

NFI

Financial Results
2026 Third Quarter

November 5, 2026

Notes to readers

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE 13-WEEKS, 39-WEEKS, AND 52-WEEKS ENDED SEPTEMBER 27, 2026.

Information in this Management's Discussion and Analysis ("MD&A") relating to the financial condition and results of operations of NFI Group Inc. and its subsidiaries (collectively referred to as "NFI" or the "Company") is supplemental to, and should be read in conjunction with, NFI's unaudited interim condensed consolidated financial statements (including notes) (the "Financial Statements") for the 13-week and 39-week period ended September 27, 2026 and 13-week and 39-week period ended September 28, 2025 and has been prepared as of November 5, 2026.

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

QUARTERLY AND ANNUAL REPORTING PERIODS

The quarterly and annual reporting periods for Fiscal 2026 and Fiscal 2025 are as follows:

Period from December 29, 2025 to December 27, 2026 ("Fiscal 2026")				**Period from December 30, 2024 to December 28, 2025 ("Fiscal 2025")**			
	Period End Date		# of Calendar Weeks		Period End Date		# of Calendar Weeks
Quarter 1	March 29, 2026	("2026 Q1")	13	Quarter 1	March 30, 2025	("2025 Q1")	13
Quarter 2	June 28, 2026	("2026 Q2")	13	Quarter 2	June 29, 2025	("2025 Q2")	13
Quarter 3	September 27, 2026	("2026 Q3")	13	Quarter 3	September 28, 2025	("2025 Q3")	13
Quarter 4	December 27, 2026	("2026 Q4")	13	Quarter 4	December 28, 2025	("2025 Q4")	13
Fiscal year	December 27, 2026		52	Fiscal year	December 28, 2025		52

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

Notes to readers

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

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

The Aftermarket Operations segment derives its revenue from the sale of aftermarket parts for Transit, Motorcoach and Medium-Duty and Cutaway, both for the Company's and third-party products.

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

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

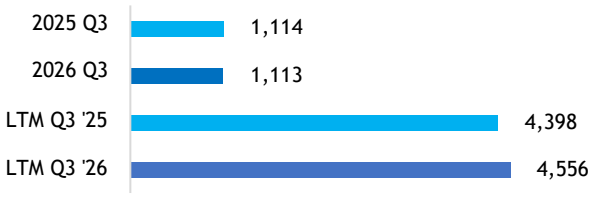
A summary of the Company's order, delivery, and backlog^{NG} information can be found in Appendix B.

NFI's mobility solutions

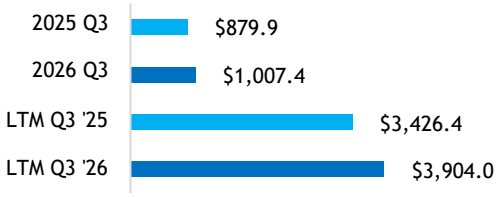


Key Performance Indicators

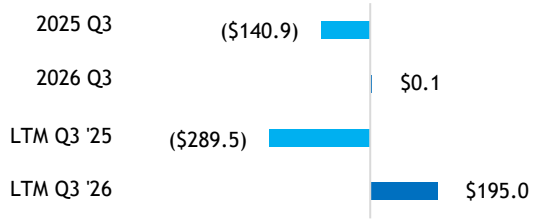
Deliveries (EUs)



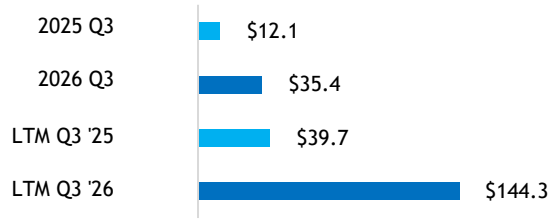
Revenue ($ millions)



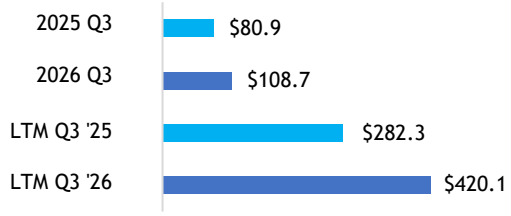
Net (Loss) Earnings ($ millions)



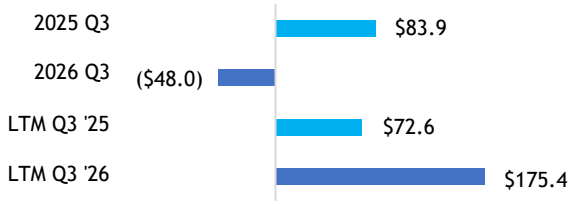
Adjusted Net Earnings [NG] ($ millions)



Adjusted EBITDA [NG] ($ millions)



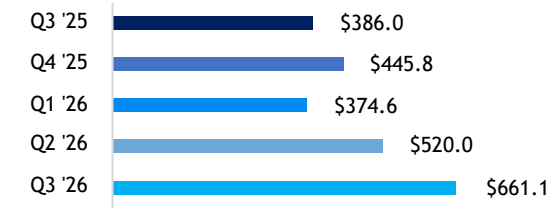
Net cash (used in) generated by operating activities ($ millions)



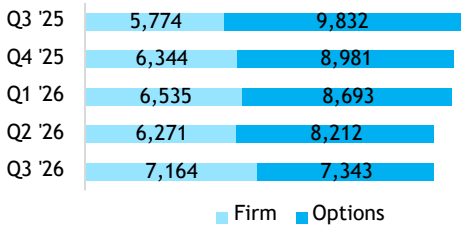
Working Capital Days [NG]



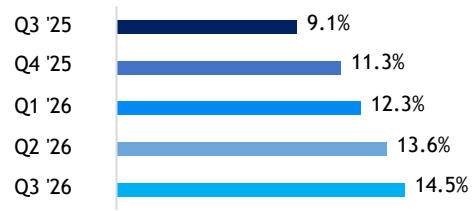
Liquidity [NG] ($ millions)



Backlog [NG] (EUs)



ROIC [NG]



2026 Q3 Highlights

During the third quarter of 2026, NFI achieved year-over-year improvement in various key operational and financial metrics, including revenue, gross margin, net earnings, Adjusted EBITDA[NG], Free Cash Flow[NG] and Adjusted Net Earnings[NG]. The Company saw significant improvement in its manufacturing and aftermarket segment profitability, and ended the quarter with a backlog[NG] valued at approximately $12.5 billion.

Third Quarter Highlights

- **Deliveries:** 1,113 equivalent units ("EUs"), essentially flat with 2025 Q3
- **Revenue**: $1,007.4 million, an increase of 14.5% year-over-year
- **Gross Margin:** $149.9 million, an increase of 231.1% from 2025 Q3, positively impacted by higher margins within manufacturing and aftermarket segments. The comparative 2025 Q3 period was negatively impacted by the provision related to the Battery Recall.
- **Net Earnings:** $0.1 million, an increase of $141.0 million year-over-year
- **Adjusted Net Earnings[NG]**: $35.4 million and Adjusted Net Earnings[NG] per Share of $0.2970, an improvement of $23.2 million from 2025 Q3
- **Net cash used in operating activities:** $48.0 million, compared with $89.3 million generated in 2025 Q3
- **Adjusted EBITDA[NG]:** $108.7 million, an increase of 34.3% year-over-year
- **Backlog[NG]:** Approximately $12.5 billion (7,164 EUs firm and 7,343 EUs options)
- **ROIC[NG]:** Increased to 14.5%, up from 9.1% in 2025 Q3
- **Liquidity[NG] and Total Leverage Ratio:** $661.1 million, an increase of $275.1 million from 2025 Q3. Total Leverage Ratio of 2.79x

Outlined below are several key events that occurred during the third quarter that impacted NFI's quarterly financial results.

North American Battery Recall Campaign

In March 2026, NFI began detailed work on its battery recall campaign through its service center network in North America. During the quarter NFI replaced batteries on 73 buses and since the commencement of the campaign has now completed replacement on 122 buses. NFI remains on schedule for the recall campaign and expects to replace the batteries on approximately 700 buses by the end of Fiscal 2027.

During the quarter, NFI incurred cash outflows of $23.1 million related to the replacement of batteries under the recall and has incurred cash outflows of $32.8 million since the start of the campaign.

Battery Cell Sale

During the quarter, NFI engaged a broker and initiated a process to market battery cells received as part of the Battery Recall Settlement to potential buyers. The cells were originally intended to be used in battery-electric bus production from late 2027 through 2030. NFI's decision to pursue a sale of the cells reflects advances in technology, changes to U.S. transit agency battery guidelines and progress in developing a next-generation battery solution with North American and international suppliers. Based on anticipated proceeds from potential sales, NFI recorded a $33.8 million impairment charge to reduce the carrying value of the cells to their expected recoverable value.

Any potential battery sales do not affect the Company's 2026 financial guidance or its longer-term delivery outlook. The impairment charge is non-recurring and has been excluded from Adjusted EBITDA[NG] and Adjusted Net Earnings[NG] as it relates to inventory received through the Battery Recall Settlement. The charge reduced inventory and working capital by $33.8 million. Cell sales are anticipated to occur over the next 12 to 18 months, with cash proceeds being used to partially offset cash outflows associated with the recall campaign.

Market Demand

During the quarter NFI reported the following (see Appendix B for additional details):

- Announced awards from customers in North America and the United Kingdom including: an order for at least 207 buses from Liverpool City Region, a contract from New York City Transit for 92 MCI Communter Coaches, an order for up to 45 sixty-foot buses (90 EUs) from the Central Ohio Transit Authority, and an additional 47 commuter coach order from Metrolinx.
- In total NFI reported 1,214 EUs in new orders during the quarter and on an LTM basis, NFI reported new orders of 4,409 EUs ending the quarter with a total backlog of 14,507 EUs reflecting continued demand within NFI's end markets.
- Forward demand metrics also remained strong in 2026 Q3 with 7,793 EUs of Active Bids (submitted or in-process), an improvement of 3.9% from 2025 Q3. There was also 23,449 EUs in the Company's forecasted five-year North American industry procurement, a 21% improvement from 2025 Q3.

Strengthening NFI's Balance Sheet

- On July 14, 2026, NFI amended and extended its existing 2025 first lien facility (the "2025 First Lien Facility") with a new maturity of July 14, 2030.
- On July 21, 2026, NFI completed a private placement offering of senior unsecured notes with an aggregate principal amount of C$350 million due July 21, 2033 ("2026 Senior Unsecured Debt"). The notes have an interest rate of 6.625% per annum. The net proceeds of the private placement offering were used to repay a portion of the amounts outstanding under the 2025 First Lien Facility, and to repay in full all outstanding borrowings under the Manitoba Development Corporation ("MDC") Facility, which resulted in the termination of the MDC facility.
- NFI intends to redraw amounts under the 2025 First Lien Facility in January 2027 in order to repay the outstanding aggregate principal amount of the Company's existing convertible debentures (the "Debentures"), which is currently C$338 million.

NFI's 2025 Sustainability Report

- In August, NFI released its 2025 Sustainability Report which outlined the Company's approach to sustainability and the key environmental, social, governance, and business themes in 2025.
- In 2025, NFI dedicated approximately $11.9 million and more than 279,000 hours to team member training and development, expanded Supplier Code of Conduct participation, aligned the Company's sustainability reporting with Global Reporting Initiative ("GRI") Standards and experienced a Lost Time Incident Rate of 1.3 (per 200,000 work hours), which was an improvement of 18.8% from 2024.

Financial Results

Deliveries (EUs)	2026 Q3	2025 Q3	% Change	2026 Q3 LTM	2025 Q3 LTM	% Change
Transit Bus	773	759	*1.8 %*	3,113	3,073	*1.3 %*
Motorcoach	207	138	*50.0 %*	751	584	*28.6 %*
Medium-Duty and Low-Floor Cutaway	133	217	*(38.7 %)*	692	741	*(6.6 %)*
New vehicle deliveries	1,113	1,114	*(0.1 %)*	4,556	4,398	*3.6 %*
Pre-owned coach	38	26	*46.2 %*	123	100	*23.0 %*
Zero-emission deliveries (included in the above totals)	196	308	*(36.4 %)*	989	1,296	*(23.7 %)*
Zero-emission deliveries as a percentage of total new vehicle deliveries	17.6 %	27.6 %	*(36.2 %)*	21.7 %	29.5 %	*(26.3 %)*

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

Revenue ($ millions)	2026 Q3	2025 Q3	% Change	2026 Q3 LTM	2025 Q3 LTM	% Change
Transit Bus	635.7	563.4	*12.8 %*	2,518.3	2,195.4	*14.7 %*
Motorcoach	164.3	106.9	*53.7 %*	565.4	427.1	*32.4 %*
Medium-Duty and Low-Floor Cutaway	20.3	30.8	*(33.9 %)*	105.5	103.5	*1.9 %*
Total new vehicle revenue	**820.3**	**701.1**	***17.0 %***	**3,189.2**	**2,726.0**	***17.0 %***
Pre-owned coach	7.9	5.3	*48.4 %*	19.6	22.7	*(13.7 %)*
Infrastructure Solutions[TM]	4.5	13.1	*(65.6 %)*	21.6	43.8	*(50.7 %)*
Fiberglass reinforced polymer components	4.0	3.3	*21.3 %*	12.7	11.5	*10.4 %*
Manufacturing revenue	**836.7**	**722.8**	***15.8 %***	**3,243.1**	**2,804.1**	***15.7 %***
Aftermarket revenue	170.7	157.1	*8.7 %*	660.9	622.4	*6.2 %*
Total revenue	**1,007.4**	**879.9**	***14.5 %***	**3,904.0**	**3,426.5**	***13.9 %***
North America	917.6	744.6	*23.2 %*	3,480.0	2,803.4	*24.1 %*
United Kingdom and Europe	76.8	126.0	*(39.1 %)*	377.9	576.5	*(34.4 %)*
Asia Pacific	13.1	9.2	*42.2 %*	46.1	46.6	*(1.1 %)*

Overall Manufacturing deliveries in 2026 Q3 were consistent with 2025 Q3. Transit deliveries increased by 14 EUs from 2025 Q3 to 773 EUs, primarily driven by increased production and sales in the North American market, partially offset by decreased sales in the UK market. The Company continued to improve production linearity across its North American Transit operations through stronger supplier performance and manufacturing execution, supporting more balanced delivery profile throughout the year, reducing the concentration of deliveries historically experienced in the fourth quarter. 2026 Q3 LTM Transit deliveries increased to 3,113 EUs from 3,073 EUs in 2025 Q3 LTM. The increase in 2026 Q3 LTM is primarily attributable to the same impacts in 2026 Q3, offset by the negative impacts from seating supply disruption during Fiscal 2025 and the delivery delays associated with the Battery Recall in North America announced in 2025 Q3.

Quarterly Motorcoach deliveries increased from 138 EUs in 2025 Q3 to 207 EUs in 2026 Q3, an increase of 69 EUs. 2026 Q3 LTM Motorcoach deliveries increased by 167 EUs, increasing due to higher public and private Motorcoach deliveries. Medium-Duty and Cutaway deliveries decreased to 133 EUs in 2026 Q3 from 217 EUs in 2025 Q3, and decreased by 49 EUs for 2026 Q3 LTM from 2025 Q3 LTM. The decrease in both periods were driven by record delivery levels in 2025 as numerous transit agencies completed significant low-floor cutaway fleet replacement programs.

Overall, zero-emission deliveries for 2026 Q3 decreased by 36.4 % from 2025 Q3. ZEBs as a percentage of total new vehicle deliveries decreased to 17.6 % in 2026 Q3 from 27.6 % in 2025 Q3. 2026 Q3 LTM ZEB deliveries were 989 EUs compared to the 1,296 EUs in 2025 Q3 LTM, a decrease of 307 EUs. ZEBs as a percentage of total new vehicle deliveries for 2026 Q3 LTM was 21.7 %. The decrease in ZEB deliveries was primarily due to North American and UK Transit customers delaying or shifting their ZEB plans in the near to medium term, with an increased focus on internal combustion engine ("ICE") vehicles.

Manufacturing revenue for 2026 Q3 increased by $113.9 million, or 15.8 %, compared to 2025 Q3. This increase was primarily due to increased deliveries in Transit and Motorcoach, offset by a decrease in Medium-Duty and Cutaway. 2026 Q3 LTM manufacturing revenue increased by $439.5 million, or 15.7 %. This increase was due to increased deliveries from North American Transit and Motorcoach, shifting to a favourable product mix with higher margin profiles, offset by lower deliveries from Medium-Duty and Cutaway and UK Transit.

Aftermarket revenue for 2026 Q3 was $170.7 million, an increase of $13.6 million, or 8.7 %, compared to $157.1 million in 2025 Q3. Revenue growth was driven by robust aftermarket demand from transit operators, increased activity associated with mid-life retrofit programs, and stronger sales through e-commerce platforms and to shuttle bus customers.

Net earnings (loss) ($ millions, except per Share amounts)	2026 Q3	2025 Q3	% Change	2026 Q3 LTM	2025 Q3 LTM	% Change
Manufacturing	9.1	(131.9)	*106.9 %*	238.4	(197.8)	*220.5 %*
Aftermarket	29.1	23.0	*26.9 %*	120.3	100.5	*19.7 %*
Corporate	(38.1)	(32.0)	*(19.1 %)*	(163.7)	(192.2)	*14.8 %*
Net earnings (loss)	**0.1**	**(140.9)**	***100.0 %***	**195.0**	**(289.5)**	***167.4 %***
Adjusted net earnings[NG]	35.4	12.1	*192.6 %*	144.3	39.7	*263.5 %*
Net earnings (loss) per Share	0.0004	(1.1830)	*100.0 %*	1.6400	(2.4334)	*167.4 %*
Adjusted net earnings per Share[NG]	0.2970	0.1020	*191.2 %*	1.2100	0.3300	*266.7 %*

Adjusted EBITDA[NG] ($ millions)	2026 Q3	2025 Q3	% Change	2026 Q3 LTM	2025 Q3 LTM	% Change
Manufacturing	78.3	53.4	*46.8 %*	301.3	174.4	*72.8 %*
Aftermarket	35.1	28.3	*23.9 %*	143.1	124.7	*14.8 %*
Corporate	(4.7)	(0.7)	*N.M.*	(24.3)	(16.7)	*N.M.*
Total Adjusted EBITDA[NG]	**108.7**	**80.9**	***34.3 %***	**420.1**	**282.3**	***48.8 %***
Adjusted EBITDA[NG] as a percentage of revenue						
Manufacturing	9.4 %	7.4 %	*27.0 %*	9.3 %	6.2 %	*50.0 %*
Aftermarket	20.6 %	18.0 %	*14.4 %*	21.7 %	20.0 %	*8.5 %*
Total	10.8 %	9.2 %	*17.4 %*	10.8 %	8.2 %	*31.7 %*

In 2026 Q3, Manufacturing operations experienced net earnings of $9.1 million compared to net losses of $131.9 million in 2025 Q3. The results reflect continued progress in ramping up production, converting backlog into deliveries, and improving profitability through a stronger margin profile, offset by the impact of the $33.8 million impairment charge related to the battery cells. The comparative period in 2025 Q3 was impacted by the recording of a $229.9 million provision related to the ongoing battery recall, combined with impairment charges, and higher restructuring expenses.

