

NFI Announces Second Quarter Results

Improvements in Revenue, Gross Margin, Adjusted EBITDA¹ and Liquidity with a total backlog of \$13.5 billion

Winnipeg, Manitoba, CANADA – July 31, 2025: (TSX: NFI, OTC: NFYEF, TSX: NFI.DB) NFI Group Inc. ("NFI" or the "Company"), a leader in propulsion-agnostic bus and coach mobility solutions, today announced its unaudited interim condensed consolidated financial results for the second quarter of 2025. All figures quoted in U.S. dollars unless otherwise noted.

Second Quarter Highlights

- **Deliveries:** 1,076 equivalent units ("EUs"), with 30.9% being battery- and fuel cell-electric buses ("ZEBs")
- **Revenue:** \$868.2 million, an increase of 2.0% year-over-year
- **Gross Profit:** \$116.2 million, an increase of 14.6% from 2024 Q2, with margin percentage of 13.4%
- **Net Loss:** \$160.8 million, with Net Loss per Share of \$1.35, impacted by non-recurring items totaling \$167.6 million, Adjusted Net Earnings of \$10.7 million and Adjusted Net Earnings of \$0.09 per share
- **Adjusted EBITDA¹:** \$70.8 million, an increase of 19.2% year-over-year
- **Backlog¹:** \$13.5 billion (6,082 EUs firm and 10,116 EUs options), up 14.4% year-over-year; ZEBs represent 35.3% of total backlog¹ EUs
- **ROIC¹:** increased to 7.9%, up from 3.5% in 2024 Q2
- **Total Liquidity¹:** \$326.7 million, up \$198.8 million from 2025 Q1. Improvement driven by NFI's 2025 refinancing discussed below

Key financial metrics for 2025 Q2 are included in the table below:

in millions except deliveries and per share amounts	2025 Q2	2024 Q2	2025 Q2 LTM	2024 Q2 LTM
Deliveries (EUs)	1,076	1,246	4,278	4,651
IFRS Measures				
Revenue	\$ 868.2	\$ 851.2	\$ 3,258.0	\$ 3,080.9
Net loss	\$ (160.8)	\$ 2.5	\$ (163.7)	\$ (49.1)
Net loss per share	\$ (1.35)	\$ 0.02	\$ (1.45)	\$ (0.44)
Net cash used by operating activities	\$ (69.6)	\$ 29.7	\$ (56.6)	\$ 59.4
Non-IFRS Measures				
Adjusted EBITDA ¹	\$ 70.8	\$ 59.4	\$ 254.6	\$ 143.0
Adjusted Net Earnings ¹	\$ 10.7	\$ 3.1	\$ 22.7	\$ (56.7)
Adjusted Net Earnings per Share ¹	\$ 0.09	\$ 0.03	\$ 0.20	\$ (0.50)
Free Cash Flow ¹	\$ 15.7	\$ 1.1	\$ 22.6	\$ (60.8)
Return on Invested Capital (ROIC) ¹	7.9%	3.5%	7.9%	3.5%

CEO Comments

"The second quarter was a busy period across NFI as we strengthened our balance sheet and continued to execute on operational objectives to drive margin growth," said Paul Soubry, President and Chief Executive Officer, NFI. "Completing our refinancing leaves us well positioned to deliver on our multi-year backlog, increase cash flow generation and lower total leverage."

"We're encouraged by the improvements we're seeing across our North American supply chain, including a new seat supplier coming online ahead of schedule in the second quarter. We remain actively engaged with our challenged seat supplier on their ongoing recovery which we expect will continue through the second half of the year," Soubry continued. "In the UK we are implementing targeted cost reduction actions to improve our competitive position while also working with local governments to encourage domestic UK bus manufacturing and rolling out new electric bus models."

"The tariff environment continues to evolve, and we are working closely with suppliers and customers to ensure our pricing reflects their impact. While the operating environment remains fluid, based on our first half performance and current backlog we are confident in our ability to deliver our 2025 guidance that will see double digit revenue and adjusted EBITDA growth, alongside improved returns on capital and cash flow generation."

