

Unaudited Interim Condensed Consolidated Financial Statements of
NFI GROUP INC.

October 1, 2023

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NFI GROUP INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET LOSS AND TOTAL COMPREHENSIVE LOSS
13-weeks and 39-weeks ended October 1, 2023 ("2023 Q3" and "2023 Q3 YTD", respectively) and 13-weeks and 39-
weeks ended October 2, 2022 ("2022 Q3" and "2022 Q3 YTD", respectively)
(in thousands of U.S. dollars except per share figures)

	2023 Q3	2022 Q3 restated (note 2.6)	2023 Q3 YTD	2022 Q3 YTD restated (note 2.6)
Revenue (note 17)	\$ 709,620	\$ 514,047	\$ 1,893,600	\$ 1,371,329
Cost of sales (note 4)	659,925	507,255	1,759,776	1,344,130
Gross profit	49,695	6,792	133,824	27,199
Sales, general and administration costs and other operating expenses	62,658	54,165	182,317	178,987
Foreign exchange loss (gain)	797	(6,322)	(1,687)	(5,761)
Loss from operations	(13,760)	(41,051)	(46,806)	(146,027)
Gain (Loss) on disposition of property, plant and equipment and right-of-use asset	101	544	(851)	975
Gain on debt modification	10,508	—	10,508	—
Unrealized foreign exchange gain (loss) on monetary items	1,611	2,481	(2,436)	(3,331)
Loss before interest and income taxes	(1,540)	(38,026)	(39,585)	(148,383)
Interest and finance costs				
Interest on long-term debt	24,930	13,804	66,111	35,166
Interest on convertible debt	3,138	3,828	9,380	10,613
Interest on senior unsecured debt	3,045	—	6,929	—
Accretion in carrying value of long-term debt (note 10)	732	1,795	1,919	2,611
Accretion in carrying value of convertible debt (note 12)	1,909	1,915	5,617	5,696
Accretion in carrying value of senior unsecured debt (note 6)	25	—	349	—
Interest expense on lease liability	1,653	1,448	6,110	4,315
Other interest and bank charges (recovery)	105	(292)	1,687	3,547
Fair market value loss on prepayment option of second lien debt (note 11)	475	—	475	—
Equity swap settlement fee	3,519	—	3,519	—
Fair market value loss (gain) on interest rate swap	1,873	(10,538)	9,427	(11,026)
Fair market value loss (gain) on cash conversion option (note 16)	1,528	314	3,441	(38,861)
	42,932	12,274	114,964	12,061
Loss before income tax recovery	(44,472)	(50,300)	(154,549)	(160,444)
Income tax recovery (note 9)	(4,546)	(10,133)	(20,714)	(36,473)
Net loss for the period	\$ (39,926)	\$ (40,167)	\$ (133,835)	\$ (123,971)
Other comprehensive loss				
Actuarial gain (loss) on defined benefit pension plan - this item will not be reclassified subsequently to profit or loss	4,425	(12,057)	4,774	14,812
Unrealized foreign exchange (gain) loss on translation of foreign operations - this item will not be reclassified subsequently to profit or loss	(6,137)	(15,754)	3,563	(39,812)
Net gain (loss) on equity hedge of restricted share plan (note 16b)	—	—	271	(300)
Total comprehensive loss for the period	(41,638)	(67,978)	(125,227)	(149,271)
Net loss per share (basic) (note 14)	\$ (0.42)	\$ (0.53)	\$ (1.62)	\$ (1.61)
Net loss per share (diluted) (note 14)	\$ (0.42)	\$ (0.53)	\$ (1.62)	\$ (1.61)

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 October 1, 2023

(in thousands of U.S. dollars)

	October 1, 2023	January 1, 2023 restated (note 2.6)
Assets		
Current		
Cash	\$ 75,498	\$ 49,987
Accounts receivable (note 3, 16d)	463,243	354,826
Inventories (note 4)	826,762	732,096
Income tax receivable	16,437	40,142
Derivative financial instruments (note 16a, b)	90	1,720
Prepaid expenses and deposits	18,917	23,452
	1,400,947	1,202,223
Property, plant and equipment	187,718	195,783
Right-of-use asset	106,964	107,631
Derivative financial instruments (note 11, 16a, b)	1,652	27,800
Goodwill and intangible assets	973,155	986,421
Accrued benefit asset	9,712	14,747
Other long-term assets (note 5)	50,052	32,126
Deferred tax assets	32,572	17,665
	\$ 2,762,772	\$ 2,584,396
Liabilities		
Current		
Accounts payable and accrued liabilities	541,565	453,793
Derivative financial instruments (note 16a, b)	—	2,837
Current portion of long-term debt (note 10)	—	17,901
Current portion of long-term liabilities (note 7)	198,783	167,251
	740,348	641,782
Accrued benefit liability	2,569	2,927
Obligations under leases	113,083	114,044
Deferred compensation obligation	3,227	1,497
Deferred revenue	29,797	20,776
Provisions (note 8)	74,546	67,576
Deferred tax liabilities	45,281	56,914
Derivative financial instruments (note 12, 16a, b)	8,556	6,067
Senior unsecured debt (note 6)	60,838	—
Long-term debt (note 10)	583,948	878,725
Second lien debt (note 11)	172,975	—
Convertible debentures (note 12)	221,427	216,513
	\$ 2,056,595	\$ 2,006,821
Commitments and contingencies (note 17)		
Shareholders' equity		
Share capital (note 13)	1,240,275	988,218
Stock option and restricted share unit reserve	13,056	11,285
Accumulated other comprehensive income (loss)	5,630	(2,979)
Deficit	(552,784)	(418,949)
	\$ 706,177	\$ 577,575
	\$ 2,762,772	\$ 2,584,396

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 October 1, 2023

(in thousands of U.S. dollars)