In 2026 Q3, Manufacturing operations achieved Adjusted EBITDA[NG] of $78.3 million, an increase of $25.0 million, from 2025 Q3 Adjusted EBITDA[NG]. The increase in Manufacturing Adjusted EBITDA[NG] was primarily due to higher deliveries, improved gross margin of the delivered units reflecting the conversion of backlog and improved overhead absorption from higher production volumes. These results reflect continued improvements in supply chain performance, supplier reliability, and manufacturing execution across the North American Transit business, which supported a more balanced delivery profile throughout the year, improved profitability, and reduced the level of deliveries historically concentrated in the fourth quarter.

2026 Q3 LTM Manufacturing operations had net earnings of $238.4 million compared to net losses of $197.8 million in 2025 Q3 LTM, an increase in earnings of $436.2 million. 2026 Q3 LTM Manufacturing operations achieved Adjusted EBITDA[NG] of $301.3 million, an increase of $126.9 million, from 2025 Q3 LTM Adjusted EBITDA[NG] of $174.4 million. The increase in Manufacturing net earnings and Adjusted EBITDA[NG] is primarily driven by a favourable product mix, with higher Transit and Coach deliveries contributing to improved margins. In addition, this increase also reflects the absence of factors that negatively affected 2025 Q3 LTM profitability, as discussed above.

2026 Q3 Aftermarket segment net earnings increased by $6.1 million, or 26.9 %, compared to 2025 Q3. In 2026 Q3, the Aftermarket segment generated Adjusted EBITDA[NG] of $35.1 million, a 23.9 % year-over-year increase. The improvement in net earnings and Adjusted EBITDA[NG] was driven by higher sales volume, a more favourable sales mix and the impact of tariff management. 2026 Q3 LTM Aftermarket segment net earnings were $120.3 million, an increase of $19.8 million, or 19.7 %, from $100.5 million in 2025 Q3 LTM. 2026 Q3 LTM Aftermarket operations achieved Adjusted EBITDA[NG] of $143.1 million compared to $124.7 million in 2025 Q3 LTM, an increase of $18.4 million or 14.8 %. Performance during the LTM period benefited from higher overall revenues driven by higher sales volumes and increased program revenues, combined with a favourable sales mix, effective pricing and tariff management, and ongoing cost control initiatives.

2026 Q3 Corporate net loss increased by $6.1 million to $38.1 million primarily due to the recognition of the Company's share of losses from its joint venture investment acquired in 2025 Q4, unrealized foreign exchange losses on the Company's non-current monetary items, and fair value losses on embedded derivatives. 2026 Q3 Corporate Adjusted EBITDA[NG] decreased by $4.0 million compared to 2025 Q3, primarily due to higher SG&A expenses and increased LTIP costs. 2026 Q3 LTM Corporate net loss decreased by $28.5 million, primarily due to a non-recurring $54.0 million debt refinancing expense incurred in 2025 Q2, partially offset by higher financing costs incurred in the latter half of 2025, CEO transition costs incurred in 2026, combined with the losses discussed above. 2026 Q3 LTM Corporate Adjusted EBITDA[NG] decreased primarily due to higher SG&A expenses and increased costs related to LTIP and share-based compensation.

Net cash generated by (used in) operating activities and Free Cash Flow[NG] ($ millions, except per Share amounts)	2026 Q3	2025 Q3	% Change	2026 Q3 LTM	2025 Q3 LTM	% Change
Net cash (used in) generated by operating activities	(48.0)	83.9	*157.2 %*	175.4	72.6	*141.6 %*
Free Cash Flow[NG]	41.2	14.8	*178.4 %*	112.3	35.5	*216.3 %*
Free Cash Flow[NG] (CAD dollars)	57.7	20.4	*182.8 %*	156.2	49.2	*217.5 %*
Free Cash Flow per Share[NG] (CAD dollars)	0.48	0.17	*182.4 %*	1.31	0.41	*219.5 %*

Cash used in operating activities in 2026 Q3 was $48.0 million compared to cash generated by operating activities of $83.9 million in 2025 Q3, an increase of $131.9 million. The increase in cash usage was primarily driven by the timing of interest and income taxes paid, and unfavourable changes in working capital, primarily due to increases in accounts receivable and inventory balances, slightly offset by increases in accounts payable balances. In addition, the Company reported $23.1 million in cash outflows related to the replacement of batteries on buses under the Battery Recall. The 2026 Q3 LTM cash generated by operating activities was $175.4 million, an increase of $102.8 million, compared to $72.6 million in 2025 Q3 LTM, primarily due to cash received from the Battery Settlement in 2025 Q4, lower cash interest payments, and increased cash from milestone billing payments in North America (which increased deferred revenues), offset by increased income taxes paid.

Free Cash Flow[NG] in 2026 Q3 increased by $26.4 million compared to 2025 Q3, mainly due to higher Adjusted EBITDA[NG] for the period and lower non-recurring restructuring costs, and lower cash capital expenditures, slightly offset by higher interest and lease payments. Free Cash Flow[NG] increased by $76.7 million to $112.3 million in 2026 Q3 LTM compared to $35.5 million in 2025 Q3 LTM. The increase was due to the higher Adjusted EBITDA[NG] and lower cash capital expenditures, offset by higher current income tax expense and higher lease payments.

	2026 Q3	2026 Q2	2026 Q1	2025 Q4	2025 Q3
Working Capital Days[NG]	35	38	41	42	49
Liquidity[NG,1] ($ millions)	$661.1	$520.0	$374.6	$445.8	$386.0
Backlog[NG] (EUs)	14,507	14,483	15,228	15,325	15,606
ROIC[NG]	14.5 %	13.6 %	12.3 %	11.3 %	9.1 %

1. The Company defines Liquidity as cash on-hand plus available capacity under its 2025 First Lien Facility. 2026 Q3 Liquidity includes the full cash portion attributed to NFI's captive insurance company of $4.1 million. Quarters prior to 2025 Q3 did not include the captive insurance cash in the calculations.

At the end of 2026 Q3, Working Capital Days[NG] was 35, a decrease from 38 days in 2026 Q2 and 49 days in 2025 Q3. The improvement was related to increased operating results driven by higher margin performance combined with lower working capital requirements, which were positively impacted by the Battery Recall and the Battery Settlement in 2025. Increases in advance payments and milestone billing structures, plus extended payment terms with certain suppliers, also contributed to the improvement. Offsetting this positive improvement were higher receivables and inventory balances. As the Company continues to ramp up production, NFI is continuing to focus efforts on lowering work-in-process inventory by improving supplier performance, accelerating customer acceptance programs and improving supplier payment terms to decrease Working Capital Days[NG].

The Company's Liquidity[NG] position, which combines cash on-hand, plus available capacity under the 2025 First Lien Facility, was $661.1 million at the end of 2026 Q3, an increase of $141.1 million, or 27.1 % from 2026 Q2. The increase in the Liquidity[NG] position was primarily driven by the proceeds received from issuance of the 2026 Senior Unsecured Notes, combined with the partial repayment of the 2025 First Lien Facility, slightly offset by lower cash generated from operating activities.

The Company's total backlog[NG] (firm orders and options) was 14,507 EUs as of 2026 Q3, an increase of 0.2 % compared to 14,483 EUs at the end of 2026 Q2. The increase is driven by stronger bidding activity in the quarter, and the timing of new customer orders. Backlog[NG] as of 2026 Q3 had a total dollar value of $12.5 billion.

The 2026 Q3 ROIC[NG] increased by 5.3% to 14.5 % from 9.1% in 2025 Q3, due to the increase in 2026 Q3 LTM Adjusted EBITDA[NG] and a decrease in the average invested capital[NG]. Average invested capital[NG] decreased due to a lower long-term debt balance and a greater cash balance.

Outlook

Management anticipates continued improvement in operational and financial performance, including growth in revenue, gross profit, Adjusted EBITDA[NG], Free Cash Flow[NG], and ROIC[NG] in 2026 and beyond. This improvement is expected to be driven by the conversion of NFI's backlog[NG], higher North American vehicle deliveries, growth in NFI's aftermarket business and the improved cost structure within NFI's international operations. While there are numerous positive expectations, the Company continues to navigate evolving macroeconomic conditions including tariffs, increasing competition and government funding dynamics, which may negatively impact growth and financial performance.

NFI's strategy to provide the broadest range of buses and motorcoaches, built on common production lines wherever possible, is expected to position the Company to capitalize upon demand within its end markets and address customers' diverse fleet requirements. NFI's offering includes low and no-emission heavy-duty transit buses, motorcoaches for public and private customers, accessible low-floor cutaway and medium-duty buses, as well as aftermarket parts, training, Infrastructure Solutions™ and facilitation of motorcoach financing.

Market Demand

Management believes demand for NFI's public heavy-duty transit buses and motorcoaches is supported by new order activity, a strong public transit funding environment (discussed below), increasing fleet age in North America and a focus on fleet renewal. These factors support the Company's North American Public Bid Universe which currently includes active bids of 7,793 EUs. These active bids represent potential customer demand in the near- to medium-term. The Public Bid Universe' five-year forecasted customer demand of 23,449 EUs, up 2.1% from the same period in 2025, provides longer-term visibility into future demand as this will typically drive new incoming firm and option orders.

Private motorcoach markets showed improving demand in the third quarter of 2026, supported by increasing tour and charter travel, conventions, sports and leisure transportation, and employee shuttle programs. This improvement followed a slower first half of 2026 with private motorcoach deliveries down 23% from 2025, reflecting the impact on operators of tariffs, higher operating costs linked to inflation and macro factors. Management anticipates the fourth quarter will continue to be the seasonally busiest period for private motorcoach demand, largely driven by U.S. tax depreciation on vehicle purchases. In addition, the Canadian Mega Productivity Tax Deduction may also support increased private motorcoach purchases in 2026 Q4. While management anticipates overall demand growth, rising industry selling prices, reflecting tariff costs, may cause some operators to extend vehicle replacement cycles.

In addition to heavy-duty transit and motorcoach demand, NFI is focused on growth in the North American medium-duty bus segment through the relaunched ARBOC 'Equess'. This bus is primarily aimed at small to midsize transit applications, universities, airports and other markets where demand is supported by existing fleet replacement and expanding transportation requirements. Demand for low-floor cutaway vehicles has slowed in recent quarters following record levels of deliveries in 2024 and 2025, when a significant number of transit agencies replaced buses and converted portions of their fleet from tradition high-floor vehicles to low-floor products. NFI believes further conversion opportunities exist with agencies across North America, although demand can vary from period-to-period based on customer replacement cycles.

Overall, UK market demand remains healthy, driven by fleet replacements, although delivery volumes are down year-over-year. While NFI has maintained a leading position in the UK, its overall market share has decreased as foreign and domestic competitors have secured a greater portion of new awards. In response to lower UK orders, NFI initiated restructuring activities in the first half of 2026 to align production capacity more closely with its order book and enhance its overall cost structure. The Company remains focused on strengthening customer relationships in the UK, increasing adoption of its ZEB platform and engaging all levels of government to advocate for domestic UK bus manufacturing. Recent policy developments and government announcements indicate a greater emphasis on local production and domestic supply chain participation which could create additional opportunities for NFI.

NFI anticipates that its Aftermarket segment will continue to generate strong revenue and margin contribution, with expectations for a low to mid-single digit growth rate. Increasing fleet age in both public and private sectors is expected to support increased parts sales and there is also potential for expanded program revenues in 2027, as certain customers complete vehicle life extension activities. The timing and performance of those programs is dependent on customer procurement activity.

Government Investments in Public Transportation

Government funding is a critical driver of transit agencies' and transit operators' ability to make capital investments, which in turn supports demand for NFI's heavy-duty transit buses, public motorcoaches and medium-duty and low-floor cutaway buses. Federal funding programs within the U.S., Canada and the UK support the purchase of vehicles. The multiyear nature of these programs provides visibility into potential firm order demand and backlog option conversion.

The U.S. Federal Transit Administration (FTA) surface transportation programs, originally authorized under the Infrastructure Investment and Jobs Act (IIJA) through September 30, 2026 at approximately $21.1 billion, have been temporarily extended through December 11, 2026, while the U.S. Congress considers a longer-term surface transportation reauthorization. Funding continues to be delivered through the FTA for previously approved transit projects and progress is being made on developing the next five-year surface transportation reauthorization bill that will replace the IIJA. The draft bi-partisan *Building Unrivaled Infrastructure and Long-term Development for America's 250th Act*, also known as the BUILD America 250 Act, has been approved by the House Transportation and Infrastructure Committee with a target to be finalized and approved by the end of 2026. This timing matches the temporary extension to December 11, 2026. Historically when a new funding act has not been passed prior to expiration of its predecessor, funding has continued under temporary extensions. While IIJA funding has been extended, and previously approved FTA projects can still utilize IIJA funds in 2026, 2027 and 2028, there can be no assurances regarding future extensions or the timing of future surface transportation legislation.

Ridership levels in the U.S. continue to increase, with the latest available APTA Ridership Trends Dashboard report (as of 2026 Q2) showing LTM bus ridership levels up 3.2% from the same twelve-month period in 2025 and up 44% compared with the same LTM period in 2022. APTA's 2026 Fact Book reported that the U.S. average fleet age increased from 8.0 years to 8.2 years. Despite higher industry deliveries in 2024 and 2025, the increase in fleet age is a positive indicator for continued fleet replacement requirements.

Canadian government support for public transit remains strong with multi-year funding programs in place to support critical infrastructure projects, including buses. NFI has seen increased demand from Canadian customers supported by the public funding environment and increasing average fleet age. The Canadian Urban Transportation Association Annual Factbook for 2026 reported that the average fleet age of heavy-duty transit buses increased from 8.6 years in 2021 to 10.4 years in 2024.

To support growing Canadian demand, NFI completed Project "True North", an all-Canadian build program of its New Flyer subsidiary. Production began in late 2025 with the program expected to increase NFI's Canadian manufacturing capacity by up to 240 EUs annually by 2027. In addition to enabling complete Canadian bus builds, the program is expected to free up capacity at New Flyer's U.S. facilities to support additional U.S. customers demand.

Government support for buses in the UK remains at elevated levels with a focus on increasing service levels outside of London and driving fleet replacements with various propulsion types.

Financial Guidance

NFI has updated its financial guidance for Fiscal 2026 summarized in the table below.

2026 Guidance ($ millions)	Previous Guidance	Updated Guidance
Revenue	$4,000 to $4,200	$4,000 to $4,200
Adjusted EBITDA[NG]	$385 to $415	$395 to $415
Cash Capital Expenditures	$55 to $65	$55 to $65

The assumptions, expectations, and certain risks underlying NFI's original guidance for 2026 were provided in NFI's MD&A dated March 11, 2026, with an update provided in NFI's MD&A dated August 6, 2026. The additional assumptions and expectations underlying the updated guidance are the following:

Revenue: Based on year-to-date results, expected fourth quarter deliveries and aftermarket sales. Revenue guidance range is primarily a reflection of higher North American transit and coach deliveries offset by lower bus deliveries in the UK and low-floor cutaways in North America. The range reflects conversion of units from NFI's backlog, new order activity in the private coach sector, the impacts of sales mix and the timing of vehicle deliveries in the fourth quarter.

Adjusted EBITDA: Based on strong year-to-date results, with growth in deliveries, revenue and gross margins, as NFI converted on its backlog[NG], plus benefits from increased overhead and fixed cost absorption and increased aftermarket contribution. The guidance range reflects expected geographic product mix, anticipated ZEB deliveries and private coach deliveries for the fourth quarter, along with the expected impact of current tariffs in place on NFI's products.

Cash Capital Expenditures: Based on year-to-date acquisitions of property, plant and equipment and investments in intangible assets with the guidance range reflecting expected fourth quarter expenditures in facilities, new product development and equipment.

See also Forward-Looking Statements in this MD&A and risk factors in the Company's public disclosure documents. Note that the guidance numbers above include the impact of all current and known U.S. and Canadian tariffs as of November 5, 2026, but do not reflect the potential impact of tariffs and other trade measures that may be imposed in the future.

Tariff Impacts

NFI is subject to tariffs on imports of steel and aluminum in the U.S. and Canada, and tariffs on imports of other goods from various international jurisdictions. NFI has also seen increases to pricing from its suppliers reflecting the impacts of tariffs on input components its suppliers source and import into the U.S. NFI's motorcoaches are also subject to a 10% tariff on all imports of motorcoaches into the United States from any jurisdiction. This impacts private motorcoaches that are manufactured in Winnipeg and motorcoach shells that are started in Winnipeg and completed in the U.S. NFI has continued to actively engage with its customers to discuss the pricing impacts of all known tariffs on buses and motorcoaches and has been negotiating and charging surcharges to reflect the costs of those tariffs.

The guidance ranges referred to above do not take into account and may be materially adversely affected by changes to tariffs and trade policy, government funding and supply chain performance. Tariff-driven cost increases may be more difficult to offset on future deliveries, especially within the private motorcoach market. 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 that any future 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, there remains a risk of additional supply or operational disruptions beyond management's current expectations especially given conflicts currently ongoing in Iran, Ukraine, Russia and other jurisdictions. See Appendix A Forward Looking Statements for a description of risks and other factors and the Company's filings on SEDAR+ at www.sedarplus.ca.