2025 Refinancing

During the quarter, NFI completed several activities related to strengthening its balance sheet, improving financial covenants, increasing liquidity and overall financial flexibility. This included a new four-year \$700 million revolving credit facility (the "2025 First Lien Facility"), and a private offering of \$600 million aggregate principal amount of 9.250% second lien secured notes due 2030 (the "2025 Second Lien Debt").

Completion of the above refinancing transactions resulted in the following financial impacts:

- Net proceeds of \$589.8 million from the 2025 Second Lien Debt following the deduction of certain fees, expenses and commissions
- A \$10.8 million pre-payment penalty associated with the repayment of the existing 2023 second lien debt facility, originally entered into with Coliseum Capital Management, LLC and accounts managed by it (collectively "Coliseum"), in August 2023
- A non-cash derecognition of \$26.0 million in derivative assets associated with refinancing activities undertaken in 2023
- Creation of a \$19.4 million derivative asset associated with the 2025 Second Lien Debt
- Improvements to NFI's total liquidity by \$198.8 million

In total, these items, alongside a goodwill and asset impairment within the Alexander Dennis business (discussed under segment results) created non-recurring impacts to NFI's net earnings of \$167.6 million, with \$143.2 million of these expenses being non-cash items.

Segment Results

Manufacturing

- Manufacturing revenue increased by \$23.0 million, or 3.3%, from 2024 Q2, reflecting improved pricing on heavy-duty transit and coach deliveries, stronger product mix and higher low-floor cutaway deliveries.
- Manufacturing net loss of \$88.9 million, increased by \$96.3 million year-over-year, driven primarily by several non-recurring events, including the impairment of the assets and goodwill of Alexander Dennis for \$80.9 million and \$10.0 million, respectively and an associated \$14.9 million restructuring charge related to anticipated headcount reductions. Net loss was also impacted by a \$9.7 million adjustment related to labour, overhead costs and liquidated damages associated with seat supply disruption.



We Move People

- Manufacturing Adjusted EBITDA¹ improved by \$18.7 million from 2024 Q2. The increase was primarily driven by improved gross margins within North American heavy-duty transit and coach, and higher low-floor cutaway deliveries.
- At quarter-end, the Company's total backlog¹ (firm and options) of 16,198 EUs (value of \$13.5 billion) increased by 10.9% on an EU basis and 14.4% on a dollar basis, from 2024 Q2.
- NFI added 822 EUs of new orders, supporting an LTM Book-to-Bill ratio¹ of 119.9%. The average price of an EU in backlog¹ is now \$0.84 million, a 3.2% increase from 2024 Q2, reflecting the ongoing improvements in new order pricing.

Aftermarket

- Aftermarket revenue of \$155.7 million, decreased by 3.7% from 2024 Q2, primarily from expected lower midlife program revenues in North American public markets.
- Aftermarket net earnings decreased by \$6.6 million from 2024 Q2, driven by lower midlife program revenues.
- Aftermarket Adjusted EBITDA¹ decreased by \$4.4 million, or 12.7%, primarily due to the same items that impacted Net earnings.

Consolidated Net Earnings, Adjusted Net Earnings, and Return on Invested Capital¹

- Net loss of \$160.8 million (\$1.35 per Share), compared to Net earnings of \$2.5 million in 2024 Q2, primarily driven by non-recurring expenses associated with the 2025 refinancing transactions, non-cash goodwill and asset impairment charges within Alexander Dennis, and the impact of costs associated with seat supply disruption.
- Adjusted Net Earnings¹ of \$10.7 million (\$0.09 per Share), includes adjustments for the non-recurring items and other fair market value normalization adjustments.
- ROIC¹ increased to 7.9% from 3.5% in 2024 Q2, primarily due to the increase in Adjusted EBITDA¹ also impacted by an increase in the invested capital base¹, which increased due to increases in long-term debt and higher working capital balances as the Company continues to increase production rates.

