We Move People

NFI Announces Strong Fourth Quarter and Fiscal 2024 Results

Record backlog of $12.8 billion with significant year-over-year improvement in Net earnings and Adjusted EBITDA[2]

Winnipeg, Manitoba, CANADA – March 13, 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 audited consolidated financial results for Fiscal 2024. All figures quoted in U.S. dollars unless otherwise noted.

Fourth Quarter Highlights

- **Deliveries:** 1,180 equivalent units ("EUs"), with 26.1% being battery- and fuel cell-electric buses ("ZEBs")
- **Revenue:** $837.0 million, an increase of 5.1% year-over-year
- **Gross margin:** $92.3 million, an increase of 6.1% from 2023 Q4, with margin percentage of 11.0%
- **Net Earnings:** $18.6 million, an increase of $20.9 million, with Net Earnings per Share of $0.16
- **Adjusted EBITDA[2]:** $67.9 million, an increase of 76.4% year-over-year, contributing to Fiscal 2024 Adjusted EBITDA[2] of $214.4 million (a $145.2 million increase)
- **Backlog[2]:** $12.8 billion (5,860 EUs firm and 9,275 EUs options), up 61.2% year-over-year; ZEBs represent 40.3% of total backlog[2] EUs
- **ROIC[2]:** Increased to 6.4%, up from 0.8% in 2023 Q4
- **Total Liquidity[2]:** $126.8 million, down $19.0 million from third quarter of 2024

Key financial metrics for 2024 Q4 and Fiscal 2024 are included in the table below:

in millions except deliveries and per Share amounts		2024 Q4	Change[1]		Fiscal 2024	Change[1]
Deliveries (EUs)		1,180	*(4 %)*		4,547	*14 %*
IFRS Measures						
Revenue	$	837.0	*5 %*	$	3,122.3	*16 %*
Net earnings (loss)	$	18.6	*909 %*	$	(3.3)	*98 %*
Net earnings (loss) per Share	$	0.16	*900 %*	$	(0.03)	*98 %*
Net cash generated from operations	$	17.5	*(68.2 %)*	$	15.3	*124%*
Non-IFRS Measures[2]						
Adjusted EBITDA[2]	$	67.9	*76 %*	$	214.4	*210 %*
Adjusted Net Earnings (Loss)[2]	$	13.9	*336 %*	$	(3.4)	*97 %*
Adjusted Net Earnings (Loss) per Share[2]	$	0.12	*340 %*	$	(0.03)	*98 %*
Free Cash Flow[2]	$	0.6	*(78 %)*	$	(17.8)	*82 %*
Total Liquidity[2] (including minimum liquidity requirement of $50 million)	$	$126.8	*(33 %)*	$	$126.8	*(33 %)*
Return on Invested Capital[2] (ROIC)		6.4 %	*703 %*		6.4 %	*703 %*

CEO Comments

"Our fourth quarter performance contributed to a fiscal year that saw significant improvement in profitability metrics and the achievement of numerous milestones in aftermarket performance, zero-emission bus deliveries and backlog growth," said Paul Soubry, President and Chief Executive Officer, NFI. "We achieved these results while managing a seat supply disruption that impacted our North American transit bus business and total liquidity[2]. We've continued to work with this supplier on a detailed performance recovery plan and have seen some improvement in the first quarter that we expect will lower bus inventory balances and improve production efficiencies as we move through the first half of 2025."

"Market demand remained strong across North American market segments helping drive our backlog[2] to record levels of nearly $13 billion. This provides us with strong visibility for growth as we have significant firm orders for 2025 and 2026, and options extending to 2030. International markets remain competitive leading to softer than expected 2025 demand, but we continue to grow customer adoption of our new vehicle offerings that we expect will support future growth in those regions.