Selected Quarterly and Annual Financial and Operating Information

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

($ thousands, except per Share figures)						
Fiscal Period	Quarter	Revenue	Earnings (loss) from operations	Net earnings (loss)	Adjusted EBITDA[NG]	Earnings (loss) per Share
2026						
	Q3	1,007,441	78,729	53	108,718	0.0004
	Q2	1,029,507	70,803	17,394	103,987	0.1460
	Q1	841,978	50,717	11,512	86,083	0.0967
	Total	**2,878,926**	**200,249**	**28,949**	**298,788**	**0.2400**
2025						
	Q4	1,025,118	101,457	166,019	121,308	1.3900
	Q3	879,857	(165,634)	(140,879)	80,947	(1.1800)
	Q2	868,169	26,757	(160,774)	70,811	(1.3500)
	Q1	841,420	31,096	(6,486)	62,696	(0.0500)
	Total	**3,614,564**	**(6,324)**	**(142,120)**	**335,762**	**(1.1900)**
2024						
	Q4	836,989	36,034	18,564	67,886	0.1600
	Q3	711,344	25,516	(14,993)	53,205	(0.1300)
	Q2	851,233	36,362	2,547	59,411	0.0200
	Q1	722,749	10,651	(9,414)	33,936	(0.0800)
	Total	**3,122,315**	**108,563**	**(3,296)**	**214,438**	**(0.0300)**

Comparison of Third Quarter 2026 Results

($ thousands)	2026 Q3	2025 Q3	39-Weeks Ended September 27, 2026	39-Weeks Ended September 28, 2025	52-Weeks Ended September 27, 2026	52-Weeks Ended September 28, 2025
Statement of Earnings (Loss) Data						
Revenue						
North America	780,040	620,685	2,172,885	1,810,352	2,950,751	2,310,162
United Kingdom and Europe	51,400	100,646	185,896	306,427	274,572	475,263
Asia Pacific	5,244	1,460	12,654	7,334	17,807	18,568
Manufacturing operations	**836,684**	**722,791**	**2,371,435**	**2,124,113**	**3,243,130**	**2,803,993**
North America	137,593	123,958	407,867	367,857	529,269	493,202
United Kingdom and Europe	25,357	25,388	78,258	76,175	103,330	101,254
Asia Pacific	7,807	7,720	21,366	21,301	28,315	27,986
Aftermarket operations	**170,757**	**157,066**	**507,491**	**465,333**	**660,914**	**622,442**
Total revenue	**$ 1,007,441**	**$ 879,857**	**$ 2,878,926**	**$ 2,589,446**	**$ 3,904,044**	**$ 3,426,435**
Earnings (loss) from operations	$ 78,729	$ (165,634)	$ 200,249	$ (107,784)	301,706	(71,749)
Earnings (loss) before finance costs and income taxes	$ 38,282	$ (160,431)	$ 173,338	$ (252,188)	429,050	(205,542)
Net earnings (loss)	$ 53	$ (140,879)	$ 28,960	$ (308,140)	194,978	(289,575)
Adjusted EBITDA[NG]	$ 108,718	$ 80,947	$ 298,788	$ 214,451	420,096	282,337
Cash capital expenditures	$ 6,877	$ 12,842	$ 25,092	$ 26,375	32,592	34,897

Results of Operations

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

Revenue

($ thousands)	2026 Q3	2025 Q3	39-Weeks Ended September 27, 2026	39-Weeks Ended September 28, 2025
Manufacturing Revenue	836,684	722,791	2,371,435	2,124,113
Aftermarket Revenue	170,757	157,066	507,491	465,333
Total Revenue	1,007,441	879,857	2,878,926	2,589,446
Earnings (loss) from operations	78,729	(165,634)	200,249	(107,783)
Earnings (loss) before finance costs and income taxes	38,282	(160,431)	173,338	(252,188)
Earnings (loss) before income tax expense	6,242	(192,392)	65,450	(348,226)
Net earnings (loss)	53	(140,879)	28,960	(308,139)

Manufacturing revenue for 2026 Q3 increased by $113.9 million, or 15.8%, compared to 2025 Q3. Manufacturing revenue for 2026 Q3 YTD increased by $247.3 million or 11.6%, compared to 2025 Q3 YTD.

Aftermarket revenue remained near record levels in 2026 Q3, totaling $170.7 million, an increase of $13.7 million or 8.7% compared to 2025 Q3. Aftermarket revenue for 2026 Q3 YTD increased by $42.2 million, or 9.1%, in comparison to 2025 Q3 YTD.

Further discussion of segment and total revenue is provided in the Highlights and Financial Results sections on pages 6 and 9, respectively.

Cost of sales

($ thousands)	2026 Q3	2025 Q3	39-Weeks Ended September 27, 2026	39-Weeks Ended September 28, 2025
Manufacturing				
Direct cost of sales	631,461	786,618	1,791,433	1,892,965
Depreciation and amortization	17,619	16,422	52,259	48,219
Other overhead	86,627	75,752	242,474	212,765
Manufacturing cost of sales	735,707	878,792	2,086,166	2,153,948
As percent of Manufacturing Sales	87.9 %	121.6 %	88.0 %	101.4 %
Aftermarket				
Direct cost of sales	118,215	112,197	346,638	330,224
Depreciation and amortization	3,604	3,194	10,382	9,400
Aftermarket cost of sales	121,819	115,391	357,020	339,624
As percent of Aftermarket Sales	71.3 %	73.5 %	70.4 %	73.0 %
Total Cost of Sales	857,527	994,183	2,443,186	2,493,572
As percent of Sales	85.1 %	113.0 %	84.9 %	96.3 %

The consolidated cost of sales for 2026 Q3 decreased by $136.7 million, or 13.7 %, compared to 2025 Q3. The consolidated cost of sales for 2026 Q3 YTD decreased by $50.0 million, or 2.0 % compared to 2025 Q3 YTD.

Cost of sales from Manufacturing operations in 2026 Q3 was $735.7 million (87.9 % of Manufacturing operations revenue) compared to $878.8 million (121.6 % of Manufacturing operations revenue) in 2025 Q3, a decrease of $143.1 million, or 16.3 %. Cost of sales from Manufacturing operations in 2026 Q3 YTD was $2,086.2 million (88.0 % of Manufacturing operations revenue) compared to $2,153.9 million (101.4 % of Manufacturing operations revenue) in 2025 Q3 YTD, a decrease of $67.7 million, or 3.1 %. The decrease in the quarter was driven primarily by the absence of the significant Battery Recall impact incurred in 2025. In addition, a lower proportion of ZEB deliveries contributed to

reduced cost of sales. Manufacturing cost of sales as a percentage of revenue decreased in 2026 Q3 as the Company continued to convert its backlog, improving overhead absorption through higher production and delivery levels.

Cost of sales from Aftermarket operations in 2026 Q3 was $121.8 million (71.3 % of Aftermarket revenue) compared to $115.4 million (73.5 % of Aftermarket revenue) in 2025 Q3, an increase of $6.4 million, or 5.5 %. Cost of sales from Aftermarket operations in 2026 Q3 YTD was $357.0 million (70.4 % of Aftermarket revenue) compared to $339.6 million (73.0 % of Aftermarket revenue) in 2025 Q3 YTD, an increase of $17.4 million or 5.1 %, primarily attributable to higher freight costs driven by elevated diesel fuel prices and increased transportation rates. The decrease in cost of sales as a percentage of revenue in 2026 Q3 and 2026 Q3 YTD was mainly due to the positive impact of sales mix, combined with effective pricing and the management of tariffs.

Gross Margins

($ thousands)	2026 Q3	2025 Q3	39-Weeks Ended September 27, 2026	39-Weeks Ended September 28, 2025
Manufacturing	100,976	(156,001)	285,269	(29,835)
Aftermarket	48,938	41,675	150,471	125,709
Total Gross Margins	149,914	(114,326)	435,740	95,874
As a percentage of sales:				
Manufacturing	12.1 %	(21.6)%	12.0 %	(1.4)%
Aftermarket	28.7 %	26.5 %	29.6 %	27.0 %
	14.9 %	(13.0)%	15.1 %	3.7 %

Manufacturing gross margins for 2026 Q3 of $101.0 million (12.1 % of Manufacturing revenue), increased by $257.0 million compared to negative gross margins of $156.0 million ((21.6 %) of Manufacturing revenue) for 2025 Q3. Manufacturing gross margins for 2026 Q3 YTD of $285.3 million (12.0 % of Manufacturing revenue), increased by $315.1 million compared to negative gross margins of $29.8 million ((1.4 %) of Manufacturing revenue) for 2025 Q3 YTD. The increase for both 2026 Q3 and 2026 Q3 YTD Manufacturing gross margins were primarily driven by higher deliveries of North American transit buses and motorcoaches, as NFI converted on its strong backlog and improved overhead absorption from higher deliveries. Additionally, the comparative period in 2025 Q3 was impacted by the recognition of a significant provision related to the Battery Recall. The increase in Manufacturing gross margins as a percentage of revenue in 2026 Q3 and 2026 Q3 YTD was driven by the same underlying factors that impacted the dollar-based results.

Aftermarket gross margins for 2026 Q3 of $48.9 million (28.7 % of Aftermarket revenue) increased by $7.3 million, or 17.4 %, compared to 2025 Q3 gross margins of $41.7 million (26.5 % of Aftermarket revenue). 2026 Q3 gross margins increased due to improved product mix and effective tariff management to lower its impact. Aftermarket gross margins for 2026 Q3 YTD of $150.5 million (29.6 % of Aftermarket revenue) increased by $24.8 million, or 19.7 %, compared to 2025 Q3 YTD gross margins of $125.7 million (27.0 % of Aftermarket revenue). Aftermarket gross margin as a percentage of revenue increased by 2.5% in 2025 Q3 YTD, reflecting the same items that impacted the dollar-based results.

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

($ thousands)	2026 Q3	2025 Q3	39-Weeks Ended September 27, 2026	39-Weeks Ended September 28, 2025
Selling expenses	6,182	8,305	22,230	24,582
General and administrative expenses	65,441	44,925	191,770	174,566
Other expenses	4,825	-	21,188	-
Total SG&A	76,448	53,230	235,188	199,148

The consolidated SG&A for 2026 Q3 of $76.4 million (7.6 % of consolidated revenue) increased by $23.2 million, or 43.6 %, compared to $53.2 million (6.0 % of consolidated revenue) in 2025 Q3. The increase in consolidated SG&A for the quarter was primarily due to an increase in general payroll and administrative expenses and LTIP costs. Additionally, in 2025 Q3 the Company recorded $7.9 million in restructuring cost recoveries associated with maintaining AD's Scottish facilities. NFI had originally recorded the restructuring charges related to the recoveries in the second quarter of 2025. Both charges and recoveries were recorded in general and administrative expenses in 2025. Other expenses totaling $21.2 million year-to-date include non-recurring restructuring costs related to the closure and repurposing of AD's Scottish facilities, plus the write-off of a furlough receivable in 2026 Q1 that was originally recorded in 2025 Q3.

Realized foreign exchange gain (loss)

In 2026 Q3, the Company recorded a realized foreign exchange gain of $5.3 million compared to a gain of $1.9 million in 2025 Q3. In 2026 Q3 YTD, the Company recorded a realized foreign exchange loss of $0.3 million compared to a loss of $4.5 million in 2025 Q3 YTD.

The Company uses foreign exchange forward contracts to buy various currencies in which it operates with U.S. dollars, Canadian dollars and GBP. The purchases of these currencies using foreign exchange forward contracts at favourable forward rates compared to the spot rates at settlement were the primary reason for the gain recognized in 2026 Q3.

Earnings (loss) from operations

Consolidated earnings from operations in 2026 Q3 were $78.7 million (7.8 % of consolidated revenue) compared to a loss from operations of $165.6 million ((18.8 %) of consolidated revenue) in 2025 Q3, an increase of $244.3 million. Consolidated earnings from operations in 2026 Q3 YTD were $200.2 million (7.0% of consolidated revenue) compared to a loss from operations of $107.8 million ((4.2 %) of consolidated revenue) in 2025 Q3 YTD, an increase of $308.0 million, or 286%.

Earnings from operations attributable to the Manufacturing segment were $48.9 million for 2026 Q3 (5.8 % of Manufacturing revenue) compared to a loss from operations of $131.9 million ((18.2 %) of Manufacturing revenue) in 2025 Q3. Earnings from Manufacturing operations in 2026 Q3 YTD were $130.6 million (5.5 % of Manufacturing revenue) compared to losses of $105.4 million ((5.0 %) of Manufacturing revenue) in 2025 Q3 YTD, an increase of $236.0 million, or 223.9%. The increase in earnings as a percentage of revenue for 2026 Q3 and 2026 Q3 YTD was mainly due to a shift in sales mix towards products with higher margin profiles, and an overall increase in Transit deliveries.

Earnings from operations related to Aftermarket operations in 2026 Q3 were $29.1 million (17.0 % of Aftermarket revenue) compared to $23.0 million (14.6 % of Aftermarket revenue) in 2025 Q3. Earnings from Aftermarket operations in 2026 Q3 YTD were $93.0 million (18.3 % of Aftermarket revenue) compared to $73.2 million (15.7 % of Aftermarket revenue) in 2025 Q3 YTD, an increase of $19.8 million, or 27.0 %. Earnings from Aftermarket operations increased in 2026 Q3 and 2026 Q3 YTD due to higher sales, improved product mix, and effective tariff management.

Unrealized foreign exchange gain (loss) on monetary items

($ thousands)	2026 Q3	2025 Q3	39-Weeks Ended September 27, 2026	39-Weeks Ended September 28, 2025
Unrealized gain (loss) on forward foreign exchange contracts	(2,978)	1,843	(1,037)	7,031
Unrealized gain (loss) on other long-term monetary assets and liabilities	(2,006)	(505)	6,489	(4,636)
Unrealized foreign exchange gain (loss) on monetary items	(4,984)	1,338	5,452	2,395

As at September 27, 2026, the Company had $377.6 million of foreign exchange forward contracts to buy currencies in which the Company operates (U.S. dollars, Canadian dollars, or GBP). These foreign exchange contracts have expiry dates ranging from October 2026 to July 2027. The related liability of $0.1 million (December 28, 2025: liability of $1.2 million) is recorded on the unaudited interim condensed consolidated statements of financial position as a current derivative financial instrument liability and the corresponding change in the fair value of the foreign exchange forward contracts is recorded in the unaudited interim condensed consolidated statements of net earnings (loss) and total comprehensive earnings (loss).

Earnings (loss) before interest and income taxes ("EBIT" or "LBIT")

In 2026 Q3, the Company recorded EBIT of $38.3 million compared to an LBIT of $160.4 million in 2025 Q3. The increase in EBIT for 2026 Q3 was driven primarily by greater sales of products with an improved margin profile, greater unrealized foreign exchange gains on non-current monetary items, and the absence of significant Battery Recall impacts that incurred in 2025 Q3, offset by the impact of the $33.8 million impairment charge related to the battery cells incurred during the quarter.

In 2025 Q4, the Company entered a 50/50 joint venture to form GR Seating. Under IFRS Accounting Standards, this investment is accounted for using the equity method, requiring the Company to recognize its share of the joint venture's earnings or losses. In 2026 Q3, the Company recorded an equity loss of $1.7 million, while year-to-date results reflected net equity income of $0.4 million related to its investment in the joint venture. This amount includes the Company's share of GR Seating's operating losses and the impact of purchase accounting adjustments associated with the formation of the joint venture.

Interest and finance costs

The interest and finance costs for 2026 Q3 of $32.0 were consistent with 2025 Q3. 2026 Q3 YTD interest and finance costs were $107.9 million compared to $96.0 million for 2025 Q3 YTD, an increase of $11.9 million. The increase for the year-to-date period is primarily due to the greater fair market value loss on the Company's optional redemption of 2025 Second Lien Debt and 2026 Senior Unsecured Notes, offset by the amortization of notional debt premiums associated with the embedded derivatives.

Earnings (loss) before income taxes ("EBT" or "LBT")

EBT in 2026 Q3 was $6.2 million, an increase of $198.6 million compared to the LBT of $192.4 million in 2025 Q3. EBT for 2026 Q3 YTD of $65.5 million increased by $413.7 million compared to LBT of $348.2 million in 2025 Q3 YTD. The primary drivers of the changes of EBT are addressed in the sections above.

Income tax expense

The income tax expense for 2026 Q3 was $6.2 million compared to a recovery of $51.5 million in 2025 Q3. The increase in income tax expense for 2026 Q3 was primarily due to the increase in earnings before income tax and a corresponding increase in State income tax expense. The income tax expense for 2026 Q3 YTD was $36.5 million compared to a recovery of $40.1 million in 2025 Q3 YTD. The increase in income tax expense for 2026 YTD was primarily due to the increase in earnings before income tax, a corresponding increase in State income tax expense, and a write-off of excess foreign tax credits offset by a much smaller charge for deferred tax assets not recognized.

The Effective Tax Rate ("ETR") for 2026 Q3 was 99.2% and the ETR for 2025 Q3 was 26.8%. The ETR for 2026 Q3 YTD was 55.8% and the ETR for 2025 Q3 YTD was 11.5%. The ETR for both 2026 Q3 and 2026 Q3 YTD was detrimentally impacted by excess unapplied U.S. foreign tax credits written off in the period.

Income tax expense recognized in the unaudited interim condensed consolidated statement of net earnings (loss) and total comprehensive earnings (loss) as at September 27, 2026 includes an immaterial recovery related to BEPS Pillar Two ("Pillar Two") income taxes.

Net earnings (loss)

The Company reported net earnings of $0.1 million in 2026 Q3, an increase of $141.0 million, compared to a net loss of $140.9 million in 2025 Q3. The Company reported net earnings of $29.0 million in 2026 Q3 YTD, an increase of $337.1 million compared to net losses of $308.1 million in 2025 Q3 YTD. The increase in net earnings for 2026 Q3 was primarily driven by a favourable product mix, with higher Transit and Coach deliveries contributing to improved gross margins, offset by an impairment charge related to the potential sale of battery cell inventory (discussed in the Highlights section on page 6), increased interest and finance costs and income tax expenses.

($ thousands, except per Share figures)	2026 Q3	2025 Q3	39-Weeks Ended September 27, 2026	39-Weeks Ended September 28, 2025
Earnings (loss) from operations	78,729	(165,634)	200,249	(107,784)
Gain on disposition of property, plant and equipment and right-of-use asset	90	36	1,139	195
Impairment loss on goodwill and intangible assets	-	-	(129)	(92,481)
Impairment recovery (loss) on property, plant and equipment	-	3,829	-	(504)
Penalty for early repayment of second lien debt	-	-	-	(10,825)
Unrealized foreign exhange gain (loss) on monetary items	(4,984)	1,338	5,452	2,396
Share of (loss) profit of joint ventures accounted for using the equity method	(1,738)	-	442	-
Loss on debt extinguishment	-	-	-	(43,185)
Impairment loss on inventory	(33,815)	-	(33,815)	-
Interest and finance costs	(32,040)	(31,961)	(107,888)	(96,040)
Income tax expense (recovery)	(6,189)	51,513	(36,490)	40,088
Net Earnings (loss)	53	(140,879)	28,960	(308,140)
Net earnings (loss) per Share (basic)	$ 0.0004	$ (1.1830)	$ 0.2431	$ (2.5881)
Net earnings (loss) per Share (fully diluted)	$ 0.0004	$ (1.1830)	$ 0.2422	$ (2.5881)

The Company recorded net earnings per Share for 2026 Q3 of $0.0004 compared to net loss per Share of $1.1830 in 2025 Q3. The Company's net earnings per Share for 2026 Q3 YTD of $0.2431 compared to net loss per Share of $2.5881 in 2025 Q3 YTD. The Company reported diluted

net earnings per Share of $0.00 in 2026 Q3 and $0.24 in 2026 Q3 YTD. The per Share net earnings in 2026 Q3 and 2026 Q3 YTD increased primarily due to the same items that impacted net earnings.