Market Outlook

Management anticipates improvements to revenue, gross profit, net earnings, Adjusted EBITDA¹, Free Cash Flow¹, and ROIC¹, in the near-and longer-term as the Company executes on its backlog¹, increases bus and coach production, delivers a higher number of ZEBs, executes its aftermarket business and benefits from the growing demand for its buses, coaches and parts, and the services provided by the Infrastructure Solutions™ business.

Management's growth expectations are driven by several key factors:

- **New Order Activity:** NFI received orders for 6,299 EUs on an LTM basis, with expectations for further orders in 2025 following the U.S. government's May announcement of funding apportionments for fiscal year 2025.
- **Funding and Market Demand:** In May 2025, the FTA released funding apportionments for \$20.6 billion with dedicated bus programs remaining at the same levels as 2024 as part of the IIJA. This funding supports future procurement activity and NFI's North American Public Bid Universe remains strong with active bids of 5,855 EUs, and a five-year forecasted customer demand of 22,769 EUs. NFI has also seen overall increases in market demand for public and private coaches and low-floor cutaways fueled by growing ridership, increased travel, aging fleet assets and ongoing return to work initiatives.
- **Increasing Public Transit Ridership and Increasing Fleet Age:** Ridership levels in the U.S. remain on an upward trend, with the latest available APTA Ridership Trends Dashboard report (as of 2025 Q1) showing bus ridership growth of 2.2% year-over-year. Average fleet age in North American transit has also increased, with APTA estimating the fleet age at 8.3 years and NFI estimating that nearly half of North American transit buses have surpassed 12 years of service.
- **Improvements in Overall Supplier Health:** NFI has continued to see a significant decline in the number of moderate and high-risk suppliers, now down to one supplier out of the Company's top 750 suppliers.

NFI's strategy to provide the broadest offering of propulsion agnostic buses and coaches, built on common production lines, has positioned the Company well to realize upon growing demand as it can support customers diverse fleet plans even if demand for specific propulsion types shift. This offering includes low and zero-emission buses and coaches, alongside its broader solutions offering of aftermarket parts, training, Infrastructure Solutions™, and financing.

Financial Guidance

NFI financial guidance for Fiscal 2025 remains unchanged:

	2025 Guidance
Revenue	\$3.8 to \$4.2 billion
ZEBs (electric) as a percentage of manufacturing sales	35% - 40%
Adjusted EBITDA ¹	\$320 to \$360 million
Cash Capital Expenditures	\$50 to \$60 million
ROIC ¹	9% to 12%

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

Tariff Impacts

During the second quarter, NFI was subject to tariffs on imports of steel and aluminum in the U.S. and Canada, and tariffs on imports of goods from various international jurisdictions. In addition, NFI also began to receive updated pricing from its suppliers reflecting the impacts of tariffs on input components they source and import into the US. NFI has been actively engaging with its customers to explain the pricing impacts of tariffs on buses and coaches for their parts and commodities sourced from international suppliers, and has begun the process of negotiating and charging surcharges to reflect the costs of those tariffs.

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

Tariff-driven cost increases may be more difficult to offset in the private coach market. However, the impact on NFI is moderated by the transactional sales model and current inventory of private coaches that have lower tariff costs. Higher prices from tariffs may negatively impact overall demand (and production) within the private coach segment, although MCI's North American production may be at a price advantage compared to importers from Europe. There may also be near-term cash flow implications on NFI's operations due to the timing of tariff payments, deliveries, and revenue collection, and potential decreases in order sizes due to higher prices.

The impact tariffs, U.S. funding developments and other trade measures could have on general economic conditions, supply chain health, customer demand and the Company's business is uncertain and could be materially adverse. In addition, the current seat supply disruptions may be extended and/or exacerbated beyond management's current expectations, there remains a risk

of additional supply or operational disruptions. See Appendix A Forward Looking Statements for a description of risks and other factors and the Company's filings on SEDAR+ at www.sedarplus.ca.

Second Quarter 2025 Results Conference Call

A conference call for analysts and interested listeners will be held on Friday, August 1, 2025, at 8:30 a.m. Eastern Time (ET). An accompanying results presentation will be available prior to market open on Friday, August 1, 2025, at www.nfigroup.com.