"We are closely monitoring policy and trade issues that may impact our industry and have taken numerous actions to prepare for their potential effects. While these broader conditions create risks, our strategic focus on a propulsion agnostic product offering, localized manufacturing, and improved contract structures has increased our ability to respond quickly to changing market dynamics," Soubry concluded.

Segment Results

Manufacturing

Revenue for 2024 Q4 increased by $18.9 million, or approximately 2.9%, compared to 2023 Q4, driven by higher ZEB deliveries, which offer a higher average selling price per unit delivered, and medium-duty and low-floor cutaway sales. Fiscal 2024 manufacturing revenue increased by 16.5% over 2023.

Manufacturing 2024 Q4 net earnings of $15.8 million, which was an increase of $6.9 million year-over-year, driven by favourable sales mix increasing gross margin. Manufacturing Adjusted EBITDA[2] improved by $24.1 million, or 217.2%, compared to 2023 Q4. The increase in Adjusted EBITDA[2] was primarily driven by favourable sales mix and an $11.1 million adjustment to reflect the non-recurring impact of seat disruption and associated production inefficiencies. For Fiscal 2024, Manufacturing Net loss and Adjusted EBITDA[2] both showed significant improvement, reflecting higher deliveries and improved gross margins, offset by supply disruption and impacts to production efficiencies.

At the end of 2024 Q4, the Company's total backlog[2] (firm and options) of 15,135 EUs (value of $12.8 billion) increased by 43.0% on an EU basis and 61.2% on a dollar basis, from the prior year. This increase is driven by the record number of awards received throughout 2024. During the quarter, NFI added 1,904 EUs of new orders, supporting an LTM Book-to-Bill ratio[2] of 121.4%. The average price of an EU in backlog[2] is now $0.84 million, a 12.8% increase from 2023 Q4.

Aftermarket

Aftermarket segment reported another record year, supported by a strong fourth quarter with quarterly revenue of $157.1 million, an increase of 15.8% from 2023 Q4, driven by increased volume and program revenues in North American public markets. Aftermarket segment quarterly net earnings increased by $2.5 million, or 10.1%, compared to 2023 Q4 and Aftermarket Adjusted EBITDA[2] increased by $3.3 million, or 11.1%, year-over-year. The segment increases were primarily due to improved sales volume, including increased parts sales for other bus manufacturers products, pricing adjustments and favourable product mix. For Fiscal 2024, Aftermarket net earnings and Adjusted EBITDA[2] increased by 17.6% and 16.1% respectively.

Net Earnings, Adjusted Net Earnings, and Return on Invested Capital[2]

In 2024 Q4, the Company reported net earnings of $18.6 million ($0.16 per Share), representing a $20.9 million improvement from 2023 Q4, driven by increases in revenue and gross profit, and lower interest expense.

Adjusted Net Earnings[2] for 2024 Q4 of $13.9 million ($0.12 per Share) improved from 2023 Q4 Adjusted Net Loss[2] of $5.9 million, as a result of the same items that impacted net earnings, adjusted for unrealized fair market gains related to foreign exchange, interest rate swaps and the prepayment option on the Company's second-lien debt, plus other normalization adjustments including non-recurring impacts of seat supply disruption.

Fiscal 2024 ROIC[2] increased to 6.4% from 0.8% in Fiscal 2023, primarily due to the increase in Adjusted EBITDA[2] offset by an increase in the invested capital base[2], which saw a gradual increase in long-term debt, higher working capital balances and an increase in the fair market value of the prepayment option on the Company's second lien debt.

Total Liquidity[2]

The Company's Total Liquidity[2] position, which combines cash on-hand plus available capacity under its senior first lien credit facilities (without consideration given to the waived minimum liquidity requirement of $50 million), was $126.8 million as at the end of 2024 Q4, down $19.0 million from the end of 2024 Q3. Total liquidity[2] position was negatively impacted by repayments of long-term and senior unsecured debt, offset by the positive impact of increased milestone billings and advance payments reflected in the Company's deferred revenue balances.