Cash Flow

The cash flows of the Company are summarized as follows:

($ thousands)	2026 Q3	2025 Q3	39-Weeks Ended September 27, 2026	39-Weeks Ended September 28, 2025
Cash generated by (used in) operating activities before non-cash working capital items and interest and income taxes paid	66,638	(144,219)	229,311	(58,214)
Interest paid	(39,699)	(12,531)	(91,153)	(79,834)
Income taxes paid	(32,005)	(9,912)	(103,775)	(36,959)
Cash flow provided by (invested in) working capital	(42,941)	250,531	22,450	230,066
Net cash generated by (used in) operating activities	(48,007)	83,869	56,833	55,059
Net cash generated by (used in) financing activities	39,761	(71,493)	(44,819)	8,059
Net cash used in investing activities	(17,383)	(17,450)	(48,354)	(40,008)

Cash flow from operating activities

The 2026 Q3 net cash used in operating activities was $48.0 million compared to net cash generated by operating activities of $83.9 million in 2025 Q3. This increase in cash used was primarily due to the timing of interest paid, an increase in income taxes paid resulting from an increase in EBT, and an increase in working capital accounts such as accounts receivables and inventories. 2026 Q3 YTD net cash generated by operating activities increased to $56.8 million from $55.1 million in 2025 Q3 YTD, an increase of $1.7 million. The increase was primarily driven by increased net earnings, lower cash interest payments, and favorable working capital, somewhat offset by higher cash income taxes from higher EBT.

Cash flow from financing activities

The cash generated by financing activities increased to $39.8 million during 2026 Q3 from cash used in financing activities of $71.5 million in 2025 Q3. This increase in cash generated was due to proceeds of $247.6 million received from the Company’s issuance of the Senior Unsecured Notes, offset by repayments on the Company's MDC loan, and a portion of the 2025 First Lien Facility, plus interest. Cash used in financing activities increased to $44.8 million during 2026 Q3 YTD compared to cash generated by financing activities of $8.1 million in 2025 Q3 YTD, driven by higher repayments on the Company’s 2025 First Lien Facility, the MDC loan, and higher lease payments.

Cash flow from investing activities

Cash used in investing activities was consistent between 2026 Q3 and 2025 Q3. Investing activities in 2026 Q3 primarily involved $6.8 million in acquisitions of capital assets, $3.1 million in intangible assets, and $7.3 million in investments in long-term restricted deposits. Long-term restricted deposits are collateral for a certain amount of the Company's letters of credit. In comparison, the Company invested only $0.7 million in long-term restricted deposits during 2025 Q3.

Credit risk

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

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

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

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

($ thousands)	September 27, 2026	December 28, 2025
Current, including holdbacks	$ 611,762	$ 663,615
Past due amounts but not impaired		
1 - 60 days	42,786	39,185
Greater than 60 days	19,593	22,793
Less: Allowance for doubtful accounts	(9,589)	(3,795)
Total accounts receivables, net	$ 664,552	$ 721,798

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

Commitments and Contractual Obligations

The following table describes the Company's maturity analysis of the undiscounted cash flows of leases and accrued benefit liabilities as at September 27, 2026:

($ thousands)	Total	2026	2027	2028	2029	2030	Post 2030
Leases	$ 217,520	$ 15,571	$ 31,996	$ 22,622	$ 17,254	$ 14,305	$ 115,772
Accrued benefit liability	2,730	2,730	-	-	-	-	-
	$ 220,250	$ 18,301	$ 31,996	$ 22,622	$ 17,254	$ 14,305	$ 115,772

As at September 27, 2026, outstanding surety bonds guaranteed by the Company totaled $358.0 million (December 28, 2025: $315.1 million). The estimated maturity dates of the surety bonds outstanding at September 27, 2026 range from October 2026 to March 2029.

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

The Export Development Canada ("EDC") guarantee facility in the amount of $190.0 million consists of the Performance Security Guarantee ("PSG") up to $135.0 million and the Surety Reinsurance Support up to $55.0 million.

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

As at September 27, 2026, $101.5 million outstanding letters of credit were drawn against the 2025 First Lien Facility. These letters of credits are not included within the Company's first lien debt balance on the unaudited Statement of Financial Position; however, they are a reduction to the Company's available liquidity[NG].

Management believes that the Company was in compliance in all material respects with all applicable contractual obligations as at September 27, 2026. The Company has not provided for any costs associated with these letters of credit.

Share Option Plan

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

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

The following reconciles the Share options outstanding:

	Q3 2026 YTD		Q3 2025 YTD	
	Number (in 000’s)	Weighted average exercise price	Number (in 000’s)	Weighted average exercise price
Balance at beginning of period	2,056	C$21.95	1,974	C$24.25
Granted during the period	468	C$15.58	320	C$13.82
Expired during the period	(218)	C$40.81	(219)	C$31.72
Exercised during the period	(43)	C$14.31	(18)	C$11.01
Balance at end of period	2,263	C$18.96	2,056	C$21.94

Restricted Share Unit Plan for Non-Employee Directors

Pursuant to the Company’s Restricted Share Unit Plans for Non-Employee Directors, a maximum of one million Shares are reserved for issuance to non-employee directors. The Company issued 13,844 Director RSUs under the 2025 Director RSU plan, with a total value of $0.2 million in 2026 Q3. Approximately $0.1 million of the issued Director RSUs were exercised and exchanged for 5,171 Shares.

Critical accounting estimates and judgments

The Company's critical accounting estimates and judgements were the same as those applied by the Company in its audited consolidated financial statements as at and for the 52-week period ended December 28, 2025. The Company’s filings can be found on SEDAR+ at www.sedarplus.ca.

Amended Standards Adopted

IFRS 7 and 9 - Amendments to the Classification and Measurement of Financial Instruments

The changes set criteria for derecognition of a financial liability settled through electronic transfer and include amendments for the classification of financial assets involving contractual terms that are consistent with a basic lending arrangement, assets with non-recourse features, and contractually linked instruments. Disclosure requirements change for investments in equity instruments designated at fair value through other comprehensive income and include a new requirement for disclosure of contractual terms that could change the timing or amount of contractual cash flows based on a contingent event that does not relate directly to changes in basic lending risks and costs. The Company has elected not to restate prior periods. As such, the difference in the closing balance of cash as at December 28, 2025 and the adjusted opening balance after the initial application of the amendments as at December 29, 2025 is $10.6 million, which resulted to a reclassification of the outstanding cheques between cash and accounts payable and accrued liabilities in the unaudited interim condensed consolidated statements of financial position.

IFRS 7 and 9 – Amendments for contracts referencing nature-dependent electricity related to hedge accounting

The changes relate to designation of contracts relating to nature-dependent electricity as hedging instruments and their disclosure requirements. Under the amendments an entity is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility as referenced in the hedging instrument. Management assessed that this standard does not have a material impact on the unaudited interim condensed consolidated financial statements and the Company is in compliance with the required disclosure.

IFRS 10 and IAS 28 – Amendments for sale or contribution of assets between an investor and its associate or joint venture

The changes relate to equity method procedures on the sale or contribution of assets between an investor or joint venture. Under the amendments, the gain or loss resulting from a downstream transaction involving assets that constitute a business between an entity, including its consolidated subsidiaries and its associate or joint venture, is recognized in full in the investor's financial statements. When an entity might sell or contribute assets that may constitute a business, the entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction. The changes also set out guidance for the accounting for the loss of control of a subsidiary that does not contain a business as a result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Management assessed that this standard does not have a material impact on the unaudited interim condensed consolidated financial statements and the Company is in compliance with the required disclosure.

Standards Issued but not adopted

IFRS 18 – Presentation and disclosure in the financial statements

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

The Company is currently assessing the impact of the adoption of IFRS 18 on its unaudited interim condensed consolidated financial statements.

Non-IFRS and Other Financial Measures

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

Adjusted EBITDA[NG] and Net Operating Profit After Taxes[NG]

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

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

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

($ thousands)	2026 Q3	2025 Q3	39-Weeks Ended September 27, 2026	39-Weeks Ended September 28, 2025	52-Weeks Ended September 27, 2026	52-Weeks Ended September 28, 2025
Net earnings (loss)	53	(140,879)	28,960	(308,140)	194,978	(289,575)
Addback						
Income tax expense	6,189	(51,513)	36,490	(40,088)	96,082	(39,804)
Interest expense[7]	32,040	31,961	107,888	96,043	137,990	123,840
Depreciation and amortization	21,225	19,616	62,640	57,620	82,578	77,195
(Gain) loss on disposition of property, plant and equipment and right of use assets	(90)	(36)	(1,139)	(195)	(1,037)	29
Unrealized foreign exchange (gain) loss on non-current monetary items and forward foreign exchange contracts	4,984	(1,338)	(5,452)	(2,396)	(1,231)	(14,481)
Equity settled stock-based compensation	714	499	2,863	2,223	3,459	2,265
Expenses incurred outside of normal operations[8]	1,824	4,471	6,120	24,804	9,125	35,861
Loss on debt extinguishment[10]	-	-	-	43,185	-	43,185
Impairment loss on goodwill and intangible assets[9]	-	-	129	90,862	2,784	92,112
Fee for early repayment of 2023 second lien debt[12]	-	-	-	10,825	-	10,825
Impairment loss (recovery) on property, plant, and equipment[11]	-	(3,829)	-	504	-	504
Share of loss (profit) of joint ventures accounted for using the equity method[16]	1,738	-	(442)	-	4,324	-
Battery recall and battery settlement[14]	35,218	229,859	39,543	229,859	(132,904)	229,859
Restructuring costs[6]	4,823	(7,864)	21,188	9,349	24,581	10,525
Prior year sales tax provision[15]	-	-	-	-	(631)	-
Adjusted EBITDA[NG]	108,718	80,947	298,788	214,455	420,098	282,340
Depreciation of property, plant and equipment and right of use assets	(14,037)	(12,299)	(39,532)	(35,190)	(52,713)	(46,695)
Tax at 31%	(29,350)	(21,281)	(80,369)	(83,739)	(113,889)	(73,050)
NOPAT[NG]	65,331	47,367	178,887	95,526	253,496	162,595
Adjusted EBITDA is comprised of:						
Manufacturing	78,340	53,365	207,200	139,155	301,286	174,361
Aftermarket	35,074	28,319	110,661	91,919	143,069	124,689
Corporate	(4,696)	(737)	(19,073)	(16,619)	(24,257)	(16,710)

See foonotes on page 26

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 service debt, pay interest, pay dividends on the Shares 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 (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 (used in) 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 2025 First Lien Facility 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)	2026 Q3	2025 Q3	39-Weeks Ended September 27, 2026	39-Weeks Ended September 28, 2025	52-Weeks Ended September 27, 2026	52-Weeks Ended September 28, 2025
Net cash generated by (used in) operating activities	(48,007)	83,869	56,833	55,060	175,442	72,552
Changes in non-cash working capital items[2]	42,941	(250,531)	(22,446)	(230,061)	135,725	(223,167)
Interest paid[2]	39,699	12,531	91,153	79,834	102,477	110,017
Interest expense[2]	(32,040)	(28,411)	(89,802)	(91,894)	(118,705)	(122,527)
Income taxes paid[2]	32,005	9,912	103,775	36,960	103,781	38,756
Current income tax expense[2]	(18,315)	(15,497)	(67,392)	(36,968)	(110,382)	(49,918)
Repayment of obligations under lease	(7,091)	(5,472)	(21,309)	(15,703)	(27,604)	(23,685)
Cash capital expenditures	(6,877)	(12,842)	(25,097)	(26,376)	(32,592)	(34,898)
Acquisition of intangible assets	(3,187)	(3,972)	(15,841)	(8,708)	(18,593)	(15,977)
Proceeds from disposition of property, plant and equipment	-	69	44	82	62	122
Defined benefit funding[3]	834	704	2,192	2,172	2,680	2,527
Defined benefit expense[3]	(913)	(816)	(2,738)	(2,709)	(3,658)	(3,651)
Fair value adjustment on total return swap[17]	(6)	-	3,319	-	3,319	-
Expenses incurred outside of normal operations[8]	1,824	4,471	6,119	24,804	9,125	35,861
Foreign exchange (loss) gain on cash held in foreign currency[4]	299	(1,189)	(147)	(18)	164	(146)
Fee for early repayment of 2023 second lien debt[12]	-	-	-	10,825	-	10,825
Asset impairment[13]	-	-	-	(1,619)	-	(1,619)
Battery recall and battery settlement[14]	35,218	229,859	39,543	229,859	(132,904)	229,859
Restructuring costs[6]	4,823	(7,864)	21,186	9,346	24,581	10,525
Prior year sales tax provision[15]	-	-	-	-	(631)	-
Free Cash Flow[NG]	41,207	14,821	79,392	34,886	112,287	35,456
U.S. exchange rate[1]	1.3995	1.3765	1.3847	1.3987	1.3847	1.3883
Free Cash Flow (C$)[NG]	57,669	20,401	110,283	48,403	156,193	49,225
Free Cash Flow per Share (C$)[NG, 5]	0.4840	0.1713	0.9257	0.4065	1.3108	0.4137

See foonotes on page 26

1. U.S. exchange rate (C$ per US$) is the average exchange rate for the period.
2. Changes in non-cash working capital are excluded from the calculation of Free Cash Flow[NG] as these temporary fluctuations are managed through the 2025 First Lien Facility which is available to fund general corporate requirements, including working capital requirements, subject to borrowing capacity restrictions. Changes in non-cash working capital are presented on the unaudited interim condensed consolidated statements of cash flows net of interest and income taxes paid.
3. The cash effect of the difference between the defined benefit expense and funding is included in the determination of cash from operating activities. This cash effect is excluded in the determination of Free Cash Flow[NG] as management believes that the defined benefit expense amount provides a more appropriate measure, as the defined benefit funding can be impacted by special payments to reduce the unfunded pension liability as well as payment holidays associated with pension surpluses.
4. Foreign exchange gain or loss on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS Accounting Standards; however, because it is a cash item, management believes it should be included in the calculation of Free Cash Flow[NG].
5. Per Share calculations for Free Cash Flow[NG] (C$) are determined by dividing Free Cash Flow[NG] by the total number of all issued and outstanding Shares using the weighted average over the period. The weighted average number of Shares outstanding for 2026 Q3 was 119,161,880 and 119,128,798 for 2025 Q3. The weighted average number of Shares outstanding for 2026 Q3 LTM and 2025 Q3 LTM was 119,119,648 and 119,072,938 respectively.
6. Normalized to exclude non-operating restructuring costs. Costs primarily related to severance costs, labour inefficiencies, medical costs, 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 employee reductions at Alexander Dennis. In 2025 Q3, with the advocacy and intervention of the Scottish government and Scottish Enterprise, NFI announced that the Scottish manufacturing sites would remain open. This resulted in net recoveries of $7.9 million related to previously expected employee reductions. In 2025 Q4, NFI recorded $3.5 million of non-operating restructuring costs related to Alexander Dennis. On March 31 2026, the Company announced that the Falkirk, Scotland manufacturing site would be closed and the Larbert, Scotland site would be converted to manufacture chassis. This resulted in a write-off of the furlough receivable from the Scottish government, as well as other restructuring costs totaling $7.5 million in 2026 Q1. In 2026 Q3, ongoing restructuring costs related to the Falkirk, Scotland closure totaled $3.7 million, while other restructuring costs, including customer related and labour disruption costs totaled $1.1 million.
7. Includes fair market value adjustments to interest rate swaps, cash conversion option on the Debentures, and the prepayment options on the Company's second lien debt and senior unsecured notes. 2026 Q3 includes a gain of $5.3 million and 2025 Q3 includes a gain of $2.1 million on the cash conversion option. The 2025 second lien optional redemption had a loss of $5.6 million in 2026 Q3 compared to $3.5 million loss in 2025 Q3. The optional redemption relating to the 2026 Senior Unsecured Notes had a fair market value loss of $1.2 million in 2026 Q3, after being initially recognized at a fair value of $8.4 million at issuance on July 21, 2026.
8. Includes adjustments made related to items that occurred outside of normal operations. In 2026 Q3, the Company incurred $1.8 million of CEO transition costs and other executive compensation expenses. In 2026 Q2, the Company incurred $1.3 million of CEO transition costs. In 2026 Q1, the Company incurred $1.7 million in CEO transition costs and legal expenses related to the Battery Recall and Battery Settlement. 2025 Q3 LTM included $35.9 million in labour and overhead costs related to seat supply disruption.
9. The 2025 Q3 LTM period includes an $80.9 million intangible asset impairment and a $10.0 million goodwill impairment related to the Alexander Dennis manufacturing business unit. The 2026 Q3 LTM period includes a $2.7 million intangible asset impairment loss related to a new product development project.
10. 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.
11. 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 property, plant and equipment impairment of $4.3 million within the Alexander Dennis manufacturing business unit. In 2025 Q3, with the advocacy and intervention of the Scottish government and Scottish Enterprise, NFI announced that the Scottish manufacturing sites would remain open. This resulted in recoveries of $3.8 million in 2025 Q3 related to the previous impairment recorded on property, plant and equipment.
12. In 2025 Q2, the Company incurred an early repayment fee of $10.8 million associated with the 2023 second lien debt.
13. In 2025 Q2, NFI recorded an impairment on the previously recorded California Air Resources Board (CARB) credit of $1.6 million.

14. During 2025 Q3, NFI declared a Battery Recall related to certain battery modules from XALT. The recall impacted approximately 700 battery-electric buses and coaches (primarily New Flyer buses). In 2025 Q4, NFI reached a settlement with XALT Energy, LLC and its parent company. As part of this settlement, NFI received cash and assets totaling $166.0 million. This also includes other miscellaneous amounts related to the Battery Settlement. Costs related to the management of the Battery Recall program totaled $3.1 million in 2026 Q1, $1.2 million in 2026 Q2, and $35.2 million in 2026 Q3. In 2026 Q3, NFI began the process of selling battery cell inventory originally received from XALT as part of the Battery Settlement and recorded an associated impairment charge of $33.8 million.
15. In 2025 Q4, the Company released a prior years sales tax provision for $0.6 million.
16. During 2025 Q4, NFI and GILLIG, formed a 50/50 joint venture named GR Seating to acquire the assets of American Seating Corporation. In 2026 Q1, NFI recorded $6.8 million in equity method income, primarily related to purchase accounting. In 2026 Q2 and 2026 Q3, NFI reported equity method losses of $4.6 million and $1.7 million respectively.
17. A portion of the fair value adjustment of the total return swap is added to Free Cash Flow[NG] to match the equivalent portion of the related deferred compensation expense recognized. In 2026 Q2, hedge accounting was applied to the total return swap derivative and therefore, the portion of the loss on the fair value adjustment, which does not apply to the current periods is recognized in other comprehensive income. The portion recognized in Free Cash Flow[NG] was $3.3 million in 2026 Q2 and minimal in 2026 Q3.