	Share Capital	Stock Option and Restricted Share Unit Reserve	Accumulated Other Comprehensive (Loss) Income	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance, January 2, 2022 (restated) (note 2.6)	\$ 987,943	\$ 10,105	\$ 5,921	\$ (133,380)	\$ 870,589
Net loss (restated) (note 2.6)	—	—	—	(126,712)	(126,712)
Other comprehensive income	—	—	(25,000)	—	(25,000)
Dividends declared on common shares	—	—	—	(9,412)	(9,412)
Equity transaction cost	(2)	—	—	—	(2)
Share-based compensation, net of deferred income taxes	—	1,030	—	—	1,030
Shares issued	204	(204)	—	—	—
Balance, October 2, 2022 (restated) (note 2.6)	\$ 988,145	\$ 10,931	\$ (19,079)	\$ (269,504)	\$ 710,493
Net loss (restated) (note 2.6)	—	—	—	(149,444)	(149,444)
Other comprehensive loss	—	—	16,100	—	16,100
Dividends declared on common shares	—	—	—	(1)	(1)
Equity Transaction Cost	2	—	—	—	2
Share-based compensation, net of deferred income taxes	—	425	—	—	425
Shares issued	71	(71)	—	—	—
Balance, January 1, 2023 (restated) (note 2.6)	\$ 988,218	\$ 11,285	\$ (2,979)	\$ (418,949)	\$ 577,575
Net loss	—	—	—	(133,835)	(133,835)
Other comprehensive loss	—	—	8,609	—	8,609
Equity transaction cost	(10,248)	—	—	—	(10,248)
Share-based compensation, net of deferred income taxes	—	2,021	—	—	2,021
Shares issued - private placement (note 13)	170,458	—	—	—	170,458
Shares issued (note 13)	91,847	(250)	—	—	91,597
Balance, October 1, 2023	\$ 1,240,275	\$ 13,056	\$ 5,630	\$ (552,784)	\$ 706,177

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

NFI GROUP INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

13-Weeks and 39-weeks ended October 1, 2023 ("2023 Q3" and "2023 Q3 YTD, respectively) and 13-weeks and 39-weeks ended October 2, 2022 ("2022 Q3" and 2022 Q3 YTD, respectively)
(in thousands of U.S. dollars)

	2023 Q3	2022 Q3 restated (note 2.6)	2023 Q3 YTD	2022 Q3 YTD restated (note 2.6)
Operating activities				
Net loss for the period	\$ (39,926)	\$ (40,167)	\$ (133,835)	\$ (123,971)
Income tax recovery	(4,546)	(10,133)	(20,714)	(36,473)
Depreciation of plant and equipment	13,590	14,570	37,522	42,127
Amortization of intangible assets	7,879	7,711	23,579	23,786
Share-based compensation	677	421	1,917	949
Interest and finance costs recognized in profit or loss	40,927	11,959	111,046	23,085
Fair value adjustment for total return swap	(2,844)	294	(3,765)	1,370
Unrealized foreign exchange (gain) loss on monetary items	(1,611)	(2,481)	2,436	3,332
Foreign exchange gain (loss) on cash held in foreign currency	137	(2,345)	(2,453)	(791)
Gain (loss) on fair value adjustment for cash conversion option	2,004	314	3,917	(11,026)
(Gain) loss on disposition of property, plant and equipment	(101)	(544)	851	(975)
Impairment loss on property, plant and equipment	—	1,332	—	5,140
Gain on debt modification	(10,508)	—	(10,508)	—
Past service cost	—	—	4,764	—
Defined benefit expense	693	1,860	2,085	4,414
Defined benefit funding	(996)	(2,270)	(2,267)	(4,566)
Cash generated by (used in) operating activities before non-cash working capital items and interest and income taxes paid	5,375	(19,479)	14,575	(73,599)
Changes in non-cash working capital items (note 15)	(11,105)	(90,659)	(64,133)	(131,340)
Cash used in operating activities before interest and income taxes paid	(5,730)	(110,138)	(49,558)	(204,939)
Interest paid	(33,076)	(15,384)	(90,279)	(42,881)
Income taxes recovered	21	6,556	20,897	4,466
Net cash used in operating activities	(38,785)	(118,966)	(118,940)	(243,354)
Financing activities				
Repayment of obligations under lease	(4,046)	(8,017)	(14,407)	(18,888)
(Repayment) proceeds from credit facilities	(173,233)	135,862	(134,864)	259,419
Share issuance	262,057	—	262,057	(2)
Share issuance costs	(10,248)	—	(10,248)	—
Proceeds on other long-term liabilities	18,374	—	18,374	—
(Repayment of) proceeds from senior unsecured debt	(25,000)	—	61,996	—
Dividends paid	—	(12,883)	—	(19,425)
Net cash generated by financing activities	67,904	114,962	182,908	221,104
Investing activities				
Acquisition of intangible assets	(3,402)	(2,947)	(7,446)	(6,476)
Proceeds from disposition of property, plant and equipment	1,045	360	1,250	1,673
(Investment in) disposition of long-term restricted deposits	(99)	3	(18,123)	5,415
Acquisition of property, plant and equipment	(8,516)	(6,199)	(16,592)	(16,639)
Net cash used in investing activities	(10,972)	(8,783)	(40,911)	(16,027)
Effect of foreign exchange rate on cash	(137)	2,345	2,454	791
Increase (decrease) in cash	18,010	(10,442)	25,511	(37,486)
Cash — beginning of period	57,488	50,274	49,987	77,318
Cash — end of period	\$ 75,498	\$ 39,832	\$ 75,498	\$ 39,832

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

NFI GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at October 1, 2023
(in thousands of U.S. dollars except per share figures)

1. CORPORATE INFORMATION

1.1 Corporate information

NFI Group Inc. was incorporated on June 16, 2005 under the laws of the Province of Ontario (NFI Group Inc. and its subsidiaries collectively referred to as "NFI" or the "Company"). NFI is a leading independent global bus manufacturer providing a comprehensive suite of mass transportation solutions under brands: New Flyer[®] (heavy-duty transit buses), Alexander Dennis ("AD") (single and double-deck buses), Plaxton (motor coaches), MCI[®] (motor coaches), ARBOC[®] (low-floor cutaway and medium-duty buses) and NFI Parts[™] (aftermarket parts sales). The Company's common shares (the "Shares") are listed on the Toronto Stock Exchange ("TSX") under the symbol "NFI". The Company'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 the Company's board of directors (the "Board") on November 7, 2023.