NFI continues to advance efforts to improve its financial flexibility and liquidity with a specific focus on lowering overall interest expenses. As part of these efforts, subsequent to quarter-end, NFI:

- Resumed a $75 million receivables financing facility to accelerate cash flows from accounts receivable and assist in lowering overall interest expenses
- Obtained a waiver for the $50 million minimum liquidity requirement under its senior first lien secured facilities until March 31, 2025

Market Outlook

Management anticipates improvements to revenue, gross profit, net earnings, Adjusted EBITDA[2], Free Cash Flow[2], and ROIC[2], in the near-and longer-term as the Company executes on its backlog[2], 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 Infrastructure Solutions™.

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

- **Record New Orders in 2024:** NFI received 9,489 EUs in new orders in Fiscal 2024, the highest annual awards ever, with expectations for further large awards in 2025. Numerous awards are for multi-year programs with firm and option orders.
- **Market Demand:** The Company's North American Public Bid Universe currently has active bids of 7,094 EUs, and a five-year forecasted customer demand of 21,797 EUs. NFI has also seen overall increases in market demand within public and private coach and low-floor cutaway markets driven by increased ridership, travel, and return to work initiatives.
- **Increasing Public Transit Ridership:** The American Public Transit Association announced fourth quarter 2024 ridership levels in the U.S. which saw 7.1% year-over-year growth driven by increased services and bus routes, and return-to-office mandates.
- **Improvements in Overall Supplier Health:** High-risk supplier ratings down to just a few suppliers out of the Company's top 750 suppliers. While still challenged, seat supply performance has been improving in 2025. Given the nature of NFI's production, overall supply chain risk does remain (see notes below).

In addition, the Company has seen improved competitive dynamics within the North American market that has assisted its overall market position. 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 zero-emission buses and coaches, alongside its broader solutions offering of aftermarket parts, training, Infrastructure Solutions™, and financing.

NFI's UK and international business has seen slower demand when compared to North America, primarily due to increased foreign and domestic competition.

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.

Based on year-to-date performance in 2025 and actions planned for the first and second quarter, NFI anticipates that it will see significant improvements in seat supply performance and a reduction in its inventory of buses that are complete, but missing seats, within its North American transit operations through the second quarter of 2025. As the Company takes steps to bring on-line a new Buy America compliant seat supplier in the second half of 2025, it anticipates that NFI and the broader industry will see sustained improvements in seat supply performance.

Financial Guidance

NFI provides the following financial guidance for Fiscal 2025.

	Previous 2025 Targets	2025 Guidance
Revenue	~$4 billion	$3.8 to $4.2 billion
ZEBs (electric) as a percentage of manufacturing sales	~40%	35% - 40%
Adjusted EBITDA[2]	>$350 million (with a $400 million annualized run rate by the fourth quarter)	$320 to $360 million
Cash Capital Expenditures	~$55 million	$50 to $60 million
ROIC[2]	>12%	9% to 12%

Please refer to NFI's news release dated November 6, 2024 for information regarding the previously disclosed 2025 targets.

The 2025 guidance ranges for the selected financial metrics provided in the table above take into consideration management's current outlook combined with year-to-date performance and are based on the assumptions set out below. NFI's guidance does not include the impacts of U.S. and Canadian tariffs (see description below). In addition, the guidance does not reflect potential escalated impacts on supply chains or other factors arising directly or indirectly as a result of ongoing conflicts in Ukraine, Russia or other jurisdictions. The purpose of the financial guidance is to assist investors and others in understanding management's current expectations for the Company's financial performance going forward. The information may not be appropriate for other purposes. Information about guidance, including the various assumptions underlying it, is forward-looking and should be read in conjunction with the section "Forward-Looking Statements" and the related disclosure and information about various assumptions, factors, and risks that may cause actual future financial and operating results to differ from management's current expectations.