Adjusted Net Earnings[NG] and Adjusted Net Earnings per Share[NG]

Management believes that Adjusted Net Earnings[NG] and the associated per Share figure are important measures in evaluating the historical operating performance of the Company. Adjusted Net Earnings[NG] and Adjusted Net Earnings per Share[NG] are not recognized measures under IFRS Accounting Standards and do not have standardized meanings prescribed by IFRS. Accordingly, Adjusted Net Earnings[NG] and Adjusted Net Earnings 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[NG] and Adjusted Net Earnings per Share[NG] should not be construed as an alternative to Net Earnings (Loss), or Net Earnings (Loss) per Share, determined in accordance with IFRS Accounting Standards as indicators of the Company's performance.

The Company defines Adjusted Net Earnings[NG] as Net Earnings 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[NG] based on the historical financial statements of the Company for the periods indicated.

The Company defines Adjusted Net Earnings[NG] per share as Adjusted Net Earnings[NG] divided by the average number of Shares outstanding.

($ thousands, except per Share figures)	2026 Q3	2025 Q3	39-Weeks Ended September 27, 2026	39-Weeks Ended September 28, 2025	52-Weeks Ended September 27, 2026	52-Weeks Ended September 28, 2025
Net earnings (loss)	53	(140,879)	28,960	(308,140)	194,978	(289,575)
Adjustments, net of tax[1,2]						
Unrealized foreign exchange (gain) loss	3,439	(923)	(3,762)	(1,652)	(850)	(9,991)
Unrealized (gain) loss on interest rate swap	2	106	(283)	(246)	(105)	(689)
Unrealized loss (gain) on cash conversion option	(3,624)	(1,475)	191	(703)	(358)	(6,047)
Unrealized gain on prepayment option of 2023 second lien debt[3]	-	-	-	(9,420)	-	(10,160)
Unrealized (gain) loss on 2025 second lien optional redemption[3]	3,871	1,056	8,322	2,201	6,431	2,201
Accretion associated to gain on debt modification	-	-	-	(1,013)	-	(1,703)
Loss on debt extinguishment[4]	-	-	-	29,798	-	29,798
Equity settled stock-based compensation	493	344	1,976	1,534	2,387	1,563
(Gain) loss on disposition of property, plant and equipment and right-of-use asset	(62)	(25)	(785)	(135)	(715)	20
Expenses incurred outside of normal operations[5]	1,259	3,085	4,223	17,115	6,297	24,744
Accretion in carrying value of convertible debt and cash conversion option	1,120	1,500	4,154	4,414	5,678	5,854
Deferred tax assets not recognized[10]	-	-	-	34,443	-	34,443
Other tax adjustments	-	-	-	(6,311)	-	(6,311)
Impairment loss on property, plant, and equipment[8]	-	(3,829)	-	504	-	504
Impairment loss on goodwill and intangible assets[6]	-	-	129	90,862	2,784	91,725
Fee for early repayment of 2023 second lien debt[9]	-	-	-	7,469	-	7,469
Share of loss (profit) of joint ventures accounted for using the equity method[13]	1,199	-	(305)	-	2,984	-
Battery recall and battery settlement[11]	24,300	158,603	27,284	158,603	(91,704)	158,603
Restructuring costs[7]	3,328	(5,426)	14,619	6,449	16,962	7,263
Prior year sales tax provision[12]	-	-	-	-	(435)	-
Adjusted Net Earnings[NG]	35,378	12,137	84,723	25,772	144,334	39,711
Earnings (Loss) per Share (basic)	0.0004	(1.1830)	0.2431	(2.5881)	1.6362	(2.4334)
Earnings (Loss) per Share (fully diluted)	0.0004	(1.1830)	0.2422	(2.5881)	1.6280	(2.4334)
Adjusted Net Earnings per Share (basic)[NG]	0.2969	0.1019	0.7112	0.2165	1.2112	0.3337
Adjusted Net Earnings per Share (fully diluted)[NG]	0.2722	0.1019	0.7086	0.2165	1.2051	0.3337

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 and footnotes below, unless stated otherwise.

3. The unrealized loss (gain) on the prepayment option is related to the Company's 2023 second lien debt instrument. The debt instrument had an unrealized loss in 2025 Q3 LTM. After the 2025 Second Lien Debt offering in 2025 Q2, the 2023 second lien debt instrument and the related prepayment option were extinguished. The Company can exercise an option to redeem the 2025 Second Lien Debt before the maturity date; this option had a fair value loss of $3.9 million in 2026 Q3 and $6.4 million in 2026 Q3 LTM.

4. In 2025 Q2, the Company recognized an accounting loss of $29.8 million for the debt extinguishment as a result of the Company's comprehensive refinancing with the 2025 First Lien Facility.

5. Includes adjustments made related to items that occurred outside of normal operations. Labour and overhead costs from the seat supply disruption of $5.1 million in 2026 Q3 LTM compared to $21.7 million in 2025 Q3 LTM. 2026 Q3 LTM also includes $2.0 million in legal costs associated with the Battery Recall and Battery Settlement and costs related to the CEO transition incurred in 2026 Q1 and 2026 Q2. In 2026 Q3, the Company incurred $1.3 million costs outside of normal operations relating to the CEO transition and legal costs for the Battery Settlement.

6. In the 2025 Q3 LTM period the Company recorded an $80.9 million intangible asset impairment and a $10.0 million goodwill impairment related to the Alexander Dennis manufacturing business unit, along with intangible asset impairments related to internally developed projects.

7. Normalized to exclude non-operating restructuring costs. Costs primarily related 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 employee reductions at Alexander Dennis. In 2025 Q3, with the advocacy and intervention of the Scottish government and Scottish Enterprise, NFI announced that the Scottish manufacturing sites would remain open. This resulted in recoveries of $5.5 million related to previously expected employee reductions. In 2025 Q4, NFI recorded $2.4 million non-operating restructuring costs related to Alexander Dennis. On March 31 2026, the Company announced that the Falkirk, Scotland manufacturing site would be closed and the Larbert, Scotland site would be converted to manufacture chassis. As a result, year-to-date NFI has reported restructuring costs of $14.6 million, including the write-off of the furlough receivable from the Scottish government.

8. 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 property, plant and equipment impairment of $4.3 million within the Alexander Dennis manufacturing business unit. In 2025 Q3, with the advocacy and intervention of the Scottish government and Scottish Enterprise, NFI announced that the Scottish manufacturing sites would remain open. This resulted in recoveries of $3.8 million related to the previously recorded property, plant and equipment impairments.

9. In 2025 Q2, the Company incurred an early repayment fee of $7.5 million associated with the 2023 second lien debt.

10. 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.

11. During 2025 Q3, NFI declared a Battery Recall related to certain battery modules from XALT. The recall impacted approximately 700 battery-electric buses and motorcoaches (primarily New Flyer buses). In 2025 Q4, NFI reached a settlement with XALT Energy, LLC and its parent company. As part of this settlement, NFI received cash and assets totaling $166.0 million. This also includes other miscellaneous amounts related to the Battery Settlement. 2026 Q3 year-to-date costs related to the management of the Battery Recall program has totaled $27.3 million.

12. In 2025 Q4, the Company released a prior years sales tax provision for $0.4 million.

13. During 2025 Q4, NFI and GILLIG, formed a 50/50 joint venture named GR Seating to acquire the assets of American Seating Corporation. In 2026 Q3, NFI recorded $1.7 million equity method loss, while year-to-date results reflected net equity income of $0.4 million to its investment in the joint venture. This amount includes the Company’s share of GR Seating’s operating losses and the impact of purchase accounting adjustments associated with the formation of the joint venture.

Reconciliation of Shareholders' Equity to Invested Capital[NG]

($ thousands)	2026 Q3	2026 Q2	2026 Q1	2025 Q4
Shareholders' Equity	623,701	620,911	597,709	586,448
Addback				
Long term debt	36,424	202,641	299,103	269,881
Second lien debt	604,645	608,029	607,469	606,919
Obligation under lease	138,355	141,426	141,580	140,438
Convertible debentures	236,531	234,124	237,335	238,468
Senior unsecured notes	252,208	35,171	35,735	35,226
Derivatives	(17,006)	(8,445)	(11,015)	(16,772)
Cash	(92,640)	(117,973)	(77,374)	(118,548)
Invested Capital[NG]	1,782,218	1,715,884	1,830,542	1,742,060
Average of invested capital[NG] over the quarter	1,749,051	1,773,213	1,786,301	1,676,693

	2025 Q3	2025 Q2	2025 Q1	2024 Q4
Shareholders' Equity	417,925	557,787	703,529	707,754
Addback				
Long term debt	273,334	324,660	643,872	610,237
Second lien debt	607,887	611,056	174,202	173,741
Obligation under lease	134,973	129,738	129,629	129,511
Convertible debentures	231,841	233,567	221,540	218,020
Senior unsecured notes	33,659	33,322	51,051	50,040
Derivatives	(15,644)	(13,852)	(6,874)	(10,497)
Cash	(72,649)	(78,912)	(107,985)	(49,557)
Invested Capital[NG]	1,611,326	1,797,366	1,808,964	1,829,249
Average of invested capital[NG] over the quarter	1,704,346	1,803,165	1,819,107	1,836,095

Invested Capital[NG]

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

ROIC[NG]

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

Liquidity[NG]

Liquidity[NG] is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS. The Company defines Liquidity[NG] as cash on-hand plus available capacity under its 2025 First Lien Facility.

Working Capital Days[NG]

Working Capital Days[NG] is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS. The Company defines Working Capital Days[NG] as the calculated number of days to convert working capital to cash. It is calculated by the number of days in the last twelve months (2026 Q3 LTM - 364 days) divided by the working capital turnover ratio (total sales for the last twelve months divided by average working capital for the last thirteen months).

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

Book-to-Bill Ratio[NG]

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

Backlog[NG]

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

Total Leverage Ratio (Bank)[NG]

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

Total Leverage Ratio[NG]

Total Leverage Ratio[NG] is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS. TLR[NG] is calculated total debt less cash, divided by Adjusted EBITDA[NG] (calculated on a trailing twelve-month basis). Total debt includes senior unsecured notes, long-term debt, second lien debt, convertible debentures, and obligations under leases.

Interest Coverage Ratio[NG]

Interest Coverage Ratio[NG] is not a recognized measure under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS.

ICR[NG] for Q3 2026 was calculated as Trailing Twelve Month Adjusted EBITDA[NG] divided by interest expense incurred in the LTM, including interest on the 2025 First Lien Facility, 2025 Second Lien Debt, Debentures, any senior unsecured or second lien indebtedness, and other interest.

Senior Secured Net Leverage[NG]

Senior Secured Net Leverage[NG] includes the 2025 First Lien Facility and is calculated as indebtedness on those facilities, less unrestricted cash and cash equivalents up to a maximum of $50 million, divided by Adjusted EBITDA[NG] (calculated on a trailing twelve-month basis).

Capital Allocation Policy

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

Maintaining Financial Flexibility

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

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

The Company's liquidity requirements are met through a variety of sources, including cash on hand, cash generated from operations, the 2025 First Lien Facility (see below), leases, debt and equity capital markets. The Company believes that its cash position and capacity under its 2025 First Lien Facility, combined with anticipated future cash flows and access to capital markets, will be sufficient to fund operations, meet financial obligations as they come due, and provide the funds necessary for capital expenditures, and other operational needs. It is possible that unexpected events could significantly impair the Company's liquidity and there can be no assurance that the Company would be able to obtain additional liquidity when required in such circumstances. Please refer to Appendix A of this MD&A for identified liquidity risks.

At September 27, 2026, the Company had Debentures outstanding of C$338 million. The Debentures may be converted in whole or in part from time to time at the holder's option into 30.1659 Shares for each C$1,000 principal amount of Debentures, representing a conversion price of approximately C$33.15 per Share and total potential conversion of 10,196,074 shares. The Debentures are currently classified as a current liability in the Company's unaudited interim condensed consolidated statement of financial position.

On July 14, 2026, the Company amended to extend the maturity date of the 2025 First Lien Facility to July 14, 2030 (previously May 7, 2029). The amendment also provided the Company with favourable terms including a reduction in pricing, and an increase in certain permitted debt baskets. Furthermore, on July 21, 2026, the Company completed a private placement offering of senior unsecured notes with an aggregate principal amount of C$350 million. The Company used the net proceeds to repay certain indebtedness, including a portion of the amounts outstanding under the 2025 First Lien Facility. NFI intends to redraw amounts under the 2025 First Lien Facility in January 2027 to repay the outstanding aggregate principal amount of the Debentures. Collectively, the financing transactions completed this quarter enhance the Company's overall financial flexibility and support its strategy of prudently using leverage to manage liquidity risk.

The details of the covenants under the 2025 First Lien Facility are as follows:

	September 27, 2026	December 28, 2025
Total Leverage Ratio (Bank)[NG] (must be less than 4.75)	2.06	2.79
Senior Secured Leverage Ratio[NG] (must be less than or equal to 3.00)	(0.15)	0.72
Interest Coverage Ratio[NG] (must be greater than 2.50) [2025: must be greater than 2.00]	3.29	2.66

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

As of September 27, 2026, NFI's Liquidity[NG] was $661.1 million. As part of the Company's efforts to improve working capital and liquidity, the Company has secured milestone payments and deposits from certain customers. The Company remains focused on cash and liquidity management, including efforts to accelerate deliveries and customer acceptances, accelerating customer payments through the pursuit of advance payments and deposits wherever possible, and improving supplier payment terms.

The Company remains focused on deleveraging its balance sheet and returning to its targeted Total Leverage Ratio[NG] of 1.5x to 2.5x. As of September 27, 2026, NFI's Total Leverage Ratio was 2.79x. Total debt includes senior unsecured debt, long-term debt, convertible debentures, drawn balances under the 2025 First Lien Facility, and obligations under leases. Management believes it will continue

maintaining its leverage targets in the long term as the Company delivers on its backlog[NG], and benefits from record government investments in public transportation, and the growing demand for its buses, motorcoaches, and parts and services provided by Infrastructure Solutions™ services and Aftermarket sales. The reduction in leverage is also expected to be driven by increased production rates, the anticipated stabilization of parts and components supply, and the active focus on reducing working capital.

The Company continuously evaluates its capital structure to match liquidity and capital needs with a desire to lower overall interest expenses. The 2025 First Lien Facility was established on May 7, 2025, with a total borrowing capacity of $845 million, which includes $300 million in letter of credit availability, set for a two-year term. Following the issuance of the 2025 Second Lien Debt on June 13, 2025, the facility was amended to provide $700 million of borrowing capacity, an additional $250 million through an accordion feature, and an extension to May 7, 2029. On July 14, 2026, the facility was further amended to extend the maturity date to July 14, 2030.

Business Investment

The Company plans to continue investing in its operations to support future growth and will continue to invest in common systems, LEAN manufacturing operations and vehicle platforms to improve quality and cost effectiveness, while expanding its broader mobility solutions capabilities. The Company has made significant investments in its production facilities to achieve its strategy of offering the broadest range of vehicle offerings in heavy-duty transit, motorcoach, low-floor cutaways and medium-duty transit buses. These investments have ensured that New Flyer has the ability to manufacture clean diesel, compressed natural gas (CNG), diesel electric hybrid and ZEBs across its network. Alexander Dennis has the ability to produce ZEBs and diesel buses at all of its facilities and MCI has invested in its production facilities to improve common line production for public and private markets.

The Company also plans to make investments in people, facilities, equipment and engineering to strengthen its supply chain from both internal and external sources. NFI looks to invest in insourcing capacity where NFI controls decisions on input components, and where it is cost effective for internal development. The Company has made significant investments in strengthening its supplier development, management teams and systems to help drive overall improvements to supply chain performance and health.

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

In June 2025, Alexander Dennis assumed manufacturing operations of its North American contract manufacturing partner, Big Rig Manufacturing, located in Las Vegas. The transaction included a purchase of assets (primarily inventory and equipment), with Alexander Dennis Inc. assuming a leased facility and hiring Big Rig's employees.

In October 2025, NFI, through a 50/50 joint venture called GR Seating, acquired the assets of American Seating, ensuring that a critical component of the transit industry's supply chain remained viable, and positions American Seating for operational performance recovery and long-term stability to the benefit of all its customers.

In March 2026, NFI held the official ribbon cutting ceremony for its All Canadian Build facility, an initiative announced in October 2024 to expand the Company's Canadian manufacturing capacity in response to growing demand for the Company's products in Canada. After its first bus entered production in September 2025, the facility continued to ramp up operations and achieved its production goal of 5 EUs per week during the second half of 2026.

During the first half of 2026, NFI initiated restructuring activities within its Alexander Dennis business to better match its production capacity to its existing order book. These activities included the closure of the Company's Falkirk production facility in Scotland and repurposing its Larbert production facility for chassis production. In total, NFI has incurred approximately $21.1 million in restructuring related costs in 2026.

The Company is currently investing in enhancing and expanding its internal fiberglass production capabilities within its Carfair subsidiary which are expected to improve the ability to support New Flyer's increasing heavy-duty transit bus production for both the near and longer term.

Overall, the Company's capital allocation priorities are currently focused on deleveraging, product development, strengthening its balance sheet, and supporting operations. While the Company will continue to consider strategic acquisition and partnership opportunities that support growth, diversification, supply chain resilience, and maintain a long-term competitive position, its primary focus remains on operational execution including increased production, enhanced quality, and improving margins. The Company made significant improvement in its Total Leverage Ratio (Bank)[NG] in Fiscal 2025 and year-to-date in 2026, and expects further improvement as operating performance from the Company's manufacturing and aftermarket segments continues to strengthen.

There are covenants under the 2025 First Lien Facility and 2025 Second Lien Debt and Senior Unsecured Notes that limit the Company's ability to make acquisitions and pay dividends. Investment decisions are based on several criteria, including but not limited to: investment required to maintain or enhance operations; enhancement of cost effectiveness through vertical integration of critical supply and sub-assembly in-sourcing; and acquisitions in current or adjacent markets that are considered accretive to the business.

Return of Capital to Shareholders

The Company maintains a Share dividend policy that is consistent with the Company's financial performance and the desire to retain certain cash flows to support the ongoing requirements of the business and to provide the financial flexibility to pursue revenue diversification and growth opportunities. Currently, dividends have been suspended and future decisions on the resumption of dividend payments will be dependent on financial performance, compliance with the 2025 First Lien Facility, 2025 Second Lien Debt, and Senior Unsecured Notes covenants, and capital allocation priorities.

The Company's 2026 Q3 Free Cash Flow^{NG} was C$57.7 million compared to Free Cash Flow^{NG} of C$20.4 million in 2025 Q3. No dividends were declared during either period.

Controls and Procedures

Internal Controls over Financial Reporting

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

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

Management, under the supervision of the CEO and CFO, evaluated the design and operational effectiveness of the Company's ICFR as of September 27, 2026 in accordance with the criteria established in COSO 2013, and concluded that the Company's ICFR are effective.