For attendees who wish to join by webcast, registration is not required; the event can be accessed at <https://edge.media-server.com/mmc/p/hrp5vpff>.

Attendees who wish to join by phone must pre-register at the following link: <https://register-conf.media-server.com/register>. An email will be sent to the user's registered email address, which will provide the call-in details. Due to the possibility of emails being held up in spam filters, we highly recommend that attendees wishing to join via phone register ahead of time to ensure receipt of their access details.

A replay of the call will be accessible from about 12:00 p.m. ET on August 1, 2025, until 11:59 p.m. ET on August 1, 2026, at <https://edge.media-server.com/mmc/p/hrp5vpff>. Other materials will also be available on NFI's website at www.nfigroup.com.

About NFI Group

Leveraging 450 years of combined experience, NFI offers a wide range of propulsion-agnostic bus and coach platforms, including market leading electric models. Through its low- and zero-emission buses and coaches, infrastructure, and technology, NFI meets today's urban demands for scalable smart mobility solutions. Together, NFI is enabling more livable cities through connected, clean, and sustainable transportation.

With approximately 9,000 team members in ten countries, NFI is a leading global bus manufacturer of mass mobility solutions under the brands **New Flyer**® (heavy-duty transit buses), **MCI**® (motorcoaches), **Alexander Dennis Limited** (single and double-deck buses), **ARBOC**® (low-floor cutaway and medium-duty buses), and **NFI Parts**™. NFI currently 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 ("Shares") trade on the Toronto Stock Exchange ("TSX") under the symbol NFI and its convertible unsecured debentures ("Debentures") trade on the TSX under the symbol NFI.DB. News and information is available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, nfi.parts, www.alexander-dennis.com, arbocsv.com, and carfaircomposites.com.

For investor inquiries, please contact:

Stephen King

P: 204.224.6382

Stephen.King@nfigroup.com

Footnotes:

1. Adjusted EBITDA, Adjusted Net Earnings (Loss), and Free Cash Flow represent non-IFRS measures; Adjusted Net Earnings (Loss) per Share and Return on Invested Capital ("ROIC") are non-IFRS ratios; and Total Liquidity and Backlog are supplementary financial measures. Such measures and ratios are not defined terms under IFRS and do not have standard meanings, so they may not be a reliable way to compare NFI to other companies. Adjusted Net Earnings (Loss) per Share is based on the non-IFRS measure Adjusted Net Earnings (Loss). ROIC is based on net operating profit after tax and average invested capital, both of which are non-IFRS measures. Book-to-Bill Ratio is a non-IFRS measure and is defined as new firm orders and exercised options divided by new deliveries. See "Non-IFRS Measures" and detailed reconciliations of IFRS Measures to non-IFRS Measures in the Appendices of this press release. Readers are advised to review the audited consolidated financial statements (including notes) (the "Financial Statements") and the related Management's Discussion and Analysis (the "MD&A").



2. Results noted herein are for the 13-week period ("2025 Q2") and the 52-week period ("2025 Q2 LTM") ended June 29, 2025. The comparisons reported in this press release compare 2025 Q2 to the 13-week period ("2024 Q2") and 2025 Q1 LTM to the 52-week period ("2024 Q2 LTM") ended June 30, 2024. Comparisons and comments are also made to the 13-week period ("2025 Q1") ended March 30, 2025. The term "LTM" is an abbreviation for "Last Twelve Month Period".

Appendix A - Reconciliation TablesReconciliation of Net Earnings (Loss) to Adjusted EBITDA^{NG} and Net Operating Profit after Taxes^{NG}

Non-IFRS measures in the appendices of this press release have been denoted with an "NG". Please see Appendix B: "Non-IFRS and Other Financial Measures" section.