The guidance in the table above is driven by numerous expectations and assumptions, including but not limited to the following:

- **Revenue:** Anticipated revenue growth in 2025 is based on expected deliveries of at least 5,000 EUs in 2025 resulting from NFI's firm order backlog[2], current 2025 production schedules, expected backlog[2] option order conversion, and anticipated 2025 new vehicle orders combined with anticipated Aftermarket parts sales. Revenue guidance reflects a higher volume of ZEB sales, higher average vehicle prices in NFI's backlog[2] and anticipated product mix benefits. The guidance range also reflects only limited potential variances in delivery volumes from supply disruption at current levels, product mix, and slower UK market demand.

- **ZEB deliveries as a percentage of total manufacturing sales:** These expectations are based on NFI's firm order and option backlog[2], anticipated option conversions from backlog[2], active bids, and anticipated future orders in 2025.

- **Adjusted EBITDA[2]:** Adjusted EBITDA[2] performance is driven by anticipated new vehicle deliveries, product mix, including a higher percentage of ZEB deliveries, Aftermarket segment contributions and anticipated improvements in operating margins due to higher average vehicle sales prices (as currently reflected in NFI's backlog[2]), improved labour efficiency, and improved overhead absorption with higher delivery volumes. The range provided also reflects assumptions on improving supply chain performance and the impacts of slower UK market demand.

- **Cash Capital Expenditures:** Cash capital expenditures are based on planned investments in maintenance and growth projects. The guidance reflects the expected acquisition and disposal of property, plant and equipment and the acquisition of intangible assets relating to such projects, but does not include expected lease payments and are net of any government contributions to support the Company's All Canadian Build project (Project "True North").

- **ROIC[2]:** Guidance provided for 2025 is driven by the factors noted above combined with the expectation that there will not be significant changes in tax rates from current levels.

- **Seasonality:** The Company anticipates quarterly year-over-year growth in revenue and Adjusted EBITDA[2]. Sequentially, the Company anticipates a slight decrease in Adjusted EBITDA[2] in the first quarter of 2025 as compared to the fourth quarter of 2024, as the first quarter of the year is typically the slowest period in private markets, and as it manages through the current seat supply related disruption.

NFI anticipates that its current cash position and capacity under its existing senior first lien credit facilities, cash generated from operating activities, and anticipated success in obtaining progress payments or milestone payments from customers, alongside 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. NFI continues to explore opportunities to improve financial flexibility and liquidity while lowering its total interest expense, including a specific focus on potential refinancing or extension of its senior first lien credit facility in Fiscal 2025.

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

NFI is taking numerous actions to alleviate the potential 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. 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.

Recent Executive Orders from the U.S. administration have signalled a review and potential pause of federal funding under the Infrastructure Investment and Jobs Act, including for transit vehicles. Based on discussions with U.S. transit agency customers, the Company does not expect that these potential funding reductions will impact the Company's firm order backlog, which is comprised of legally binding purchase contracts. However, this may impact potential new bus and coach orders, and the conversion of bus and coach options into firm orders, particularly in the case of electric vehicles. 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.

Among other things, NFI's guidance is subject to the risk that U.S. and Canadian Tariffs, and other trade measures and U.S. policy developments may evolve in unpredictable ways. The impact of tariffs and other trade measures 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, the risk of additional supply or operational disruptions. See Appendix B Forward Looking Statements for risks and other factors and the Company's filings on SEDAR at www.sedarplus.ca.

Fourth Quarter 2024 Results Conference Call

A conference call for analysts and interested listeners will be held on Friday, March 14, 2025, at 8:30 a.m. Eastern Time (ET). An accompanying results presentation will be available prior to market open on March 14, 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/5scad559.

Attendees who wish to join by phone must pre-register at the following link: https://register.vevent.com/register/BI2dcd49efe3f1481e8308b55fe0653132. 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 March 14, 2025, until 11:59 p.m. ET on March 13, 2026, at https://edge.media-server.com/mmc/p/5scad559. The replay will also be available on NFI's website at: www.nfigroup.com.