There have been no changes in our internal controls over financial reporting that occurred as of September 27, 2026 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

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

Disclosure Controls

Management is responsible for establishing and maintaining disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required to be disclosed is reported within time periods prescribed by applicable securities legislation. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. The Company's CEO and CFO have concluded that disclosure controls and procedures as at September 27, 2026 were effective.

Appendix A

Meaning of Certain References

References in this MD&A to the “Company” are to NFI and all of its direct or indirect subsidiaries, including New Flyer Industries Canada ULC (“NFI ULC”), New Flyer of America Inc. (“NFAI”), The Aftermarket Parts Company, LLC (“TAPC”), KMG Fabrication, Inc. ("KMG"), Carfair Composites Inc. (“CCI”) and Carfair Composites USA, Inc. (“CCUI”, and together with "CCI", "Carfair"), The Reliable Insurance Company Limited, ARBOC Specialty Vehicles, LLC ("ARBOC"), New MCI Holdings, Inc. and its affiliated entities (collectively, "MCI”), Alexander Dennis Limited and its affiliated entities (collectively, "AD"), and Seatco Holdings, LLC, which holds a 50% interest in GR Seating LLC ("GR Seating"). References to “New Flyer” generally refer to NFI ULC, NFAI, TAPC, KMG, CCI, and CCUI. References in this MD&A to “management” are to senior management of NFI and the Company.

The Shares trade on the Toronto Stock Exchange (“TSX”) under the symbol NFI, and the Convertible Debentures trade on the TSX under the symbol NFI.DB. As at September 27, 2026, 119,198,724 Shares were issued and outstanding. Additional information about NFI and the Company, including NFI’s Annual Information Form and information circular, is available on SEDAR+ at http://www.sedarplus.ca.

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

Forward-Looking Statements

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

The Company continues to experience various supply chain and logistics challenges, inflationary price increases for parts, components and other inputs used in the manufacturing processes, tariffs on buses, coaches and components and labour shortages. The Company is currently working through the Battery Recall. The Company has taken, and continues to take, various steps to mitigate these issues (including the current North American seat supply challenges and Battery Recall), 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 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 motorcoach 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, including the Battery Recall, 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 increase in the average cost of vehicles manufactured, the Company’s working capital requirements have increased compared to prior years. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period or have access to additional capital when required in such circumstances and the Company’s financial performance and condition, cash flow and liquidity and its ability to maintain compliance with the covenants under its credit facilities may be impaired.

The level, type, coverage and duration of tariffs and other trade measures imposed by the US, Canada and other countries such as China is fluidly evolving and may continue to change and evolve in unpredictable ways. The impact of tariffs and other trade measures on general economic conditions, customer demand and on the Company's business is uncertain and may be significant. Such impacts may include general inflationary pressures as well as new and exacerbated supply chain disruptions leading to production inefficiencies, delivery delays and additional liquidity deterioration. It is impossible to predict the full impact on the Company of tariffs or other trade actions, and if they are in place for an extended period they may have a material adverse effect on the Company's business, operating results, financial condition and liquidity and may result in the Company not achieving its financial guidance. In addition, U.S. federal funding for transit buses and coaches, including electric vehicles, could potentially be significantly reduced as a result of the U.S. administration's executive orders and potential policy and legislative changes. This could significantly impact the ability of U.S. transit agencies to purchase vehicles from the Company, which would likely have the most significant impact on purchases of electric vehicles. There can be no assurance as to the continuation or future amount of U.S. federal funding for transit bus and coach purchases.

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

Appendix B - 2026 Third Quarter Bid Universe and Order Activity

Demand for Transit Buses and Motor Coaches

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

In 2026 Q3, active bids of 7,793 EUs were up 3.9% year-over-year mainly driven by stronger bidding activity in the quarter, during which NFI submitted bids for 5,471 EUs, and had bids in process of 2,322 EUs. Bids in process was up 80.6% year-over-year and 39.5% sequentially from the previous quarter, showcasing the robust bidding environment.

The forecasted five-year North American industry demand remains strong at 23,449 EUs. The Company expects that the forecasted five-year North American industry procurements will remain elevated as transit agencies continue to formalize their short- and long-term procurement plans while considering fleet replacements, vehicle age, and access to municipal, state, provincial and federal funding, including ongoing discussions regarding the next surface transportation bill within the United States. As of 2026 Q3, the Total Bid Universe was 31,242 EUs, up 2.6% year-over-year.

As at 2026 Q3, 10,947 EUs, or 35.0%, of the Total Bid Universe are ZEBs. The Company has seen some reduction in ZEB demand in recent periods with certain transit agencies issuing procurements for diesel, CNG and Hybrid transit buses. While longer-term ZEB demand is expected to be strong, some customers have revisited their near-term fleet plans with additional focus on ICE vehicles.

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

	Bids in Process (EUs)	Bids Submitted (EUs)	Active EUs	Forecasted Industry Procurement over 5 Years (EUs)[1]	Total Bid Universe (EUs)
2025 Q3	1,286	6,217	7,503	22,956	30,459
2025 Q4	3,001	4,119	7,120	25,004	32,124
2026 Q1	822	5,643	6,465	26,003	32,468
2026 Q2	1,665	4,530	6,195	26,603	32,798
2026 Q3	**2,322**	**5,471**	**7,793**	**23,449**	**31,242**

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

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

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

Due to the transactional nature of the procurement process in the UK, European and Asia Pacific markets, Alexander Dennis does not have a Total Bid Universe metric like the one seen in North American public markets. Alexander Dennis does, however, maintain a current sales pipeline based on market demand by region.

Order activity

New orders (firm and options) during 2026 Q3 totaled 1,214 EUs, an 88.5% increase from 2025 Q3. The increase is primarily driven by incoming new orders from transit agencies in North America for buses and motorcoaches with several awards received in the quarter. New firm and option orders for 2026 Q3 LTM were 4,409 EUs, a decrease of 25.2% from 2025 Q3 LTM. The decrease reflects the large multi-year

orders received in 2024 Q4 and 2025 Q1. The timing of new orders can vary based on transit agency procurement processes, coach operator purchases and the timing of bid submissions.

In 2026 Q3, 968 option EUs converted to firm orders, up 731 EUs from 2025 Q3. This contributed to 2,198 option EUs converted in 2026 Q3 LTM, representing a conversion ratio of 72.2%. *Further details on options are provided below under the "Options" section.*

66 EUs of new firm and option orders were pending from customers at the end of 2026 Q3, where approval of the award to the Company had been made by the customer's board, council, or commission, as applicable, but purchase documentation had not yet been received by the Company and therefore not yet included in the backlog[NG].

	New Orders in Quarter (Firm and Option EUs)	LTM New Orders (Firm and Option EUs)	Option Conversions in Quarter (EUs)	LTM Option Conversions (EUs)
2025 Q3	644	5,893	237	957
2025 Q4	1,062	5,051	977	1,497
2026 Q1	1,049	3,577	138	1,519
2026 Q2	1,084	3,839	115	1,467
2026 Q3	1,214	4,409	968	2,198

Options

In 2026 Q3, 55 options expired, as compared to 594 options that expired in 2026 Q2, and 122 options that expired in 2025 Q3. Option expiries can vary significantly quarter-to-quarter. In 2026 Q3, the LTM option conversion increased year-over-year to 72.2%. Overall option conversion is generally linked to the availability of funding in the U.S. and Canada. The Company's conversion rate can vary significantly from quarter-to-quarter and should be looked at on an annual or LTM basis.

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

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
A) Options Expired (EUs)	575	268	297	805							1,945
B) Options Exercised (EUs)	404	865	1,497	1,221							3,987
C) Current Options by year of expiry (EUs)				696	1,467	1,454	2,581	828	276	6	7,308
D) Conversion rate % = B / (A+B)	41%	76%	83%								

In addition to contracts for identified public customers, the Company has increased its focus on purchasing schedules (state and national contracts, and cooperative agency purchasing agreements) with the objective of having multiple available schedules, from which customers within a prescribed region or from a defined list, can purchase. The Company is currently named on over 40 of these purchasing schedules, either directly or through its dealers. These schedules are not recorded in backlog[NG] as they do not have defined quantities allocated to the Company or any other original equipment manufacturer. Once a customer makes an order under one of these agreements, the purchase is recorded as a firm order. The importance of these schedules as a procurement tool for North American transit agencies has been increasing and the Company has received more than 3,800 vehicle awards from these schedules since the start of 2018.

The Company's 2026 Q3 Book-to-Bill[NG] ratio (defined as new firm orders and exercised options divided by new deliveries) was 182.2%, an increase from 72.4% in 2025 Q3. This increase was driven by higher firm orders and option conversion in the quarter. 2026 Q3 LTM Book-to-Bill[NG] ratio was 132.8%, an increase from the rate of 108.5% for 2025 Q3 LTM.

Backlog[NG]

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

Transit buses and motorcoaches incorporating clean propulsion systems, including compressed natural gas, diesel-electric hybrid, and ZEBs, which consist of trolley-electric, fuel cell-electric, and battery-electric buses, represent approximately 49.9% of the total backlog[NG] as of the end of 2026 Q3. This was a decrease of 1.8% from 2026 Q2, largely reflecting increased focus on ICE vehicles for certain customers in the U.S., Canada and the U.K.

As at the end of 2026 Q3, there were 4,525 EUs of ZEBs in the backlog[NG], representing 31.2% of the total backlog[NG], a decrease of 2.8% from the end of 2026 Q2 and a decrease of 17.5% from the end of 2025 Q3. ZEBs within the backlog declined reflecting NFI's higher ZEB deliveries in 2025, which represented 29.8% of NFI's total annual deliveries, and lower ZEB demand from public and private customers in Canada, the U.S. and the U.K. in 2026.

	2026 Q3			2026 Q2			2025 Q3		
	Firm Orders	Options	Total	Firm Orders	Options	Total	Firm Orders	Options	Total
Beginning of period	6,271	8,212	14,483	6,535	8,693	15,228	6,082	10,116	16,198
New orders	1,060	154	1,214	856	228	1,084	569	75	644
Options exercised	968	(968)	—	115	(115)	—	237	(237)	—
Shipments[1]	(1,113)	—	(1,113)	(1,232)	—	(1,232)	(1,114)	—	(1,114)
Cancelled/expired	(22)	(55)	(77)	(3)	(594)	(597)	-	(122)	(122)
End of period	**7,164**	**7,343**	**14,507**	**6,271**	**8,212**	**14,483**	**5,774**	**9,832**	**15,606**
Consisting of:									
Heavy-duty transit buses	6,429	7,020	13,449	5,649	7,872	13,521	4,821	9,514	14,335
Motor coaches	426	323	749	340	340	680	395	318	713
Cutaway and medium-duty buses	309	—	309	282	—	282	558	—	558
Total Backlog[NG]	**7,164**	**7,343**	**14,507**	**6,271**	**8,212**	**14,483**	**5,774**	**9,832**	**15,606**

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

At the end of 2026 Q3, the Company's total backlog[NG] of 14,507 EUs (firm and options) decreased by 7.0% from the end of 2025 Q3. Backlog[NG] for 2026 Q3 has a total dollar value of $12.5 billion, relatively flat from 2026 Q2 and a 5.5% decrease from 2025 Q3. Firm orders now make up 49.4% of total backlot, up from 37.0% as of the end of 2025 Q3.

The average price of an EU in total backlog[NG] is now $0.86 million, a 1.7% increase from 2025 Q3. This increase was driven by the impacts of improved pricing and general improvements in contract margins.

The summary of the values is provided below.

	2026 Q3		2026 Q2		2025 Q3	
	$M	EUs	$M	EUs	$M	EUs
Total firm orders	$5,860.0	7,164	$5,355.3	6,271	$4,780.9	5,774
Total options	$6,652.9	7,343	$7,166.3	8,212	$8,461.3	9,832
Total backlog[NG]	**$12,512.9**	**14,507**	**$12,521.6**	**14,483**	**$13,242.2**	**15,606**



NFI GROUP

NFI is a leading global bus and motorcoach manufacturer and a provider of aftermarket parts and service solutions. With more than 9,000 team members across ten countries and operations spanning over 40 facilities, NFI delivers a comprehensive portfolio of bus and coach platforms.

Through its brands, NFI supports a diverse and extensive portfolio, serving public transit, commuter, and coach markets. In total, NFI supports an installed base of more than 100,000 buses and coaches worldwide. NFI offers a broad range of propulsion systems, including zero-emission electric (referring to propulsion systems that do not utilize internal combustion engines, such as trolley, battery, and fuel cell), natural gas, electric hybrid, and advanced diesel technologies, providing agencies with multiple fleet technology options.

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

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Unaudited Interim Condensed Consolidated Financial Statements of

NFI GROUP INC.

September 27, 2026

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NFI GROUP INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET EARNINGS (LOSS) AND TOTAL COMPREHENSIVE EARNINGS (LOSS)
13-weeks and 39-weeks ended September 27, 2026 ("2026 Q3" and "2026 Q3 YTD", respectively) and 13-weeks and 39-weeks ended September 28, 2025 ("2025 Q3" and "2025 Q3 YTD", respectively)
(in thousands of U.S. dollars except per share figures)

	2026 Q3	2025 Q3	2026 Q3 YTD	2025 Q3 YTD
Revenue (note 14)	$ 1,007,441	$ 879,857	$ 2,878,926	$ 2,589,446
Cost of sales (note 5)	857,527	994,183	2,443,186	2,493,572
Gross profit (loss)	149,914	(114,326)	435,740	95,874
Sales, general and administration costs and other operating expenses	76,448	53,230	235,188	199,149
Foreign exchange (gain) loss	(5,263)	(1,922)	303	4,509
Earnings (loss) from operations	78,729	(165,634)	200,249	(107,784)
Gain on disposition of property, plant and equipment and right-of-use asset	90	36	1,139	195
Fee for early repayment of 2023 second lien debt	-	-	-	(10,825)
Loss on debt extinguishment	-	-	-	(43,185)
Impairment recovery (loss) on property, plant and equipment	-	3,829	-	(504)
Impairment loss on goodwill and intangible assets	-	-	(129)	(92,481)
Unrealized foreign exchange (loss) gain on monetary items	(4,984)	1,338	5,452	2,396
Share of (loss) profit of joint ventures accounted for using the equity method (note 7)	(1,738)	-	442	-
Impairment loss on inventory (note 20d)	(33,815)	-	(33,815)	-
Earnings (loss) before interest and income taxes	38,282	(160,431)	173,338	(252,188)
Interest and finance costs (note 15)	32,040	31,961	107,888	96,040
Earnings (loss) before income tax expense	6,242	(192,392)	65,450	(348,228)
Income tax expense (recovery) (note 16)	6,189	(51,513)	36,490	(40,088)
Net earnings (loss) for the period	$ 53	$ (140,879)	$ 28,960	$ (308,140)
Other comprehensive earnings (loss)				
Net gain on equity hedge of share plan	46	-	1,721	-
Actuarial gain on defined benefit pension plan - this item will not be reclassified subsequently to profit or loss	2,445	2,161	6,142	3,774
Unrealized foreign exchange (loss) gain on translation of foreign operations - this item will not be reclassified subsequently to profit or loss	(633)	(1,667)	(2,939)	12,096
Total comprehensive earnings (loss) for the period	$ 1,911	$ (140,385)	$ 33,884	$ (292,270)
Net earnings (loss) per share (basic) (note 13)	$ 0.0004	$ (1.1830)	$ 0.2431	$ (2.5880)
Net earnings (loss) per share (diluted) (note 13)	$ 0.0004	$ (1.1830)	$ 0.2422	$ (2.5880)

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

NFI GROUP INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 27, 2026
(in thousands of U.S. dollars)

	September 27, 2026	December 28, 2025
Assets		
Current		
Cash	$ 92,640	$ 118,548
Accounts receivable (note 4, 18e)	664,552	721,798
Income tax receivable	12,100	415
Other current assets (note 6)	6,667	66,000
Derivative financial instruments (note 18a, b, c)	4,216	-
Prepaid expenses and deposits	26,883	33,724
Inventories (note 5)	1,064,751	922,192
	1,871,809	1,862,677
Other long-term assets (note 6, 18a)	63,480	55,033
Investment accounted for using equity method (note 7)	11,955	11,513
Deferred tax assets	153,704	132,989
Accrued benefit asset	21,472	14,104
Derivative financial instruments (note 11, 18a, b)	13,806	18,630
Property, plant and equipment	206,992	206,760
Right-of-use asset	115,901	116,726
Goodwill and intangible assets (note 8)	857,310	857,394
	$ 3,316,429	$ 3,275,826
Liabilities		
Current		
Accounts payable and accrued liabilities	751,399	687,207
Income tax payable	14,536	43,051
Current portion of long-term liabilities (note 9)	776,955	490,160
Derivative financial instruments (note 18a, b, c)	1,016	1,620
	1,543,906	1,222,038
Accrued benefit liability	1,924	2,265
Obligations under leases	114,474	119,720
Deferred compensation obligation	5,075	2,801
Deferred revenue	24,468	22,599
Provisions (note 10)	69,807	159,186
Deferred tax liabilities	41,212	46,314
Long-term debt (note 11)	891,862	1,113,806
Derivative financial instruments (note 11, 18a, b)	-	649
	$ 2,692,728	$ 2,689,378
Commitments and contingencies (note 20)		
Shareholders' equity		
Share capital (note 12)	1,243,761	1,242,000
Stock option and restricted share unit reserve	18,292	16,683
Accumulated other comprehensive income	33,436	28,513
Deficit	(671,788)	(700,748)
	$ 623,701	$ 586,448
	$ 3,316,429	$ 3,275,826

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

NFI GROUP INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the period ended September 27, 2026
(in thousands of U.S. dollars)

	Share Capital (note 12)	Stock Option and Restricted Share Unit Reserve	Accumulated Other Comprehensive Earnings	Deficit	Total Shareholders' Equity
Balance, December 29, 2024	**$ 1,241,397**	**$ 14,249**	**$ 10,736**	**$ (558,628)**	**$ 707,754**
Net loss	-	-	-	(308,140)	(308,140)
Other comprehensive earnings	-	-	15,870	-	15,870
Share-based compensation, net of deferred income taxes	-	2,220	-	-	2,220
Shares issued	511	(290)	-	-	221
Balance, September 28, 2025	**$ 1,241,908**	**$ 16,179**	**$ 26,606**	**$ (866,768)**	**$ 417,925**
Net earnings	-	-	-	166,020	166,020
Other comprehensive earnings	-	-	1,907	-	1,907
Share-based compensation, net of deferred income taxes	-	591	-	-	591
Shares issued	92	(87)	-	-	5
Balance, December 28, 2025	**$ 1,242,000**	**$ 16,683**	**$ 28,513**	**$ (700,748)**	**$ 586,448**
Net earnings	-	-	-	28,960	28,960
Other comprehensive earnings	-	-	4,923	-	4,923
Share-based compensation, net of deferred income taxes	-	2,863	-	-	2,863
Shares issued	1,761	(1,254)	-	-	507
Balance, September 27, 2026	**$ 1,243,761**	**$ 18,292**	**$ 33,436**	**$ (671,788)**	**$ 623,701**