1.2 Refinancing plan

On August 25, 2023, NFI announced that it had closed its comprehensive refinancing plan (the "Refinancing Plan"). Through the Refinancing Plan, the following changes to the profile and capacity of the Company's senior secured credit facilities with its North American lenders (the "North American Facility") and UK lenders (the "UK Facility", collectively the "Secured Facilities") were effected:

- The \$1.0 billion revolving North American Facility converted to a \$400 million first lien term loan and a \$361 million first lien revolving credit facility (total combined borrowing capacity of \$761 million), which includes a \$150 million letter-of-credit facility.
- The £40 million revolving UK Facility converted to a £16.0 million term loan and a £14.4 million revolving credit facility (total combined borrowing capacity of £30.4 million).
- Extension of maturity dates of the Secured Facilities to April 30, 2026.
- Total leverage^{NG} and interest coverage^{NG} covenants waived until 2024 Q3. Minimum liquidity^{NG} requirement increased from \$25 million to \$50 million (note 16).

Terms of NFI's completed \$180.4 million second lien financing ("Second Lien Financing") included the following:

- A five-year term and a 97% original issue discount ("OID"), generating net proceeds of \$175.0 million, before fees and commissions;
- Annual coupon of 14.5%, payable semi-annually;
- Callable at 100% of face value with applicable premium for the first 12 months, callable at 106% of face value for months 13 to 24, callable at 103% of face value for months 25 to 36 and callable at par from 36 months onwards; and
- The financing has been provided by Coliseum Capital Management, the Company's largest shareholders', and a related party.

The Second Lien Financing is a senior secured second lien obligation of NFI and such material subsidiaries, which ranks behind the Secured Facilities and all other first lien secured indebtedness of NFI and such subsidiaries, ranks ahead of any subordinated obligations of NFI and its subsidiaries, and, by virtue of being secured, ranks ahead of any unsecured obligations.

As part of the refinancing plan, the Company:

- Completed a private placement on August 25, 2023 of common shares with Coliseum Capital Management for 21,656,624 Shares at a subscription price of \$6.1567 per Share (the "Subscription Price") of \$133.3 million.
- Completed a private placement on August 25, 2023 with a leading global asset manager for 5,000,000 Shares at a subscription price of C\$10.10 per Share for aggregate gross proceeds to NFI of C\$50,500,000 (approximately \$37.2 million).
- Issued 15,102,950 subscription receipts on June 6, 2023 at a price of C\$8.25 per Subscription Receipt, for aggregate gross proceeds to NFI of approximately C\$125.9 million (approximately \$93.1 million), inclusive of interest earned in escrow. Each subscription receipt was redeemed for 1 Share after the Refinancing Plan closed, on August 25, 2023.
- Extended the maturity of Manitoba Development Corporation's and Export Development Canada's ("MDC" and "EDC" respectively) senior unsecured debt facilities to April 30, 2026; and with a \$25.0 million permanent repayment of the EDC facility.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

2.1 Statement of Compliance

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

2.2 Basis of preparation

The Statements were prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") which require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. References to Non-IFRS measures have been denoted with an "NG".

In preparing these Statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied by the Company in its audited consolidated financial statements as at and for the 52-week period ended January 1, 2023 ("Fiscal 2022").

The going concern basis asserts that the Company has the ability to realize its assets and discharge its liabilities and commitments in the normal course of business and requires an assessment looking out at least 12 months. While our going concern assessment identified material uncertainties over the course of the last year, management has concluded the material uncertainties no longer exist. That conclusion necessarily involved management judgments, estimates and assumptions, and consideration of recent developments including:

- The completion of the Refinancing Plan (Note 1.2 and Note 10) which resulted in more favourable debt covenants and an extension of maturities until at least 2026;
- The completion of the private placements and public offering (Note 13) which generated incremental liquidity^{NG};
- Continued growth of sales backlog in both unit and dollars;
- Improvements in the supply chain; and
- Revenue and margin projections and forecasts regarding performance against the debt covenants.

Actual results may differ from these estimates and assumptions.

2.3 Principles of consolidation

The Statements include the accounts of the Company's subsidiaries.

Subsidiaries are entities over which the Company has control, where control is achieved when the Company: has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Company holds 100% of the voting rights in, and therefore controls, its subsidiaries.

Inter-company transactions between subsidiaries are eliminated on consolidation.

NFI GROUP INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at October 1, 2023
(in thousands of U.S. dollars except per share figures)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Fiscal periods

	Period from January 2, 2023 to December 31, 2023 ("Fiscal 2023")			Period from January 3, 2022 to January 1, 2023 ("Fiscal 2022")		
	Period End Date		# of Calendar Weeks	Period End Date		# of Calendar Weeks
Quarter 1	April 2, 2023	("2023 Q1")	13	April 3, 2022	("2022 Q1")	13
Quarter 2	July 2, 2023	("2023 Q2")	13	July 3, 2022	("2022 Q2")	13
Quarter 3	October 1, 2023	("2023 Q3")	13	October 2, 2022	("2022 Q3")	13
Quarter 4	December 31, 2023	("2023 Q4")	13	January 1, 2023	("2022 Q4")	13
Fiscal year	December 31, 2023		52	January 1, 2023		52

2.5 Functional and presentation currency

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

2.6 New standards adopted

IFRS 17 - Insurance Contracts

Effective January 2, 2023, the Company adopted IFRS 17, which introduced new guidance for recognition, measurement, presentation and disclosure of insurance contracts. The Company applied a full retrospective approach. The Company previously used IFRS 4, Insurance Contracts, which is no longer in effect to account for these contracts.

The IFRS 17 Standard establishes principles for the recognition, measurement, presentation and disclosure of (re)insurance contracts.

The Company has applied the measurement method for insurance contracts using a probability weighted discounted cash flow model, including a best estimate and an adjustment for non-financial risk calculated for groups of similar contracts. There is a reliance on actuarial modelling techniques and the quality of underlying data. The Company has applied the premium allocation approach. If, at initial recognition or subsequently, the fulfillment cash flows are in a net outflow, the contract is considered onerous and the excess is recognized immediately in profit. A loss recovery component is recognized immediately in profit representing amounts recoverable from reinsurers related to onerous contracts.