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

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

1. U.S. exchange rate (C\$ per US\$) is the average exchange rate for the period.
2. Changes in non-cash working capital are excluded from the calculation of Free Cash Flow^{NG} as these temporary fluctuations are managed through the Secured Facility which are available to fund general corporate requirements, including working capital requirements, subject to borrowing capacity restrictions. Changes in non-cash working capital are presented on the unaudited interim condensed consolidated statements of cash flows net of interest and income taxes paid.
3. The cash effect of the difference between the defined benefit expense and funding is included in the determination of cash from operating activities. This cash effect is excluded in the determination of Free Cash Flow^{NG} as management believes that the defined benefit expense amount provides a more appropriate measure, as the defined benefit funding can be impacted by special payments to reduce the unfunded pension liability.
4. Foreign exchange loss (gain) on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS Accounting Standards; however, because it is a cash item, management believes it should be included in the calculation of Free Cash Flow^{NG}.
5. Per Share calculations for Free Cash Flow^{NG} (C\$) are determined by dividing Free Cash Flow^{NG} by the total number of all issued and outstanding Shares using the weighted average over the period. The weighted average number of Shares outstanding for 2025 Q2 was 119,064,892 and 118,997,650 for 2024 Q2. The weighted average number of Shares outstanding for 2025 Q2 LTM and 2024 Q2 LTM was 119,042,977 and 112,775,058, respectively.
6. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with restructuring initiatives. In 2025 Q2, NFI recorded a \$14.8 million restructuring provision related to the expected role reductions at Alexander Dennis. Free Cash Flow^{NG} reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.
7. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
8. Includes fair market value adjustments to interest rate swaps, cash conversion option on the Debentures, and to the prepayment option on the Company's second lien debt. 2025 Q2 includes a gain of \$0.3 million compared to a gain of \$0.2 million in 2024 Q2 for the interest rate swaps. 2025 Q2 includes a gain of \$2.9 million and 2024 Q2 includes a gain of \$0.1 million on the cash conversion option. The prepayment option related to the 2023 Second Lien Debt had a gain of \$16.0 million in 2025 Q2 and a gain of \$0.6 million in 2024 Q2.
9. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. In 2025 Q2, \$9.7 million in labour and overhead costs were incurred as a result of the seat supply disruption, in addition to \$10.6 million recognized and 2025 Q1, and \$11.1 million recognized in 2024 Q4.
10. In 2024 Q1, the Company recognized an impairment loss on a New Product Development ("NPD") project for \$1.0 million. In 2025 Q2, the Company recorded a \$80.9 million intangible asset impairment related to the Alexander Dennis manufacturing business unit.
11. Provision for sales taxes as a result of a previous state sales tax review.
12. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. 2022 Q2 includes \$7.0 million for the liability related to the closure of MCI's Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2.
13. As a result of the Company's comprehensive refinancing, the Company had recognized an accounting gain in 2023 Q3 stemming from the modification made to its Secured Facilities. In 2023 Q4, an accounting loss was recorded to adjust the gain on debt modification.
14. In 2024 Q2, the Company recognized an accounting loss for the debt extinguishment related to the amendments made to the MDC senior unsecured facility. In 2025 Q2, the Company recognized an accounting loss of \$43.2 million for the debt extinguishment as a result of the Company's comprehensive refinancing with the 2025 First Lien Facility.
15. In 2025 Q2, NFI recorded impairments related to the reductions in expected new vehicle demand in response to increased competition within the UK market. This resulted in a \$4.3 million property, plant and equipment impairment, and a \$10 million goodwill impairment within the Alexander Dennis manufacturing business unit.
16. The company was assessed an early repayment fee of \$10.8 million was associated with the 2023 Second Lien Debt.
17. In 2025 Q2, NFI recorded an impairment on the previously recorded California Air Resources Board (CARB) credit of \$1.6 million.