About NFI Group

Leveraging 450 years of combined experience, NFI is leading the electrification of mass mobility around the world. With 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 almost 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**® (motor coaches), **Alexander Dennis Limited** (single and double-deck buses), **Plaxton** (motorcoaches), **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.

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Footnotes:

1. Results noted herein are for the 13-week period ("2024 Q4") and the 52-week period ("Fiscal 2024") ended December 29, 2024. The comparisons reported in this press release compare 2024 Q4 to the 13-week period ("2023 Q4") and Fiscal 2024 to the 52-week period ("Fiscal 2023") ended December 31, 2023. Comparisons and comments are also made to the 13-week period ("2024 Q3") ended September 29, 2024. The term "LTM" is an abbreviation for "Last Twelve Month Period".

2. 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").

Appendix A - Reconciliation Tables

Reconciliation 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[NG] ("NOPAT") 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 International Financial Reporting Standards ("IFRS") 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 press release are cautioned that Adjusted EBITDA[NG] should not be construed as an alternative to net earnings or loss determined in accordance with IFRS as an indicator of the Company's performance and NOPAT[NG] should not be construed as an alternative to earnings or loss from operations determined in accordance with IFRS as an indicator of the Company's performance. See "Non-IFRS Measures" for the definition of Adjusted EBITDA[NG]. The following table reconciles net earnings (loss) 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)	2024 Q4	2023 Q4	Fiscal 2024	Fiscal 2023
Net earnings (loss)	18,564	(2,329)	(3,296)	(136,164)
Addback				
Income taxes	284	(12,192)	(3,168)	(32,906)
Interest expense[10]	27,798	37,278	130,940	152,242
Amortization	19,574	19,678	80,130	80,780
Loss (gain) on disposition of property, plant and equipment and right of use assets	224	(62)	192	789
Loss (Gain) on debt modification[13]	-	1,600	-	(8,908)
Loss on debt extinguishment[14]	-	-	234	-
Unrealized foreign exchange (gain) loss on non-current monetary items and forward foreign exchange contracts	(12,086)	1,260	(18,617)	3,696
Past service costs and other pension costs[7]	-	(7,000)	-	(2,236)
Equity settled stock-based compensation	42	700	2,233	2,617
Unrecoverable insurance costs and other[8]	-	893	116	893
Expenses incurred outside of normal operations[11]	11,057	132	11,057	2,166
Prior year sales tax provision[9]	-	41	-	101
Impairment loss on intangible assets[12]	1,250	-	2,278	-
Restructuring costs[6]	1,179	(1,544)	12,339	6,139
Adjusted EBITDA[NG]	67,886	38,455	214,438	69,209
Depreciation of property, plant and equipment and right of use assets	(11,505)	(11,848)	(47,781)	(49,370)
Tax at 31%	(17,478)	(8,248)	(51,664)	(6,150)
NOPAT[NG]	38,903	18,359	114,993	13,689
Adjusted EBITDA[NG] is comprised of:				
Manufacturing	35,206	11,094	84,189	(42,073)
Aftermarket	32,770	29,480	139,541	120,187
Corporate	(90)	(2,119)	(9,292)	(8,905)