The adoption of the standard resulted in a decrease to net loss and retained deficit of \$2,428 for the 2022 Q3 period, \$1,607 for Fiscal 2022, and an increase to net loss and retained deficit of \$1,182 for 2021 and prior fiscal periods. There was no change to reported earnings (loss) per share.

The transition adjustment is as follows:

	Assets		Liabilities		Shareholders' Equity
	Accounts receivable	Prepaid expenses and deposits	Accounts payable and accrued liabilities	Provisions	Retained Earnings (Deficit)
As reported January 1, 2023	\$ 366,224	\$ 16,928	\$ 455,368	\$ 71,299	\$ (419,373)
Transition adjustment	(11,398)	6,524	(1,575)	(3,723)	425
Restated January 1, 2023	\$ 354,826	\$ 23,452	\$ 453,793	\$ 67,576	\$ (418,948)

NFI GROUP INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at October 1, 2023
(in thousands of U.S. dollars except per share figures)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.7 Standards issued but not yet adopted

IAS 1 - Presentation of Financial Statements:

Classification of Liabilities as Current or Non-current, which amends IAS 1, was issued January 2020 and October 2022, effective for annual reporting periods beginning on or after January 1, 2024. This clarified a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. Management is currently assessing the impact of this standard on its consolidated financial statements.

3. ACCOUNTS RECEIVABLE

	October 1, 2023	January 1, 2023 restated (note 2.6)
Trade, net of allowance for doubtful accounts (note 16d)	\$ 430,848	\$ 322,200
Other	32,395	32,626
	<u>\$ 463,243</u>	<u>\$ 354,826</u>

4. INVENTORIES

	October 1, 2023	January 1, 2023
Raw materials	\$ 339,091	\$ 329,388
Work in process	384,730	343,424
Finished goods	102,941	59,284
	<u>\$ 826,762</u>	<u>\$ 732,096</u>

	2023 Q3	2022 Q3	2023 Q3 YTD	2022 Q3 YTD
Cost of inventories recognized as expense and included in cost of sales	\$ 639,876	\$ 494,193	\$ 1,706,810	\$ 1,289,827
Write-down of inventory to net realizable value in cost of sales	373	2,632	1,959	7,952
Reversals of a previous write-down in inventory	91	—	91	—

5. OTHER LONG-TERM ASSETS

	October 1, 2023	January 1, 2023
Long-term restricted deposit(s)	\$ 44,423	\$ 25,351
Long-term accounts receivable	5,629	6,775
	<u>\$ 50,052</u>	<u>\$ 32,126</u>

Long-term restricted deposit is collateral for certain of the Company's letters of credit.

6. SENIOR UNSECURED DEBT

On January 20, 2023, the Company finalized agreements with MDC for a C\$50 million debt facility, for general corporate purposes, and with EDC for two credit facilities of up to \$150 million, to support supply chain financing ("supply chain financing facility") for \$50 million and surety and performance bonding requirements for new contracts ("bonding support facility") for up to \$100 million.

NFI GROUP INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at October 1, 2023
(in thousands of U.S. dollars except per share figures)

6. SENIOR UNSECURED DEBT (Continued)

The MDC agreement bears interest at a rate equal to Canadian one year benchmark bond yield plus an applicable margin. The EDC agreement bears interest at a rate equal to adjusted term Secured Overnight Financing Rate ("SOFR") plus an applicable margin to those rates.

Both the MDC facility and EDC supply chain financing facility were extended to April 30, 2026 as part of the Refinancing Plan. The EDC bonding support facility (note 18c) has a one-year term for each new contract, subject to annual renewals.

As part of the Refinancing Plan, \$25 million was repaid on the EDC supply chain financing facility as a permanent reduction.

	Face Value	Unamortized Transaction Costs	Net Book Value October 1, 2023	Net Book Value January 1, 2023
MDC	\$ 36,819	\$ 256	\$ 36,563	—
EDC	25,000	725	24,275	—
	\$ 61,819	\$ 981	\$ 60,838	—

7. CURRENT PORTION OF LONG-TERM LIABILITIES

	October 1, 2023	January 1, 2023
Deferred revenue	\$ 168,720	\$ 128,426
Provisions (note 8)	12,229	20,708
Deferred compensation obligation	815	536
Obligations under leases	17,019	17,581
	\$ 198,783	\$ 167,251

8. PROVISIONS

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

The restructuring provision consists of employee termination benefits associated with the "NFI Forward" restructuring initiative that was announced on July 27, 2020 (note 19) and costs associated with the closure and termination of the lease in respect of the Guildford, UK facility.

The Company generally provides its customers with a base warranty on the entire vehicle, a corrosion warranty on the related structure and a defect warranty on batteries.

The Company provides for onerous contracts when the unavoidable costs of meeting the contract are greater than the economic benefits expected to be received under it.

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As at October 1, 2023
(in thousands of U.S. dollars except per share figures)

8. PROVISIONS (Continued)

	Insurance Risk Retention	Restructuring	Warranty	Onerous Contracts	Total
January 2, 2022	\$ 25,243	2,485	\$ 55,920	–	83,648
Net adjustments due to IFRS 17	(3,766)	–	–	–	(3,766)
Additions	6,720	7,000	53,333	3,705	70,758
Amounts used/realized	(5,690)	(2,485)	(50,027)	(1,582)	(59,784)
Unused provision	(248)	–	–	(351)	(599)
Unwinding of discount and effect of changes in the discount rate	–	–	17	–	17
Exchange rate differences	4	–	(2,050)	14	(2,032)
January 1, 2023	\$ 22,263	\$ 7,000	\$ 57,193	\$ 1,786	\$ 88,242
Additions	21,334	1,398	33,524	839	57,095
Amounts used/realized	(8,500)	(251)	(47,298)	(694)	(56,743)
Unused provision	–	–	1,172	(1,243)	(71)
Unwinding of discount and effect of changes in the discount rate	–	–	(931)	–	(931)
Exchange rate differences	(3)	(51)	(762)	(1)	(817)
	35,094	8,096	42,898	687	86,775
Less current portion (note 7)	579	–	10,963	687	12,229
October 1, 2023	\$ 34,515	\$ 8,096	\$ 31,935	\$ –	\$ 74,546

9. INCOME TAX RECOVERY

The income tax recovery for 2023 Q3 was \$4.5 million compared to \$10.1 million in 2022 Q3. The reduced income tax recovery is primarily due to the non-recognition of deferred tax assets associated with Canadian loss carryforwards and restricted interest in the UK.