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



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Adjusted Net (Loss) Earnings per Share (fully diluted) ^{NG}	0.09	0.03	0.11	(0.11)	0.20	(0.50)
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1. Addback items are derived from the historical financial statements of the Company.
2. The Company has utilized a rate of 31.0% to tax effect the adjustments for the periods above.
3. The unrealized gain on the prepayment option is related to the Company's second lien debt instrument.
4. Normalized to exclude the over accretion of transaction costs relating to the Company's Secured Facility.
5. As a result of the Company's refinancing in 2023, the Company has recognized an accounting gain stemming from the modification made to its Secured Facilities.
6. In 2024 Q2, the Company recognized an accounting loss for the debt extinguishment related to the amendments made to the MDC senior unsecured facility. In 2025 Q2, the Company recognized an accounting loss for the debt extinguishment as a result of the Company's comprehensive refinancing with the 2025 First Lien Facility.
7. In Fiscal 2023, the Company settled its equity swaps which were used to hedge the exposure associated with changes in value of its Shares with respect to outstanding management restricted units ("Management RSUs") and a portion of the outstanding performance share units ("PSUs"), and deferred share units ("DSUs").
8. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. In 2022 Q2, \$7.0 million liability was recorded related to the anticipated closure of MCI's Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2.
9. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
10. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. Also included is the additional labour costs associated with the shortage of the specified item.
11. Provision for sales taxes as a result of a previous state sales tax review.
12. In 2024 Q1, the Company recognized an impairment loss on an NPD project for \$1.0 million. In 2025 Q2, the Company recorded a \$80.9 million intangible asset impairment related to the Alexander Dennis manufacturing business unit.
13. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with other restructuring initiatives. In 2025 Q2, NFI recorded a restructuring provision related to the expected role reductions at Alexander Dennis. Free Cash Flow^{NG} reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.
14. In 2025 Q2, NFI recorded impairments related to the reductions in expected new vehicle demand in response to increased competition within the UK market. This resulted in a \$4.3 million property, plant and equipment impairment, and a \$10 million goodwill impairment within the Alexander Dennis manufacturing business unit.
15. The company was assessed a fee for early repayment associated with the 2023 Second Lien Debt.
16. The company recorded a write-down of deferred tax assets of \$34.4 million, the ETR was detrimentally impacted by the derecognition of deferred tax assets associated with the UK operations.

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

The following table reconciles Shareholders' Equity to Invested Capital. The average invested capital for the last twelve months is used in the calculation of ROIC^{NG}. ROIC^{NG} is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. Accordingly, ROIC^{NG} may not be comparable to similar measures presented by other issuers. See Non-IFRS Measures for the definition of ROIC^{NG}.

(\$ thousands)	2025 Q2	2025 Q1	2024 Q4	2024 Q3
Shareholders' Equity	557,787	703,529	707,754	699,717
Addback				
Long term debt	324,660	643,872	610,237	610,624
Second lien debt	611,056	174,202	173,741	173,309
Obligation under lease	129,738	129,629	129,511	130,020
Convertible debentures	233,567	221,540	218,020	230,453
Senior unsecured debt	33,322	51,051	50,040	56,210
Derivatives	(13,852)	(6,874)	(10,497)	2,327
Cash	(78,912)	(107,985)	(49,557)	(59,720)
Invested Capital^{NG}	1,797,366	1,808,964	1,829,249	1,842,940
Average of invested capital ^{NG} over the quarter	1,803,165	1,819,107	1,836,095	1,813,922

	2024 Q2	2024 Q1	2023 Q4	2023 Q3
Shareholders' Equity	704,031	697,580	702,913	706,177
Addback				
Long term debt	576,145	562,324	536,037	583,948
Second lien debt	172,910	172,568	172,396	172,975
Obligation under lease	131,382	135,959	138,003	130,102
Convertible debentures	225,628	225,972	228,985	221,427
Senior unsecured debt	54,997	61,081	61,796	60,838
Derivatives	(2,740)	(1,783)	8,010	6,814
Cash	(77,445)	(68,491)	(49,615)	(75,498)
Invested Capital^{NG}	1,784,908	1,785,210	1,798,525	1,806,783
Average of invested capital ^{NG} over the quarter	1,785,059	1,791,868	1,802,654	1,803,734

Appendix B - Non-IFRS Measures and Forward-Looking Statements

Non-IFRS Measures

References to "Adjusted EBITDA" are to earnings before interest, income taxes, depreciation and amortization after adjusting for the effects of certain non-recurring and/or non-operations related items and expenses incurred outside the normal course of operations that do not reflect the current ongoing cash operations of the Company. These adjustments include gains or losses on disposal of property, plant and equipment, fair value adjustment for total return swap, unrealized foreign exchange losses or gains on non-current monetary items and forward foreign exchange contracts, costs associated with assessing strategic and corporate initiatives, past service costs and other pension costs or recovery, non-operating costs or recoveries related to business acquisition, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, proportion of the total return swap realized, equity settled stock-based compensation, expenses incurred outside the normal course of operations, recovery of currency transactions, prior year sales tax provision, COVID-19 costs and impairment loss on goodwill and non-operating restructuring costs.

