 2024 Q1 with major orders from New York and New Jersey in that period. New firm and option orders for 2025 Q1 LTM were 6,591 EUs, a decrease of 31.8% from 2024 Q1 LTM. The decrease for both figures reflect the record orders awarded in 2024 Q1 (5,421 new orders). The timing of new orders can vary based on transit agency procurement processes, with the first quarter typically being a lighter period tied to agency and operator approval meetings.

In 2025 Q1 116 option EUs converted to firm orders, which contributed to 850 EUs converted in 2025 Q1 LTM, representing a conversion ratio of 76%. Further details on options are provided below under the "Options" section.

In 2025 Q1, the Company received orders for 282 EUs of battery-electric, zero-emission vehicles, a decrease from the 1,850 EUs of ZEB orders in 2024 Q1 and a decrease from 473 EUs of ZEB orders in 2024 Q4. These 282 EUs of ZEBs equate to 11.2% of all new firm and option orders for the quarter.

515 EUs of new firm and option orders were pending from customers at the end of 2025 Q1, where approval of the award to the Company had been made by the customer's board, council, or commission, as applicable, but purchase documentation had not yet been received by the Company and therefore not yet included in the backlog^{NG}.

	New Orders in Quarter (Firm and Option EUs)	LTM New Orders (Firm and Option EUs)	Option Conversions In Quarter (EUs)	LTM Option Conversions (EUs)
2024 Q1	5,421	9,669	131	491
2024 Q2	1,114	9,866	129	331
2024 Q3	1,050	9,946	168	482
2024 Q4	1,904	9,489	437	865
2025 Q1	2,523	6,591	116	850

Options

In 2025 Q1, 75 options expired, as compared to 119 options that expired in 2024 Q4, and 74 options that expired in 2024 Q1. Option expiries can vary significantly quarter-to-quarter. From 2021 to 2023, certain agencies allowed a portion of older options to expire as they re-evaluated their longer-term fleet planning decisions with an increased focus on the procurement of ZEBs rather than traditional internal combustion engine propulsion. NFI has replenished a significant number of expired options through new orders, with its option backlog^{ng} growing by approximately 114% from the end of 2021 to 2025 Q1. In 2025 Q1 the LTM option conversion rate remained relatively flat at 76%. The Company's conversion rate can vary significantly from quarter-to-quarter and should be looked at on an annual or LTM basis.

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

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
A) Options Expired (EUs)	819	1,920	575	268	75						3,657
B) Options Exercised (EUs)	1,110	638	404	865	116						3,133
C) Current Options by year of expiry (EUs)					866	1,377	1,338	1,531	4,079	1,100	10,291
D) Conversion rate % = B / (A+B)	58 %	25 %	41 %	76 %							

In addition to contracts for identified public customers, the Company has increased its focus on purchasing schedules (state and national contracts, and cooperative agency purchasing agreements) with the objective of having multiple available schedules, from which customers within a prescribed region or from defined list, can purchase. The Company is currently named on over 45 of these purchasing schedules,

either directly or through its dealers. These schedules are not recorded in backlog^{NG} as they do not have defined quantities allocated to the Company or any other original equipment manufacturer. Once a customer makes an order under one of these agreements, the purchase is recorded as a firm order. The Company has received more than 2,700 vehicle awards from these schedules since the start of 2018, reflecting their growing use by North American transit agencies as a procurement alternative.

The Company's 2025 Q1 Book-to-Bill^{NG} ratio (defined as new firm orders and exercised options divided by new deliveries) was 139.3%, a decrease from 153.6% in 2024 Q1. This decrease was driven primarily by the difference in firm orders compared to 2024 Q1. 2025 Q1 LTM Book-to-Bill^{NG} was 117.4%, remaining relatively flat from the rate of 117.0% for 2024 Q1 LTM.

Backlog^{NG}

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

Transit buses and motor coaches incorporating clean propulsion systems, including compressed natural gas, diesel-electric hybrid, and ZEBs, which consist of trolley-electric, fuel cell-electric, and battery-electric buses, represent approximately 58.8% of the total backlog^{NG} as of the end of 2025 Q1, relatively flat from 60% as of the end of 2024 Q4. As at the end of 2025 Q1, there were 6,039 EUs of ZEBs in the backlog^{NG}, representing 36.5% of the total backlog^{NG}, a decrease from 40.3% as at the end of 2024 Q4 and 39.2% as at the end of 2024 Q1.

	2025 Q1			2024 Q4			2024 Q1		
	Firm Orders	Options	Total	Firm Orders	Options	Total	Firm Orders	Options	Total
Beginning of period	5,860	9,275	15,135	5,516	9,074	14,590	5,012	5,574	10,586
New orders	1,316	1,207	2,523	1,147	757	1,904	1,600	3,821	5,421
Options exercised	116	(116)	—	437	(437)	—	131	(131)	—
Shipments ¹	(1,028)	—	(1,028)	(1,180)	—	(1,180)	(1,127)	—	(1,127)
Cancelled/expired	(28)	(75)	(103)	(60)	(119)	(179)	(23)	(74)	(97)
End of period	6,236	10,291	16,527	5,860	9,275	15,135	5,593	9,190	14,783
Consisting of:									
Heavy-duty transit buses	5,099	9,769	14,868	4,816	8,744	13,560	4,635	8,883	13,518
Motor coaches	353	522	875	349	531	880	297	307	604
Cutaway and medium-duty buses	784	—	784	695	—	695	661	—	661
Total Backlog^{NG}	6,236	10,291	16,527	5,860	9,275	15,135	5,593	9,190	14,783

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

At the end of 2025 Q1, the Company's total backlog^{NG} of 16,527 EUs (firm and options) increased by 9.2% from the end of 2024 Q4, and increased by 11.8% from the end of 2024 Q1. The increase was driven by strong new awards in 2025 Q1 of 2,523 EUs and continuing strong option conversion rates on an LTM basis. Backlog^{NG} for 2025 Q1 has a total dollar value of \$13.7 billion, a 7.1% increase from 2024 Q4 and a 16.6% increase from 2024 Q1.

The average price of an EU in total backlog^{NG} is now \$0.83 million, a 4.3% increase from 2024 Q1. This increase was driven by the impacts of improved pricing and general improvements in contract margins.

The summary of the values is provided below.

	2025 Q1		2024 Q4		2024 Q1	
		EUs		EUs		EUs
Total firm orders	\$4,929.3	6,236	\$4,713.8	5,860	\$3,865.8	5,593
Total options	\$8,756.3	10,291	\$8,066.4	9,275	\$7,874.3	9,190
Total backlog^{NG}	\$13,685.6	16,527	\$12,780.2	15,135	\$11,740.1	14,783



NFI GROUP

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

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

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

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

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