The income tax recovery for 2023 Q3 YTD is \$20.7 million, compared to \$36.5 million in 2022 Q3 YTD. The decrease in the overall income tax recovery is primarily due to the non-recognition of deferred tax assets associated with Canadian loss carryforwards and restricted interest in the UK, offset by the absence of a detrimental foreign exchange impact in 2022 Q3 YTD.

The Effective Tax Rate ("ETR") for 2023 Q3 was 10.2% and the ETR for 2022 Q3 was 20.1%. The ETR for 2023 Q3 YTD was 13.4% and the ETR for 2022 Q3 YTD was 22.7%. The 2023 Q3 ETR is negatively impacted by the non-recognition of deferred tax assets associated with Canadian loss carryforwards, and restricted interest in the UK.

10. LONG-TERM DEBT

	Face Value	Unamortized Transaction Costs	Net Book Value October 1, 2023	Net Book Value January 1, 2023
First lien revolving credit facility, Secured ("N.A. Revolving Facility")	159,195	14,098	145,097	878,725
First lien term loan, Secured ("N.A Non-Revolving Facility")	400,000	–	400,000	–
Revolving Credit Facility, Secured ("U.K. Revolving Facility")	17,915	887	17,028	17,901
Term loan, Secured ("U.K. Non-Revolving Facility")	19,519	–	19,519	–
Government of Canada Loan	2,824	520	2,304	–
	599,453	15,505	583,948	896,626
Less current portion	–	–	–	17,901
	599,453	15,505	583,948	878,725

The N.A. Revolving and Non-Revolving Facilities (collectively referred to as the "North American Facility") have a total borrowing limit of \$761 million, which includes a \$150 million letter-of-credit facility.

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10. LONG-TERM DEBT (Continued)

The \$83.7 million of outstanding letters-of-credit were drawn against the North American Facility at October 1, 2023. The North American Facility bears interest at a rate equal to SOFR or a U.S. base rate for loans denominated in U.S. dollars and a Canadian prime rate or bankers' acceptance rate for loans denominated in Canadian dollars, plus an applicable margin to those rates and matures on April 30, 2026.

The U.K. Revolving and Non-Revolving Facilities (collectively referred to as the "UK Facility") has a total borrowing limit of £30.4 million to support AD's operations in the UK. Amounts drawn under the UK Facility bear interest at a rate equal to Sterling Overnight Index Average ("SONIA") plus an applicable margin. The UK Facility matures on April 30, 2026.

The Company entered into an agreement for up to C\$10 million in interest-free financing through the Government of Canada to support facility enhancements and zero-emission product growth. The financing matures on March 1, 2030.

11. SECOND LIEN DEBT

	Face Value	Unamortized Transaction Costs	Net Book Value October 1, 2023	Net Book Value January 1, 2023
Second Lien Debt	180,413	9,565	170,848	—
Prepayment Option	2,127	—	2,127	—
	182,540	9,565	172,975	—

The second lien debt financing is secured against all the Company's assets, and bears interest at an annual coupon of 14.5%, payable semi-annually on January 2 and July 2 commencing on January 2, 2024. The Second lien debt facility matures on August 1, 2028.

The Company has the option to exercise an option to prepay a portion of the remaining principal (note 16) at 100% of the face value plus applicable premium, expiring on the first anniversary of the debt facility. Prior to the second anniversary, the Company can exercise its option to prepay a portion of the remaining principal at 106% of the face value. Prior to the third anniversary, the Company can exercise its option to prepay a portion of the remaining principal at 103% of the face value. An option to prepay the remaining principal at par is available from the third anniversary onwards.

At inception, the prepayment option was recognized as a derivative asset with a fair value of \$2.1 million. At October 1, 2023, the asset was revalued at \$1.7 million. A fair market value loss of \$0.48 million was recorded on the Company's unaudited interim condensed consolidated statements of net loss and total comprehensive loss for the quarter.

The second lien debt is financed by funds and accounts managed by Coliseum Capital Management LLC. Coliseum Capital Management has also participated in an equity transaction with the Company (disclosed in Note 13).

12. CONVERTIBLE DEBENTURES

On December 2, 2021, the Company completed a public offering of C\$300 million aggregate principal of convertible debentures (the "Debentures") and an additional C\$38 million aggregate principal of Debentures were issued on December 14, 2021, pursuant to the partial exercise of the over-allotment option, bearing interest at a rate of 5% per annum, payable semi-annually on January 15 and July 15 commencing on July 15, 2022. The Debentures will mature on January 15, 2027 (the "Maturity Date").

The Debentures may be converted in whole or in part from time to time at the holder's option into 30.1659 Shares for each C\$1 principal amount of Debentures ("Conversion Price"), representing a Conversion Price of approximately C\$33.15 per Share, prior to maturity and subject to adjustment in certain circumstances.

The Company has the option to settle the conversion in either Shares or cash (the "Cash Conversion Option"), with the Cash Conversion Option determined to be a financial liability. The fair value of the Debentures and Cash Conversion Option are classified as separate liabilities. The Debenture component will accrete to its final redemption amount of C\$338 million less all conversions, at the Maturity Date at an effective interest rate over the five-year term of the Debentures.

	Face Value	Unamortized Transaction Costs	Net Book Value October 1, 2023	Net Book Value January 1, 2023
Convertible Debt	228,064	6,637	221,427	216,513
Cash Conversion Option	8,556	—	8,556	5,150
	236,620	6,637	229,983	221,663

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13. SHARE CAPITAL

	October 1, 2023	January 1, 2023
Authorized - Unlimited		
Issued - 118,949,728 Common Shares (January 1, 2023: 77,155,016)	\$ 1,240,275	\$ 988,218

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

Shares	Number (000s)	Net Book Value
Balance - January 1, 2023	77,155	\$ 988,218
Director RSUs exercised	35	250
Issuance of Shares - public offering	15,103	86,819
Issuance of Shares - private placement	26,657	164,988
Balance - October 1, 2023	118,950	\$ 1,240,275

During the period ended October 1, 2023, the Company:

- Completed a private placement on August 25, 2023 of Shares to Coliseum Capital Management for 21,656,624 Shares at a subscription price of \$6.1567 per Share (the "Subscription Price") for aggregate gross proceeds to NFI of \$133.3 million.
- Completed a private placement on August 25, 2023 with a leading global asset manager for 5,000,000 Shares at a subscription price of C\$10.10 per Share for aggregate gross proceeds to NFI of C\$50,500,000 (approximately \$37.2 million)
- Issued 15,102,950 subscription receipts on June 6, 2023 at a price of C\$8.25 per subscription receipt, for aggregate gross proceeds to NFI of approximately C\$125.9 million (approximately \$93.1 million), inclusive of interest earned in escrow. Each subscription receipt was exchanged for 1 Share as part of the Refinancing Plan, resulting in the issuance of 15,102,950 Shares.