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 and to assess the Company's ability to pay dividends on its Shares, service debt, and meet other payment obligations. However, Free Cash Flow[NG] and Free Cash Flow per Share[NG] are not recognized earnings measures under IFRS 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 press release 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 as a measure of liquidity and cash flow. See "Non-IFRS Measures" for the definition of Free Cash Flow[NG]. The following table reconciles net cash generated by operating activities to 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)	2024 Q4	2023 Q4	Fiscal 2024	Fiscal 2023
Net cash generated by (used in) operating activities	17,492	55,126	15,340	(63,813)
Changes in non-cash working capital items[2]	6,894	(19,171)	54,877	44,962
Interest paid[2]	30,183	19,110	121,107	109,389
Interest expense[2]	(30,633)	(31,906)	(124,631)	(125,642)
Income taxes paid (recovered)[2]	1,796	(8,407)	2,060	(29,304)
Current income tax (expense) recovery[2]	(12,950)	15,873	(36,311)	11,941
Repayment of obligations under lease	(7,982)	(7,305)	(24,360)	(21,712)
Cash capital expenditures	(8,522)	(10,122)	(30,314)	(26,714)
Acquisition of intangible assets	(7,269)	(2,828)	(17,597)	(10,274)
Proceeds from disposition of property, plant and equipment	40	519	963	1,769
Defined benefit funding[3]	355	918	2,830	3,185
Defined benefit expense[3]	(942)	(694)	(3,771)	(2,779)
Past service costs and other pension costs[7]	-	(7,000)	-	(7,000)
Expenses incurred outside of normal operations[11]	11,057	132	11,057	2,166
Equity hedge	-	-	-	3,765
Unrecoverable insurance costs and other[8]	-	893	116	893
Prior year sales tax provision[9]	-	41	-	101
Restructuring costs[6]	1,179	1,011	12,339	8,691
Foreign exchange gain (loss) on cash held in foreign currency[4]	(128)	(3,506)	(1,517)	(1,053)
Free Cash Flow[NG]	570	2,684	(17,812)	(101,429)
U.S. exchange rate[1]	1.4416	1.3246	1.3507	1.3293
Free Cash Flow (C$)[NG]	822	3,555	(24,058)	(134,827)
Free Cash Flow per Share (C$)[NG, 5]	0.0069	0.0299	(0.2022)	(1.4676)

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 audited 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 gain (loss) on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS; 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 2024 Q4 was 119,034,893 and 118,961,396 for 2023 Q4. The weighted average number of Shares outstanding for Fiscal 2024 and Fiscal 2023 was 119,008,308 and 91,866,613, 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. 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. Also included in Adjusted EBITDA^{NG} is $4.8 million of pension past service costs incurred during 2023 Q1.

8. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.

9. Provision for sales taxes as a result of a previous state sales tax review.

10. 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. 2024 Q4 includes a loss of $0.6 million compared to no loss in 2023 Q4 for the interest rate swaps. 2024 Q4 includes a loss of $7.7 million and 2023 Q4 includes a loss of $0.5 million on the cash conversion option. The prepayment option had a gain of $1.1 million in 2024 Q4 and a gain of $1.1 million in 2023 Q4.

11. 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 $11.1 million in labour and overhead costs incurred as a result of the seat supply disruption.

12. In 2024 Q1, the Company recognized an impairment loss on a New Product Development (“NPD”) project for $1.0 million, as well as an impairment loss on an internally developed intangible asset that was discontinued for $1.3 million in 2024 Q4.

13. As a result of the Company's 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.

Reconciliation of Net Earnings (Loss) to Adjusted Net Earnings (Loss)NG

Adjusted Net Earnings (Loss)NG and Adjusted Net Earnings (Loss) per ShareNG are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. Accordingly, Adjusted Net Earnings (Loss)NG and Adjusted Net Earnings (Loss) per ShareNG may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Adjusted Net Earnings (Loss)NG and Adjusted Net Earnings (Loss) per ShareNG should not be construed as an alternative to net earnings (loss), or net earnings (loss) per Share, determined in accordance with IFRS as indicators of the Company's performance. See Non-IFRS Measures for the definition of Adjusted Net Earnings (Loss)NG and Adjusted Net Earnings (Loss) per ShareNG. The following table reconcile net loss to Adjusted Net Earnings (Loss)NG based on the historical financial statements of the Company for the periods indicated.