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

NFI GROUP INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
13-weeks and 39-weeks ended September 27, 2026 ("2026 Q3" and "2026 Q3 YTD", respectively) and 13-weeks and 39-weeks ended September 28, 2025 ("2025 Q3" and "2025 Q3 YTD", respectively)
(in thousands of U.S. dollars)

	2026 Q3	2025 Q3	2026 Q3 YTD	2025 Q3 YTD
Operating activities				
Net earnings (loss) for the period	$ 53	(140,879)	$ 28,960	(308,140)
Income tax expense (recovery)	6,189	(51,513)	36,490	(40,088)
Depreciation of property, plant and equipment and right-of-use assets	14,038	12,299	39,531	35,190
Amortization of intangible assets	7,186	7,316	23,109	22,430
Impairment (gain) loss on property, plant and equipment	-	(3,829)	-	504
Impairment loss on goodwill and intangible assets	-	-	129	92,481
Share of loss (profit) of joint ventures accounted for using the equity method (note 7)	1,738	-	(442)	-
Share-based compensation	714	499	2,863	2,220
Interest and finance costs recognized in profit or loss (note 15)	30,475	32,568	94,346	107,522
Unrealized foreign exchange loss (gain) on monetary items	4,984	(1,338)	(5,452)	(2,396)
Foreign exchange (gain) loss on cash held in foreign currency	(299)	1,189	147	18
Fair value adjustment on derivative financial instruments (note 15)	1,565	(607)	13,542	(11,481)
Fair value adjustment on total return swap	6	-	(3,319)	-
Gain on disposition of property, plant and equipment	(90)	(36)	(1,139)	(195)
Loss on debt extinguishment	-	-	-	43,185
Defined benefit expense	913	816	2,738	2,708
Defined benefit funding	(834)	(704)	(2,192)	(2,172)
Cash generated by (used in) operating activities before non-cash working capital items and interest and income taxes paid	66,638	(144,219)	229,311	(58,214)
Changes in non-cash working capital items (note 17)	(42,941)	250,531	22,450	230,066
Cash generated by operating activities before interest and income taxes paid	23,697	106,312	251,761	171,852
Interest paid	(39,699)	(12,531)	(91,153)	(79,834)
Income taxes paid	(32,005)	(9,912)	(103,775)	(36,959)
Net cash (used in) generated by operating activities	(48,007)	83,869	56,833	55,059
Financing activities				
Repayment of obligations under lease	(7,091)	(5,472)	(21,309)	(15,703)
Proceeds from (repayment of) senior unsecured debt	213,301	-	213,301	(20,000)
(Repayment of) proceeds from first lien facility and second lien debt	(166,612)	(66,045)	(237,317)	43,541
Proceeds from share issuance and stock options exercise	163	24	506	221
Net cash generated by (used in) financing activities	39,761	(71,493)	(44,819)	8,059
Investing activities				
Proceeds from disposition of property, plant and equipment	-	69	44	82
Acquisition of property, plant and equipment and right-of-use asset	(6,877)	(12,842)	(25,092)	(26,375)
Acquisition of intangible assets	(3,187)	(3,972)	(15,841)	(8,706)
Investment in long-term restricted deposits	(7,319)	(705)	(7,465)	(5,009)
Net cash used in investing activities	(17,383)	(17,450)	(48,354)	(40,008)
Effect of foreign exchange rate on cash	299	(1,189)	(147)	(18)
(Decrease) increase in cash	(25,330)	(6,263)	(36,487)	23,092
Cash at the beginning of period, prior to adjustment for the initial application of the amendments to IFRS 9	$ 117,970	78,912	118,548	49,557
Adjustment on the initial application of the amendments to IFRS 9 (note 3)	-	-	10,579	-
Cash — beginning of period	117,970	78,912	129,127	49,557
Cash — end of period	$ 92,640	$ 72,649	$ 92,640	$ 72,649

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

1. CORPORATE INFORMATION

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

These unaudited interim condensed consolidated financial statements (the "Statements") were approved by NFI's board of directors (the "Board") on November 5, 2026.

2. BASIS OF PREPARATION

The Statements were prepared on a going concern basis in accordance with IFRS® Accounting Standards which require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

In preparing these Statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied by the Company in its audited consolidated financial statements as at and for the 52-week period ended December 28, 2025 ("Fiscal 2025"), with the exception of the valuation of inventory from the Xalt settlement (see note 20d).

2.1 Statement of Compliance

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

2.2 Functional and presentation currency

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

2.3 Fiscal periods

	Period from December 29, 2025 to December 27, 2026 ("Fiscal 2026")			Period from December 30, 2024 to December 28, 2025 ("Fiscal 2025")		
	Period End Date		# of Calendar Weeks	Period End Date		# of Calendar Weeks
Quarter 1	March 29, 2026	("2026 Q1")	13	March 30, 2025	("2025 Q1")	13
Quarter 2	June 28, 2026	("2026 Q2")	13	June 29, 2025	("2025 Q2")	13
Quarter 3	September 27, 2026	("2026 Q3")	13	September 28, 2025	("2025 Q3")	13
Quarter 4	December 27, 2026	("2026 Q4")	13	December 28, 2025	("2025 Q4")	13
Fiscal year	December 27, 2026		52	December 28, 2025		52

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.1 Amended standards adopted

IFRS 7 and 9 - Amendments to the Classification and Measurement of Financial Instruments

The changes set criteria for derecognition of a financial liability settled through electronic transfer and include amendments for the classification of financial assets involving contractual terms that are consistent with a basic lending arrangement, assets with non-recourse features, and contractually linked instruments. Disclosure requirements change for investments in equity instruments designated at fair value through other comprehensive income and include a new requirement for disclosure of contractual terms that could change the timing or amount of contractual cash flows based on a contingent event that does not relate directly to changes in basic lending risks and costs. The Company has elected not to restate prior periods. As such, the difference in the closing balance of cash as at December 28, 2025 and the adjusted opening balance after the initial application of the amendments as at December 29, 2025 is $10.6 million, which resulted to a reclassification of the outstanding cheques between cash and accounts payable and accrued liabilities in the unaudited interim condensed consolidated statements of financial position.

IFRS 7 and 9 – Amendments for contracts referencing nature-dependent electricity related to hedge accounting

The changes relate to designation of contracts relating to nature-dependent electricity as hedging instruments and their disclosure requirements. Under the amendments an entity is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility as referenced in the hedging instrument. Management assessed that this standard does not have a material impact on the unaudited interim condensed consolidated financial statements and the Company is in compliance with the required disclosure.

IFRS 10 and IAS 28 – Amendments for sale or contribution of assets between an investor and its associate or joint venture

The changes relate to equity method procedures on the sale or contribution of assets between an investor or joint venture. Under the amendments, the gain or loss resulting from a downstream transaction involving assets that constitute a business between an entity including its consolidated subsidiaries and its associate or joint venture is recognized in full in the investor's financial statements. When an entity sells or contributes assets that constitute a business, the entity shall consider whether the sale or contribution is part of multiple arrangements that should be accounted for as a single transaction. The changes also set out guidance for the accounting for the loss of control of a subsidiary that does not contain a business as a result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Management assessed that this standard does not have a material impact on the unaudited interim condensed consolidated financial statements and the Company is in compliance with the required disclosure.

3.2 Standards issued but not yet adopted

IFRS 18 – Presentation and Disclosure in Financial Statements

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

The Company is currently assessing the impact of the adoption of IFRS 18 on its unaudited interim condensed consolidated financial statements.

4. ACCOUNTS RECEIVABLE

	September 27, 2026	December 28, 2025
Trade, net of allowance for doubtful accounts (note 18e)	$ 617,600	$ 676,040
Other (note 18e)	46,952	45,758
	$ 664,552	$ 721,798

In the normal course of its business, the Company has entered into facilities with certain financial institutions whereby it can sell, without credit recourse, eligible receivables to such financial institutions. As at September 27, 2026, trade receivables of $40.5 million (December 28, 2025: $8.7 million) were derecognized under these facilities. Accounts receivable are derecognized under this agreement as financial assets when the rights to receive cash flows have been transferred and substantially all of the risks and rewards of the asset have been transferred.

5. INVENTORIES

	September 27, 2026	December 28, 2025
Raw materials	$ 470,308	$ 352,997
Work in process	481,337	483,113
Finished goods	113,106	86,082
	$ 1,064,751	$ 922,192

	2026 Q3	2025 Q3	2026 Q3 YTD	2025 Q3 YTD
Cost of inventories recognized as expense and included in cost of sales	$ 818,354	$ 712,863	$ 2,316,191	$ 2,116,269
Write-down (up) of inventory to net realizable value in cost of sales	2,516	(561)	4,309	517

6. OTHER ASSETS

	September 27, 2026	December 28, 2025
Restricted deposit(s) (note 18b)	$ 60,609	$ 53,144
Long-term accounts receivable	2,871	1,889
Assets acquired through settlement (note 20d)	-	56,000
Escrow receivable (note 20d)	6,667	10,000
	70,147	121,033
Less: current portion of other assets	6,667	66,000
Total other long-term assets	$ 63,480	$ 55,033

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

In December 2025, the Company entered into the battery settlement with XALT regarding costs related to the voluntary recall for buses and coaches equipped with certain battery modules from the supplier, XALT. As part of the battery settlement, the Company was entitled to receive assets including inventory and intangible assets. The escrow receivable is for certain future costs associated with the transfer of people and facilities.

On February 1, 2026, the assets acquired through settlement were reclassified to inventory and intangible assets and escrow payments are classified in current as they are expected to be received within the next twelve months.

7. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

On October 21, 2025, the Company and GILLIG LLC formed a 50/50 joint venture, through an entity called "GR Seating, LLC", to acquire the assets of American Seating Inc., a key producer of seats for transit, motorcoach, and rail applications. The net carrying amount of the investment in GR Seating, LLC consists of the assets acquisition from American Seating Inc., and capital contributions to fund the business operations. The Company uses the management financial information provided up to August 31, 2026 to estimate the net loss (earnings) of the joint venture during the period-end. Management assessed that no significant transactions or events occurred between the joint venture's reporting date and September 27, 2026, that would require adjustment.

The following table contains a summary of the aggregated income statement data and aggregated carrying amounts of the joint venture accounted for using the equity method:

	2026 Q3	2025 Q3	2026 Q3 YTD	2025 Q3 YTD
Net loss from joint venture	$ (1,164)	$ -	$ (2,220)	$ -
Adjustment of net (loss) earnings estimates	(313)	-	1,197	-
Bargain purchase option	(261)	-	1,465	-
Share of net (loss) earnings	$ (1,738)	$ -	$ 442	$ -
Tax (recovery) expense recorded on net (loss) earnings	(365)	-	305	-
Share of net (loss) earnings after income taxes	$ (1,373)	$ -	$ 137	$ -

	September 27, 2026	December 28, 2025
Net carrying amount	$ 11,955	$ 11,513

8. GOODWILL AND INTANGIBLE ASSETS

During the fourth quarter of each fiscal year, the Company performs annual goodwill and indefinite-life intangible assets impairment tests for each of its cash generating units ("CGUs"). Management has determined that for purposes of this evaluation the Company has five CGUs: North America Bus andCoach manufacturing, ARBOC, AD manufacturing, AD parts and NFI parts. The Company also performs goodwill and indefinite-life intangible assets impairment tests whenever events or circumstances occur which, in management's judgment, could reduce the recoverable amount of one or more CGUs below its carrying amount. Potential impairment indicators include, but are not limited to, (i) the results of the most recent annual impairment test, in particular the magnitude of the excess of recoverable amount over carrying amount observed, (ii) significant downward revisions to a CGU's budgeted net cash flows, and (iii) significant increases in market interest rates or other market rates of return that are likely to affect the discount rate used in calculating a CGU's value-in-use and decrease the CGU's recoverable amount materially.

On March 31, 2026, Alexander Dennis announced a consultation on a new strategy for its United Kingdom (UK) manufacturing operations in response to the changing market demands in UK. Alexander Dennis continues to expect that some roles will be placed at risk of potential redundancy. In 2026 Q1, management considered if indicators of impairment were present at the period-end and concluded that impairment indicators existed at AD manufacturing. Accordingly, an interim quantitative impairment test was performed. Based on the results of the interim quantitative impairment test conducted in the first quarter of 2026, no impairment losses were recognized.

As of September 27, 2026, management determined that there have been no significant changes in the impairment indicators assessed from 2026 Q1 and concluded that no indication of impairment existed.

9. CURRENT PORTION OF LONG-TERM LIABILITIES

	September 27, 2026	December 28, 2025
Deferred compensation obligation	$ 9,410	$ 6,864
Deferred revenue	231,463	245,753
Obligations under leases	23,880	20,718
Provisions (note 10)	274,256	180,137
Long-term debt (note 11)	237,946	36,688
	$ 776,955	$ 490,160

10. PROVISIONS

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

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

During Fiscal 2025, the Company announced a battery recall for buses and coaches equipped with certain battery modules from a supplier, XALT, which impacts approximately 700 battery-electric buses and coaches (primarily New Flyer buses). The Company's warranty provision also includes battery recall reflecting the estimated costs for full battery replacement on all the vehicles impacted by the recall and estimated future costs associated with supporting vehicles in service that have other older XALT batteries, not subject to the recall. The warranty provision recognized in Fiscal 2025 was $229.9 million. As of September 27, 2026, estimated costs for the battery recall and future warranty costs of $172.3 million remain accrued.

In December 2025, the Company entered into the battery settlement with XALT with respect to the battery recall costs for buses and coaches equipped with certain battery modules. As a result of the battery settlement, the Company has recognized settlement payments from XALT comprising of cash payments, transfer of certain personnel, contribution of relevant assets including battery modules, systems, equipment, and intellectual property.

The other category includes a restructuring provision for the costs in relation to the occurrence of redundancy at the Alexander Dennis facilities and onerous contracts when the unavoidable costs of meeting the contract are greater than the economic benefits expected to be received under it.

10. PROVISIONS (Continued)

	Insurance Risk Retention	Warranty	Other	Total
December 29, 2024	$ 32,577	$ 62,862	$ 1,660	$ 97,099
Additions	13,107	349,285	16,404	378,796
Amounts used/realized	(12,512)	(106,504)	(5,080)	(124,096)
Unused provision	(416)	-	(12,641)	(13,057)
Unwinding of discount and effect of changes in the discount rate	-	(1,001)	-	(1,001)
Exchange rate differences	(16)	1,517	81	1,582
December 28, 2025	$ 32,740	$ 306,159	$ 424	$ 339,323
Additions	9,126	114,294	6,154	129,574
Amounts used/realized	(9,364)	(108,026)	(5,721)	(123,111)
Unused provision	-	(397)	-	(397)
Unwinding of discount and effect of changes in the discount rate	-	(8)	-	(8)
Exchange rate differences	8	(1,316)	(10)	(1,318)
	32,510	310,706	847	344,063
Less: current portion (note 9)	1,512	271,897	847	274,256
September 27, 2026	$ 30,998	$ 38,809	-	$ 69,807

11. LONG-TERM DEBT

	Currency	Interest rate	Maturity	Face Value	Unamortized debt premium (discount)	Unamortized Transaction Costs	**Carrying amount September 27, 2026**	Carrying amount December 28, 2025
Senior Unsecured Notes	CAD	6.625%	Jul 21, 2033	$ 247,560	$ 8,253	$ (3,605)	$ 252,208	$ 35,226
First Lien Facility, secured	USD	N/A	Jul 14, 2030	30,000	-	(4,718)	25,282	262,451
Second Lien Debt	USD	9.250%	Jul 1, 2030	600,000	15,101	(10,456)	604,645	606,919
Government of Canada Loans ("Jobs and Growth Fund")	CAD	0.000%	Mar 1, 2030	4,951	-	(409)	4,542	4,795
Government of Canada Loans ("PrairiesCan")	CAD	0.000%	Mar 1, 2033	8,974	-	(2,374)	6,600	2,635
Convertible Debentures	CAD	5.000%	Jan 15, 2027	239,072	(1,926)	(615)	236,531	238,468
				$ 1,130,557	$ 21,428	$ (22,177)	$ 1,129,808	$ 1,150,494
Current portion (note 9)				240,487	(1,926)	(615)	237,946	36,688
Non-current portion				890,070	23,354	(21,562)	891,862	1,113,806
				$ 1,130,557	$ 21,428	$ (22,177)	$ 1,129,808	$ 1,150,494

On July 21, 2026, the Company issued C$350 million in aggregate principal amount of senior unsecured notes (“Senior Unsecured Notes”) due July 21, 2033. The net proceeds from this offering were used to repay a portion of the amounts outstanding under the First Lien Facility, and to repay in full all outstanding borrowings under the Company’s facility with Manitoba Development Corporation (“MDC”). Pursuant to the equity clawback provision under the offering, the Company may redeem up to 40% of the aggregate principal amount of the outstanding notes at a redemption price equal to 106.625% of the aggregate principal amount provided NFI completes a Qualified Equity Offering prior to July 21, 2029. On or after July 21, 2029, the Company has an option to redeem the Senior Unsecured Debt at a redemption price equal to 103.313% in 2029, 101.656% in 2030, and 100% in 2031 and thereafter. In certain circumstances in which the Company would become obligated to pay additional amounts due to tax law changes, the Company has an option to redeem the notes, in whole but not in part, at a redemption price equal to 100%. As of September 27, 2026, the optional redemption had a fair value of $7.2 million.

On July 14, 2026, the Company amended its First Lien Facility to extend the maturity date to July 14, 2030, including an uncommitted option to further extend the maturity date. The amendment also reduced borrowing costs and increased certain permitted debt baskets. The First Lien Facility has a total borrowing capacity of $700 million, which includes $300 million in letters of credit available to issue for a period up to two years, and provides access to an additional $250 million through an accordion feature. As of September 27, 2026, borrowings outstanding under the First Lien Facility totaled $30 million.

11. LONG-TERM DEBT (Continued)

In 2025, the Company issued $600 million in aggregate principal amount of second lien senior secured notes ("Second Lien Debt"). At any time prior to July 1, 2027, the Company can exercise an option to redeem the Second Lien Debt at a redemption price equal to 100% of the aggregate principal amount plus a "make-whole" premium. At any time on or after July 1, 2027, the Company can exercise an option to redeem the Second Lien Debt at a redemption price equal to 104.625% in 2027, 102.313% in 2028, and 100.000% in 2029 and thereafter. As at September 27, 2026, the optional redemption had a fair value of $6.6 million (December 28, 2025: $18.6 million).

In 2024 and 2025, the Company entered into funding agreements with the Government of Canada. The Company received a total of C$10 million interest free repayable contribution through the "Jobs and Growth Fund" to support the Motor Coach Industries Winnipeg facility enhancements and zero-emission product development and growth. As of September 27, 2026, C$1.5 million of interest-free contribution has been repaid, resulting in a remaining face value of C$7 million.