14. LOSS PER SHARE

	2023 Q3	2022 Q3 restated (note 2.6)	2023 Q3 YTD	2022 Q3 YTD restated (note 2.6)
Net loss attributable to equity holders	\$ (39,926)	\$ (40,167)	\$ (133,835)	\$ (123,971)
Weighted average number of Shares in issue	94,169,027	76,299,666	82,835,018	77,140,963
Weighted average number of Shares for diluted earnings per Share	94,169,027	76,299,666	82,835,018	77,140,963
Net loss per Share (basic)	\$ (0.4240)	\$ (0.5264)	\$ (1.6157)	\$ (1.6071)
Net loss per Share (diluted)	\$ (0.4240)	\$ (0.5264)	\$ (1.6157)	\$ (1.6071)

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

Diluted loss per Share is calculated using the same method as basic loss per Share except that the average number of Shares outstanding includes the potential dilutive effect of outstanding stock options and Director RSUs granted by the Company, as determined by the treasury stock method.

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15. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital items

Cash inflow (outflow)	2023 Q3	2022 Q3	2023 Q3 YTD	2022 Q3 YTD
		restated (note 2.6)		restated (note 2.6)
Accounts receivable	\$ 14,103	\$ (65,480)	\$ (108,416)	\$ 58,948
Other short-term asset	–	\$ (117)	–	(117)
Income tax receivable	127	64	(1,125)	(1,897)
Inventories	3,437	(71,948)	(91,941)	(271,132)
Prepaid expenses and deposits	5,003	(852)	4,546	(14,051)
Accounts payable and accrued liabilities	(5,608)	25,399	86,255	43,041
Income tax payable	–	221	–	993
Deferred revenue	(26,305)	7,054	48,195	53,983
Provisions	(782)	13,158	(1,508)	9,710
Other	(1,080)	1,842	(139)	(10,818)
	<u>\$ (11,105)</u>	<u>\$ (90,659)</u>	<u>\$ (64,133)</u>	<u>\$ (131,340)</u>

Included in the "Other" category is \$2,428, which represents the net impact of the adoption of IFRS 17 (note 2.6).

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair value measurement of financial instruments

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

	October 1, 2023		
	Fair value level	Carrying amount	Fair value
Financial assets recorded at fair value			
Cash	Level 1	\$ 75,498	75,498
Long-term restricted deposit	Level 1	44,423	44,423
Foreign exchange forward contracts	Level 2	90	90
Derivative financial instrument assets - current		\$ 90	\$ 90
Prepayment Option (note 11)	Level 2	1,652	1,652
Derivative financial instrument assets - long term		\$ 1,652	\$ 1,652
Financial liabilities recorded at fair value			
Cash Conversion Option	Level 2	8,556	8,556
Derivative financial instrument liabilities - long term		\$ 8,556	\$ 8,556
January 1, 2023			
	Fair value level	Carrying amount	Fair value
Financial assets recorded at fair value			
Cash	Level 1	\$ 49,987	\$ 49,987
Long-term restricted deposit	Level 1	25,351	25,351
Foreign exchange forward contracts	Level 2	1,720	1,720
Derivative financial instrument assets - current		\$ 1,720	\$ 1,720
Interest Rate Swap	Level 2	27,800	27,800
Derivative financial instrument assets - long term		\$ 27,800	\$ 27,800
Financial liabilities recorded at fair value			
Equity Hedge	Level 2	2,837	2,837
Derivative financial instrument liabilities - current		\$ 2,837	\$ 2,837
Cash Conversion Option	Level 2	5,150	5,150
Equity Hedge	Level 2	917	917
Derivative financial instrument liabilities - long term		\$ 6,067	\$ 6,067

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(b) Risk Management

On July 20, 2023, NFI unwound its total return swap contracts which were used to hedge the exposure associated with changes in value of its Shares with respect to outstanding management restricted units ("Management RSUs") and a portion of the outstanding performance share units ("PSUs"), and deferred share units ("DSUs").

At October 1, 2023, the Company had \$13.4 million of foreign exchange forward contracts to buy currencies in which the Company operates (U.S. dollars, Canadian dollars, or GBP). These foreign exchange contracts range in expiry dates from October 2023 to February 2024. The related asset of \$0.1 million (January 1, 2023: \$1.7 million asset) is recorded on the statements of financial position as a current derivative financial instruments asset and the corresponding change in the fair value of the foreign exchange forward contracts is recorded in the unaudited interim condensed consolidated statements of net loss and total comprehensive loss.

(c) Liquidity^{NG} Management

The Company's approach to managing liquidity^{NG} risk is to ensure, as far as possible, that it will always have sufficient liquidity^{NG} to meet liabilities when due. At October 1, 2023 the Company had a cash balance of \$75.5 million (January 1, 2023: \$50.0 million), \$570 million drawn under the North American Facility due in 2026 (January 1, 2023: \$882 million), and \$83.7 million of outstanding letters of credit (January 1, 2023: \$22.5 million). The liquidity^{NG} position as at October 1, 2023 is \$169.8 million, without consideration given to the minimum liquidity^{NG} requirement under the Secured facilities of \$50.0 million. In addition, as at October 1, 2023 the Company had \$37.1 million drawn under the UK Facility (January 1, 2023: \$18.3 million), and \$65.1 million of the letters of credit outstanding outside of the North American Facility. The North American Facility has a total borrowing limit of \$761 million, which includes a \$150 million letter-of-credit facility. The UK Facility has a total borrowing limit of £30.4 million.