($ thousands, except per Share figures)	2024 Q4	2023 Q2	Fiscal 2024	Fiscal 2023
Net earnings (loss)	18,564	(2,329)	(3,296)	(136,164)
Adjustments, net of tax[1, 2]				
Unrealized foreign exchange (gain) loss	(8,339)	869	(12,845)	2,550
Unrealized (gain) loss on interest rate swap	(443)	-	351	6,505
Unrealized (gain) loss on Cash Conversion Option	(5,344)	355	(4,565)	2,730
Unrealized gain on prepayment option of second lien debt[3]	(740)	(769)	(6,611)	(442)
Accretion in carrying value of long-term debt associated with debt modification[4]	-	-	-	1,014
Gain on debt modification[5]	-	1,104	-	(6,147)
Accretion associated to gain on debt modification	(690)	(451)	(1,698)	(451)
Loss on debt extinguishment[6]	-	-	161	-
Equity swap settlement fee[7]	-	-	-	2,428
Equity settled stock-based compensation	29	483	1,540	1,806
Loss (gain) on disposition of property, plant and equipment	155	(43)	133	545
Past service costs and other pension costs[8]	-	(4,830)	-	(1,543)
Unrecoverable insurance costs and other[9]	-	616	80	616
Expenses incurred outside of normal operations[10]	7,629	(1,191)	7,629	213
Accretion in carrying value of convertible debt and cash conversion option	1,440	1,337	5,614	5,213
Prior year sales tax provision[11]	-	28	-	71
Impairment loss on intangible assets[12]	863	-	1,572	-
Restructuring costs[13]	814	(1,065)	8,514	4,236
Adjusted Net Earnings (Loss)NG	13,938	(5,886)	(3,421)	(116,820)
Earnings (Loss) per Share (basic)	0.16	(0.02)	(0.03)	(1.48)
Earnings (Loss) per Share (fully diluted)	0.13	(0.02)	(0.03)	(1.48)
Adjusted Net Earnings (Loss) per Share (basic)NG	0.12	(0.05)	(0.03)	(1.27)
Adjusted Net Earnings (Loss) per Share (fully diluted)NG	0.11	(0.05)	(0.03)	(1.27)

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. The gain is the result of an increase in the options fair value between September 29, 2024 and December 29, 2024.
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, 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, as well as an impairment loss on an internally developed intangible asset that was discontinued for $1.3 million in 2024 Q4.
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}

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 may not be comparable to similar measures presented by other issuers. See Non-IFRS Measures for the definition of ROIC^{NG}.

($ thousands)	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Shareholders' Equity	707,754	699,717	704,031	697,580
Addback				
Long term debt	610,237	610,624	576,145	562,324
Second lien debt	173,741	173,309	172,910	172,568
Obligation under lease	129,511	130,020	131,382	135,959
Convertible Debentures	218,020	230,453	225,628	225,972
Senior unsecured debt	50,040	56,210	54,997	61,081
Derivatives	(10,497)	2,327	(2,740)	(1,783)
Cash	(49,557)	(59,720)	(77,445)	(68,491)
Invested Capital^{NG}	1,829,249	1,842,940	1,784,908	1,785,210
Average of invested capital^{NG} over the quarter	1,807,077	1,813,922	1,785,059	1,791,868

	2023 Q4	2023 Q3	2023 Q2	2023 Q1
Shareholders' Equity	702,913	706,177	495,140	533,756
Addback				
Long term debt	536,037	583,948	935,605	911,203
Second lien debt	172,396	172,975	-	-
Capital leases	138,003	130,102	124,405	127,247
Convertible Debentures	228,985	221,427	225,081	218,719
Senior unsecured debt	61,796	60,838	87,363	86,431
Derivatives	8,010	6,814	(9,422)	(17,164)
Cash	(49,615)	(75,498)	(57,488)	(59,375)
Invested Capital^{NG}	1,798,525	1,806,783	1,800,684	1,800,817
Average of invested capital^{NG} over the quarter	1,802,654	1,803,734	1,800,751	1,776,276

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 contacts. 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 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.