In addition, the Company received a total of C$12.7 million interest-free repayable contribution through Prairies Economic Development Canada ("PrairiesCan") to support the all-Canadian build expansion and to support the increased offering of zero-emission buses at the New Flyer Winnipeg heavy-duty transit bus facility. The interest-free contribution repayments will commence in April 2028. The deferred interest benefit of both Government of Canada loans is presented within the unamortized transaction costs.

The Company has C$338 million in aggregate principal amount of convertible debentures (the "Debentures"). The Debentures may be converted in whole or in part from time to time at the holder's option into 30.1659 Shares for each C$1,000 principal amount of Debentures ("Conversion Price"), representing a Conversion Price of approximately C$33.15 per Share, prior to maturity and subject to adjustment in certain circumstances. NFI has the option to settle the conversion in either Shares or cash (the "Cash Conversion Option"), with the Cash Conversion Option determined to be a financial liability. As at September 27, 2026, the cash conversion option had a fair value of $0.9 million (December 28, 2025: $0.6 million).

12. SHARE CAPITAL

	September 27, 2026	December 28, 2025
Authorized - Unlimited		
Issued - 119,198,724 Common Shares (December 28, 2025: 119,092,658)	$ 1,243,761	$ 1,242,000

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

Shares	Number (000s)	Net Book Value
Balance - December 28, 2025	119,093	$ 1,242,000
Stock options exercised	59	1,178
Director Restricted Share Units ("Director RSU") exercised	47	583
Balance - September 27, 2026	119,199	$ 1,243,761

13. EARNINGS (LOSS) PER SHARE

	2026 Q3	**2025 Q3**	**2026 Q3 YTD**	**2025 Q3 YTD**
Net earnings (loss) attributable to equity holders	$ 53	$ (140,879)	$ 28,960	$ (308,140)
Weighted average number of Shares in issue	119,161,880	119,083,747	119,128,798	119,064,077
Weighted average number of Shares for diluted earnings per Share	119,765,848	119,083,747	119,567,755	119,064,077
Net earnings (loss) per Share (basic)	$ 0.0004	$ (1.1830)	$ 0.2431	$ (2.5880)
Net earnings (loss) per Share (diluted)	$ 0.0004	$ (1.1830)	$ 0.2422	$ (2.5880)

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

Diluted net earnings (loss) per Share is calculated using the same method as basic net earnings (loss) per Share except that the average number of Shares outstanding includes the potential dilutive effect of convertible debentures, outstanding stock options, and Director RSUs granted by the Company, as determined by the treasury stock method. The Company's convertible debentures were excluded from the calculation of diluted net earnings (loss) per Share as their assumed conversion was antidilutive for the period presented.

14. DISAGGREGATION OF REVENUE

The Company's revenue by geography is summarized below:

	2026 Q3	2025 Q3	2026 Q3 YTD	2025 Q3 YTD
North America	$ 917,632	$ 744,643	$ 2,580,753	$ 2,178,208
UK and Europe	76,758	126,034	264,154	382,602
Asia Pacific	13,051	9,180	34,019	28,636
Total	$ 1,007,441	$ 879,857	$ 2,878,926	$ 2,589,446

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

	2026 Q3	2025 Q3	2026 Q3 YTD	2025 Q3 YTD
Transit buses	$ 635,704	$ 563,363	$ 1,878,006	$ 1,681,531
Motorcoaches	164,294	106,923	378,021	304,205
Medium-duty and cutaway buses	20,332	30,773	77,541	81,802
Pre-owned motorcoach	7,917	5,334	14,957	14,343
Infrastructure solutions™	4,490	13,062	11,524	32,250
Fiberglass reinforced polymer components	3,947	3,336	11,386	9,982
Manufacturing revenue (note 19)	$ 836,684	$ 722,791	$ 2,371,435	$ 2,124,113

15. INTEREST AND FINANCE COSTS

	2026 Q3	2025 Q3	2026 Q3 YTD	2025 Q3 YTD
Interest on long-term debt and second lien debt	$ 20,239	$ 19,131	$ 58,882	$ 63,023
Interest on convertible debt	3,090	3,056	9,269	9,191
Interest on senior unsecured debt	-	-	-	989
Accretion (amortization) in carrying value of long-term debt and second lien debt	(3,199)	796	(1,411)	5,598
Accretion in carrying value of convertible debt	1,624	2,175	6,022	6,395
Accretion (amortization) in carrying value of senior unsecured debt	(91)	73	54	219
Interest on lease liability	2,956	2,441	8,324	7,479
Other interest and bank charges	5,855	4,744	13,617	14,983
Fair value gain on prepayment option of 2023 second lien debt	-	-	-	(13,653)
Fair market value (gain) loss on interest rate swap	2	153	(411)	(357)
Fair market value loss on optional redemption of 2025 second lien debt	5,610	1,530	12,060	3,190
Fair market value loss on senior unsecured debt	1,207	-	1,207	-
Fair market value (gain) loss on cash conversion option	(5,253)	(2,137)	275	(1,018)
	$ 32,040	$ 31,961	$ 107,888	$ 96,038

16. INCOME TAX EXPENSE

The income tax expense for 2026 Q3 was $6.2 million compared to a recovery of $51.5 million in 2025 Q3. The increase in income tax expense for 2026 Q3 was primarily due to the increase in earnings before income tax and a corresponding increase in state income tax expense. The income tax expense for 2026 Q3 YTD was $36.5 million compared to a recovery of $40.1 million in 2025 Q3 YTD. The increase in income tax expense for 2026 YTD was primarily due to the increase in earnings before income tax, a corresponding increase in State income tax expense, and a write-off of excess foreign tax credits offset by a much smaller charge for deferred tax assets not recognized.

The Effective Tax Rate ("ETR") for 2026 Q3 was 99.2% and the ETR for 2025 Q3 was 26.8%. The ETR for 2026 Q3 YTD was 55.8% and the ETR for 2025 Q3 YTD was 11.5%. The ETR for both 2026 Q3 and 2026 Q3 YTD were detrimentally impacted by excess unapplied U.S. foreign tax credits written off in the period.

16. INCOME TAX EXPENSE (Continued)

Income tax expense recognized in the unaudited interim condensed consolidated statement of net earnings (loss) and total comprehensive earnings (loss) as at September 27, 2026 includes an immaterial recovery related to BEPS Pillar Two ("Pillar Two") income taxes.

17. SUPPLEMENTAL CASH FLOW INFORMATION

	2026 Q3	2025 Q3	2026 Q3 YTD	2025 Q3 YTD
Accounts receivable	$ (16,712)	$ 23,372	$ 57,246	$ (77,200)
Other current asset	1,250	382	51,333	-
Income tax receivable	3,197	(9,542)	24,698	(6,815)
Inventories	6,067	(23,854)	(137,744)	6,482
Prepaid expenses and deposits	2,513	(1,806)	6,839	(2,281)
Accounts payable and accrued liabilities	(2,083)	49,950	53,613	27,164
Income tax payable	(4,594)	8,577	(28,515)	4,710
Deferred revenue	(31,014)	(8,100)	(12,421)	30,950
Provisions	(3,766)	216,651	4,740	235,124
Other	2,201	(5,099)	2,661	11,932
Change in non-cash working capital items	$ (42,941)	$ 250,531	$ 22,450	$ 230,066

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair value measurement of financial instruments

The Company has made the following classifications:

Cash	Fair value through profit or loss
Restricted deposit	Fair value through profit or loss
Receivables	Amortized cost
Deposits	Amortized cost
Other long-term assets	Amortized cost
Accounts payables and accrued liabilities	Amortized cost
Convertible Debt	Amortized cost
Other long-term liabilities	Amortized cost
Long-term debt	Amortized cost
Second lien debt	Amortized cost
Derivative financial instruments	Fair value through profit or loss

(b) Fair value measurement of financial instruments

The Company categorizes its fair value measurements of financial instruments recorded at fair value according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 - Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date.

Level 2 - Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates and credit risks) and inputs that are derived from or corroborated by observable market data.

Level 3 - Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable data, including assumptions about risk.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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

		September 27, 2026	
	Fair value level	Carrying amount	Fair value
Financial assets recorded at fair value through profit and loss			
Cash	Level 1	$ 92,640	$ 92,640
Restricted deposit(s) (note 6)	Level 1	60,609	60,609
		$ 153,249	$ 153,249
Total Return Swap	Level 2	4,216	4,216
Derivative financial instrument assets – current		$ 4,216	$ 4,216
Optional redemption (note 11)	Level 2	13,806	13,806
Derivative financial instrument assets – long term		$ 13,806	$ 13,806
Financial liabilities recorded at fair value through profit and loss			
Foreign exchange forward contracts	Level 2	121	121
Cash Conversion Option (note 11)	Level 2	895	895
Derivative financial instrument liabilities - current		$ 1,016	$ 1,016

		December 28, 2025	
	Fair value level	Carrying amount	Fair value
Financial assets recorded at fair value through profit and loss			
Cash	Level 1	$ 118,548	$ 118,548
Restricted deposit(s) (note 6)	Level 1	53,144	53,144
		$ 171,692	$ 171,692
Optional redemption (note 11)	Level 2	18,630	18,630
Derivative financial instrument assets – long term		$ 18,630	$ 18,630
Financial liabilities recorded at fair value through profit and loss			
Foreign exchange forward contracts	Level 2	1,209	1,209
Interest Rate Swap	Level 2	411	411
Derivative financial instrument liabilities - current		$ 1,620	$ 1,620
Cash Conversion Option (note 11)	Level 2	649	649
Derivative financial instrument liabilities - long term		$ 649	$ 649

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(c) Risk Management

Foreign currency risk

As at September 27, 2026, the Company had $377.6 million of foreign exchange forward contracts to buy currencies in which the Company operates (U.S. dollars, Canadian dollars and GBP). Included in this amount were foreign exchange forward contracts with a notional value of $211.5 million to purchase Canadian dollars, which expire in January 2027 and relate to the Company's $236.8 million of convertible debentures recorded as long-term debt. These foreign exchange forward contracts range in expiry dates from October 2026 to July 2027. The related liability of $0.1 million (December 28, 2025: liability of $1.2 million) is recorded in the unaudited interim condensed consolidated statements of financial position as a current derivative financial instrument liability, and the corresponding change in the fair value of the foreign exchange forward contracts is recorded in the unaudited interim condensed consolidated statements of net earnings (loss).

Market risk

The Company entered into a total return swap contract to hedge the exposure associated with changes in value of its Shares with respect to outstanding cash-settled share-based compensation awards such as restricted share units (“RSUs”), performance share units (“PSUs”), and non-employee directors’ deferred share units (“DSUs”). The Company applies hedge accounting to the total return swaps that are intended to hedge the exposure related to the change in share price associated with RSUs, PSUs, and DSUs.

As at September 27, 2026, the Company hedged a total of 1,315,687 Shares with a nominal amount of C$25,588,725. The total return swap contract had a fair value asset of $4.2 million that is recorded on the unaudited interim condensed consolidated statements of financial position as a current derivative financial instrument asset. Due to the differences in notional amount of the total return swap contract and the number of outstanding cash-settled share-based compensation awards, this resulted in a hedge ineffectiveness gain of $46 thousands recorded in the unaudited interim condensed consolidated statements of net earnings (loss) and the total comprehensive earnings (loss) within “sales, general and administration costs and other operating expenses”.

(d) Liquidity risk

The Company's principal sources of funds are cash generated from its operating activities, share and other issuances and borrowing capacity remaining on its First Lien Facility.

The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At September 27, 2026, the Company had a cash balance of $92.6 million (December 28, 2025: $118.5 million), $30.0 million (December 28, 2025: $267.2 million) drawn under the First Lien Facility, and $101.5 million of outstanding letters of credit (December 28, 2025: $105.5 million). The liquidity position as at September 27, 2026 is $661.1 million (December 28, 2025: $445.8 million).

Compliance with financial covenants under the First Lien Facility is reported quarterly to the Board. Other than the requirements imposed by letters of credit collateral (note 6) and borrowing agreements, the Company is not subject to any externally imposed capital requirements. Capital management objectives are reviewed on an annual basis or when strategic capital transactions arise. As at September 27, 2026, the Company was in compliance with all covenant requirements.

Under the terms of the First Lien Facility, the Company cannot declare or pay dividends, until certain financial conditions exist. Currently dividends have been suspended and future decisions on the resumption of dividend payments will be dependent on financial performance and compliance with First Lien Facility covenants.

The following table outlines the maturity analysis of the undiscounted cash flows of certain non-financial liabilities and committed leases as at September 27, 2026:

	Total	2026	2027	2028	2029	2030	Post 2030
Leases	$ 217,520	$ 15,571	$ 31,996	$ 22,622	$ 17,254	$ 14,305	$ 115,772
Accrued benefit liability	2,730	2,730	-	-	-	-	-
	$ 220,250	$ 18,301	$ 31,996	$ 22,622	$ 17,254	$ 14,305	$ 115,772

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(e) Credit risk

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

	September 27, 2026	December 28, 2025
Current, including holdbacks	$ 611,762	$ 663,615
Past due amounts but not impaired		
1 - 60 days	42,786	39,185
Greater than 60 days	19,593	22,793
Less: Allowance for doubtful accounts	(9,589)	(3,795)
Total accounts receivables, net	$ 664,552	$ 721,798

As at September 27, 2026, there was no amount that would otherwise be past due or impaired whose terms have been renegotiated.

(f) Capital management

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

19. SEGMENT INFORMATION

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

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

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

There is no inter-segment revenue. Intercompany revenues do occur but are eliminated on consolidation and thus, are not presented in the Statements. Unallocated items in the unaudited interim condensed consolidated earnings (loss) before income taxes primarily include unrealized foreign exchange gains or losses, debt extinguishment costs, interest and finance costs and corporate overhead costs.

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

19. SEGMENT INFORMATION (Continued)

Segment information about earnings (loss) and assets is as follows:

	2026 Q3			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	$ 836,684	$ 170,757	$ -	$ 1,007,441
Operating costs and expenses	821,524	141,619	38,056	1,001,199
Earnings (loss) before income tax expense	15,160	29,138	(38,056)	6,242
Total assets	2,297,720	693,714	324,995	3,316,429
Addition of capital expenditures	6,104	773	-	6,877
Addition of intangible assets	3,187	-	-	3,187
Indefinite-life intangible assets	223,834	18,812	-	242,646
Goodwill	214,209	191,045	-	405,254

	2026 Q3 YTD			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	$ 2,371,435	$ 507,491	$ -	$ 2,878,926
Operating costs and expenses	2,273,723	414,519	125,234	2,813,476
Earnings (loss) before income tax expense	97,712	92,972	(125,234)	65,450
Total assets	2,297,720	693,714	324,995	3,316,429
Addition of capital expenditures	24,229	863	-	25,092
Addition of intangible assets	15,841	-	-	15,841
Impairment loss on goodwill and intangible assets	129	-	-	129
Indefinite-life intangible assets	223,834	18,812	-	242,646
Goodwill	214,209	191,045	-	405,254

	2025 Q3			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	$ 722,791	$ 157,066	$ -	$ 879,857
Operating costs and expenses	906,190	134,102	31,957	1,072,249
(Loss) earnings before income tax expense	(183,399)	22,964	(31,957)	(192,392)
Total assets	2,179,013	563,091	292,042	3,034,146
Addition of capital expenditures	12,275	567	-	12,842
Addition of intangible assets	3,972	-	-	3,972
Impairment gain on property, plant, and equipment	(3,829)	-	-	(3,829)
Indefinite-life intangible assets	224,055	18,901	-	242,956
Goodwill	214,379	191,376	-	405,755

19. SEGMENT INFORMATION (Continued)

	2025 Q3 YTD			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	$ 2,124,113	$ 465,333	$ -	$ 2,589,446
Operating costs and expenses	2,377,771	392,104	167,799	2,937,674
(Loss) earnings before income tax expense	(253,658)	73,229	(167,799)	(348,228)
Total assets	2,179,013	563,091	292,042	3,034,146
Addition of capital expenditures	25,808	567	-	26,375
Addition of intangible assets	8,706	-	-	8,706
Impairment loss on property, plant, and equipment	504	-	-	504
Impairment loss on goodwill and intangible assets	92,481	-	-	92,481
Indefinite-life intangible assets	224,055	18,901	-	242,956
Goodwill	214,379	191,376	-	405,755

20. COMMITMENTS AND CONTINGENCIES

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

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

The Company's guarantee und er each bond issued by the surety companies expires on completion of obligations under the customer contract to which the bond relates. The estimated maturity dates of the surety bonds outstanding at September 27, 2026 range from October 2026 to March 2029.

At September 27, 2026, outstanding surety bonds guaranteed by the Company totaled $358.0 million (December 28, 2025: $315.1 million). The Company has not recorded any liability under these guarantees, as management believes that no material events of default exist under any contracts with customers.

(c) The EDC Guarantee Facility in the amount of $190 million consists of the PSG up to $135 million and the Surety Reinsurance Support up to $55 million.

The PSG program under the EDC Guarantee Facility is in place to cover a standby letters of credit or letters of guarantee (in each case an “LC”), required as part of a collateral package provided to support a surety facility where the new bonding capacity is a minimum of at least twice the face value of the LC. The PSG and Surety Reinsurance Support programs must only be used to support surety bonds required under contracts entered into by the Company, and where such surety bonds are bid bonds, performance bonds, regulatory bonds, license and permit bonds.

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

As at September 27, 2026, there was $53.3 million (December 28, 2025: $132.1 million) outstanding under the Guarantee Facility.

As at September 27, 2026, management believes that the Company was in compliance in all material respects with all applicable contractual obligations and the Company has not provided for any costs associated with these letters of credit.

20. COMMITMENTS AND CONTINGENCIES (Continued)

(d) In Fiscal 2025, the Company announced a battery recall for buses and coaches equipped with certain battery modules from a supplier, XALT. The amounts accrued and disclosed in note 10 reflect management's best estimate of the potential costs. Adjustments may be made as changes in the cost estimates become known.

In December 2025, the Company entered into the battery settlement with XALT regarding the battery recall costs for buses and coaches equipped with certain battery modules. The Company has received cash payment of $100.0 million, inventory of $48.0 million, intellectual property of $8.0 million, and escrow payment of $10.0 million.

As of September 27, 2026, escrow payments of $6.7 million remain outstanding as disclosed in note 6. During the quarter, the Company determined that it no longer expects to use the inventory from the Xalt settlement in its operations and intends to sell the modules to third parties. As a result of this change in intended use and based on the Company's estimate of the net realizable value of the inventory, the Company recorded a $34.8 million write-down during the quarter. The estimated net realizable value reflects management's current expectations regarding the proceeds expected to be realized from the sale of the modules less any estimated selling costs.