The Company's principal sources of funds are cash generated from its operating activities, share and other issuances and borrowing capacity remaining under the Secured facilities.

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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

	Total Leverage Ratio ^{1,NG}	Interest Coverage Ratio ^{2,NG}	Total Net Debt to Capitalization ^{3,NG}	Minimum Cumulative Adjusted EBITDA ^{4,NG}	Minimum Liquidity ^{5,NG}	Senior Secured Net Leverage Ratio ^{6,NG}
September 2023	Waived	Waived	<0.65:1.00	>(\$13,000)	\$50,000	Waived
October 2023	Waived	Waived	<0.65:1.00	>(\$11,000)	\$50,000	Waived
November 2023	Waived	Waived	<0.65:1.00	>(\$4,000)	\$50,000	Waived
December 2023	Waived	Waived	<0.65:1.00	>\$3,000	\$50,000	Waived
January 2024	Waived	Waived	<0.65:1.00	>\$14,000	\$50,000	Waived
February 2024	Waived	Waived	<0.65:1.00	>\$25,000	\$50,000	Waived
March 2024	Waived	Waived	<0.65:1.00	>\$47,000	\$50,000	Waived
2024 Q2	Waived	Waived	<0.65:1.00	>\$105,000	\$50,000	Waived
2024 Q3	<6.00x	>1.25x	N/A	N/A	\$50,000	<4.50x
2024 Q4	<4.75x	>1.50x	N/A	N/A	\$50,000	<3.50x
2025 Q1	<4.75x	>1.75x	N/A	N/A	\$50,000	<3.50x
2025 Q2	<4.25x	>2.00x	N/A	N/A	\$50,000	<3.25x
2025 Q3	<4.25x	>2.25x	N/A	N/A	\$50,000	<3.25x
2025 Q4 and after	<3.75x	>2.50x	N/A	N/A	\$50,000	<3.00x

1. Total Leverage Ratio ("TLR")^{NG} is calculated as aggregate indebtedness of the Company not including the Company's 5.0% convertible debentures and certain non-financial products, but including any senior unsecured or second lien indebtedness, less unrestricted cash and cash equivalents up to a maximum of \$50 million, divided by Adjusted EBITDA^{NG} (calculated on a trailing twelve-month basis). The TLR^{NG} is reintroduced in 2024 Q3.
2. Interest Coverage Ratio ("ICR")^{NG} is calculated as the same trailing twelve month Adjusted EBITDA^{NG} as the TLR^{NG} divided by trailing twelve-month interest expense on the Secured Facilities, the Company's 5.0% convertible debentures, any senior unsecured or second lien indebtedness and other interest and bank charges.
3. Total Net Debt to Capitalization ("TNDC")^{NG} is calculated as borrowings on the Secured Facilities and any senior unsecured or second lien indebtedness, less unrestricted cash and cash equivalents up to a maximum of \$50 million, divided by shareholders' equity, as shown on the Company's balance sheet, plus borrowings on the Secured Facilities. The TNDC^{NG} covenant excludes the impact of any actual goodwill write-downs up to a maximum of \$100 million.
4. The Minimum Adjusted EBITDA^{NG} covenant is first tested with the month ending September 30, 2023, but includes results from the period May 1, 2023 to September 30, 2023. The covenant continues on a cumulative basis until April 30, 2024, at which point it becomes a trailing-twelve month test for the second quarter of 2024. The Minimum Adjusted EBITDA^{NG} tests are based on calendar month-end dates from September 2023 to March 2024.
5. Liquidity^{NG} is calculated as unrestricted cash and cash equivalents plus the aggregate amount of credit available under the Secured Facilities.
6. Senior Secured Net Leverage^{NG} will include the Secured Facilities and is calculated as indebtedness on those facilities, less unrestricted cash and cash equivalents up to a maximum of \$50 million, divided by Adjusted EBITDA^{NG} (calculated on a trailing twelve-month basis). The Senior Secured Net Leverage^{NG} is reintroduced in 2024 Q3.

The calculation of the liquidity^{NG} position, without consideration given to the minimum liquidity^{NG} requirements under the Secured Facilities at October 1, 2023 is provided below. Calculation of the cumulative Adjusted EBITDA^{NG} starts with 2023 Q3 results. The calculation is adjusted for the impact of the adoption of IFRS 16 in Fiscal 2019. As at October 1, 2023, the Company was in compliance with all covenant requirements.

US dollars in thousands	October 1, 2023	January 1, 2023
Liquidity ^{NG} Position (must be greater than \$50 million)	\$ 169,792	\$ 143,454
Minimum Cumulative Adjusted EBITDA ^{NG} (must be greater than (\$13,000) [2022: N/A])	\$ 18,950	Waived
Net Debt to Capital Ratio ^{NG} (must be less than 0.65:1.00 [2022: N/A])	\$ 0.42	Waived

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Compliance with financial covenants under the Secured Facilities is reported quarterly to the Board. Other than the requirements imposed by letters of credit collateral (note 5) and borrowing agreements, the Company is not subject to any externally imposed capital requirements. Capital management objectives are reviewed on an annual basis or when strategic capital transactions arise.

The following table outlines the maturity analysis of the undiscounted cash flows of certain non-financial liability and committed leases as at October 1, 2023:

US dollars in thousands	Total	2023	2024	2025	2026	2027	Post 2027
Leases	228,834	6,907	24,967	20,523	17,930	16,035	142,472
Accrued benefit liability	2,824	2,824					
	\$ 231,658	\$ 9,731	\$ 24,967	\$ 20,523	\$ 17,930	\$ 16,035	\$ 142,472

(d) Credit risk

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

	October 1, 2023	January 1, 2023 restated (note 2.6)
Current, including holdbacks	\$ 434,843	\$ 333,522
<u>Past due amounts but not impaired</u>		
1 - 60 days	20,221	15,931
Greater than 60 days	8,361	5,480
Less: Allowance for doubtful accounts	(182)	(107)
<u>Total accounts receivables, net</u>	\$ 463,243	\$ 354,826

As at October 1, 2023, there was no amount that would otherwise be past due or impaired whose terms have been renegotiated.