References to "NOPAT" are to Adjusted EBITDA less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%.

"Free Cash Flow" means net cash generated by or used in operating activities adjusted for changes in non-cash working capital items, interest paid, interest expense, income taxes paid, current income tax expense, repayment of obligation under lease, cash capital expenditures, acquisition of intangible assets, proceeds from disposition of property, plant and equipment, costs associated with assessing strategic and corporate initiatives, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, defined benefit funding, defined benefit expense, past service costs and other pension costs or recovery, expenses incurred outside the normal course of operations, proportion of total return swap, unrecoverable insurance costs, prior year sales tax provision, non-operating restructuring costs, extraordinary COVID-19 costs, foreign exchange gain or loss on cash held in foreign currency.

References to "ROIC" are to NOPAT divided by average invested capital for the last twelve month period (calculated as to shareholders' equity plus long-term debt, obligations under leases, other long-term liabilities and derivative financial instrument liabilities less cash).

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

"Book-to-Bill ratio" is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. The Company defines Book-to-Bill ratio as new firm orders and exercised options divided by new deliveries.

References to "Adjusted Net Earnings (Loss)" are to net earnings (loss) after adjusting for the after tax effects of certain non-recurring and/or non-operational related items that do not reflect the current ongoing cash operations of the Company including: fair value adjustments of total return swap, unrealized foreign exchange loss or gain, unrealized gain or loss on the interest rate swap, impairment loss on goodwill, portion of the total return swap realized, costs associated with assessing strategic and corporate initiatives, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, equity settled stock-based compensation, gain or loss on disposal of property, plant and equipment, past service costs and other pension costs or recovery, recovery on currency transactions, expenses incurred outside the normal course of operations prior year sales tax provision, COVID-19 costs and non-operating restructuring costs .

References to "Adjusted Net Earnings (Loss) per Share" are to Adjusted Net Earnings (Loss) divided by the average number of Shares outstanding.

Management believes Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings (Loss) and Adjusted Net Earnings (Loss) per Share are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings (Loss) and Adjusted Earnings (Loss) per Share are not recognized earnings or cash flow measures under IFRS and do not have standardized meanings prescribed by IFRS. Readers of this press release are cautioned that ROIC, Adjusted Net Earnings (Loss) and Adjusted EBITDA should not be construed as an alternative to net earnings or loss or cash flows from operating activities determined in accordance with IFRS as an indicator of NFI's performance, and Free Cash Flow should not be construed as an alternative to cash flows from operating, investing and financing activities determined in accordance with IFRS as a measure of liquidity and cash flows. A reconciliation of net earnings (loss) to Adjusted EBITDA, based on the

Financial Statements, has been provided under the headings "Reconciliation of Net Loss to Adjusted EBITDA and Net Operating Profit After Taxes". A reconciliation of net earnings (loss) to Adjusted Net Earnings (Loss) is provided under the heading "Reconciliation of Net Loss to Adjusted Net Loss".

NFI's method of calculating Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Net Earnings per Share may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers. Dividends paid from Free Cash Flow are not assured, and the actual amount of dividends received by holders of Shares will depend on, among other things, the Company's financial performance, debt covenants and obligations, working capital requirements and future capital requirements, all of which are susceptible to a number of risks, as described in NFI's public filings available on SEDAR at www.sedarplus.ca.

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

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

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 press release 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 press release. 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, obligations, 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 and Canada 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 the guidance provided above. 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 press release 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



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made as of the date of this press release (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.