17. SEGMENT INFORMATION

The Company has two reportable segments which are the Company's strategic business units: Manufacturing Operations and Aftermarket Operations. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. 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 transit buses, coaches, medium-duty shuttles and low floor cutaway buses. Based on management's judgment and applying the aggregation criteria in IFRS 8.12, the Company's bus/coach manufacturing operations and medium-duty/cutaway manufacturing operations fall under a single reportable segment. Aggregation of these operating segments is based on the segments having similar economic characteristics with similar long-term average returns, products and services, production methods, distribution and regulatory environment.

The Manufacturing Operations segment has recorded vendor rebates of \$762 (2022 Q3: \$201), which have been recognized into earnings during 2023, but for which the full requirements for entitlement to these rebates have not yet been met.

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

There is no inter-segment revenue. Unallocated items in the consolidated earnings before income taxes primarily include unrealized foreign exchange gains or losses, interest and finance costs and corporate overhead costs.

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

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17. SEGMENT INFORMATION (Continued)

Segment information about profits and assets is as follows:

	2023 Q3			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	\$ 567,056	\$ 142,564	\$	709,620
Operating costs and expenses	611,661	115,410	27,021	754,092
(Loss) earnings before income tax recovery	(44,605)	27,154	(27,021)	(44,472)
Total assets	1,965,158	488,371	309,243	2,762,772
Addition of capital expenditures	8,398	118	—	8,516
Addition of intangibles assets	3,402	—	—	3,402
Indefinite-life intangible assets	244,265	18,334	—	262,599
Goodwill	223,027	188,068	—	411,095

	2023 Q3 YTD			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	\$ 1,474,384	\$ 419,216	\$	1,893,600
Operating costs and expenses	1,600,524	342,221	105,404	2,048,149
(Loss) earnings before income tax (recovery) expense	(126,140)	76,995	(105,404)	(154,549)
Total assets	1,965,158	488,371	309,243	2,762,772
Addition of capital expenditures	16,297	295	—	16,592
Addition of intangibles assets	7,446	—	—	7,446
Indefinite-life intangible assets	244,265	18,334	—	262,599
Goodwill	223,027	188,068	—	411,095

	2022 Q3 restated (note 2.6)			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	\$ 395,984	\$ 118,063	—	\$ 514,047
Operating costs and expenses	461,443	106,184	(3,280)	564,347
(Loss) earnings before income tax (recovery) expense	(65,459)	11,879	3,280	(50,300)
Total assets	1,840,455	476,865	267,076	2,584,396
Addition of capital expenditures	6,182	17	—	6,199
Addition of intangibles assets	2,947	—	—	2,947
Indefinite-life intangible assets	241,210	17,845	—	259,055
Goodwill	318,752	185,221	—	503,973

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17. SEGMENT INFORMATION (Continued)

	2022 Q3 YTD restated (note 2.6)			
	Manufacturing Operations	Aftermarket Operations	Unallocated	Total
Revenue from external customers	\$ 1,006,396	\$ 364,933	—	\$ 1,371,329
Operating costs and expenses	1,205,312	316,568	9,893	1,531,773
(Loss) earnings before income tax (recovery) expense	(198,916)	48,365	(9,893)	(160,444)
Total assets	1,840,455	476,865	267,076	2,584,396
Addition of capital expenditures	13,349	3,290	—	16,639
Addition of intangibles assets	6,476	—	—	6,476
Indefinite-life intangible assets	241,210	17,845	—	259,055
Goodwill	318,752	185,221	—	503,973

The Company's revenue by geography is summarized below:

	2023 Q3	2022 Q3	2023 Q3 YTD	2022 Q3 YTD
North America	\$ 572,586	\$ 397,067	\$ 1,506,852	\$ 1,051,655
UK and Europe	125,606	97,158	359,191	275,628
Asia Pacific	11,428	19,822	27,557	44,046
Other	—	—	—	—
Total	\$ 709,620	\$ 514,047	\$ 1,893,600	\$ 1,371,329

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

	2023 Q3	2022 Q3	2023 Q3 YTD	2022 Q3 YTD
Transit buses	\$ 450,126	\$ 306,895	\$ 1,141,063	\$ 770,751
Motor coaches	96,321	76,460	269,160	198,508
Medium-duty and cutaway buses	12,687	4,480	36,254	18,975
Pre-owned coach	4,195	5,837	15,824	7,538
Infrastructure solutions	1,950	860	5,922	5,835
Fiberglass reinforced polymer components	1,777	1,452	6,161	4,789
Manufacturing revenue	\$ 567,056	\$ 395,984	\$ 1,474,384	\$ 1,006,396

18. COMMITMENTS AND CONTINGENCIES

- (a) In the normal course of business, the Company receives notice of potential legal proceedings or is named as a defendant in legal proceedings, including those that may be related to negligence, product liability, wrongful dismissal, contractual disputes or personal injury. Many claims are covered by the Company's insurance policies. Management does not currently expect any of the current claims to have a material adverse effect on the Company's financial position, results of operations or cash flows.
- (b) Through the normal course of operations, the Company has indemnified the surety companies providing surety bonds ("surety bond") required under various contracts with customers. In the event that the Company fails to perform under a contract and the surety companies incur a cost on a surety bond, the Company is obligated to repay the costs incurred in relation to the claim up to the value of the bond.

The Company's guarantee under each bond issued by the surety companies expires on completion of obligations under the customer contract to which the bond relates. The estimated maturity dates of the surety bonds outstanding at October 1, 2023 range from October 2023 to December 2039.

17. COMMITMENTS AND CONTINGENCIES (Continued)

At October 1, 2023, outstanding surety bonds guaranteed by the Company totaled \$322.4 million (January 1, 2023: \$375.6 million). The Company has not recorded any liability under these guarantees, as management believes that no material events of default exist under any contracts with customers.

- (c) The Company has a letter of credit sub-facility of \$150.0 million as part of the North American Facility (January 1, 2023: \$100.0 million). As at October 1, 2023, letters of credit totaling \$83.7 million (January 1, 2023: \$24.5 million) remain outstanding as security for contractual obligations of the Company under the North American Facility.

The EDC facility includes up to \$100 million of surety reinsurance support ("surety reinsurance support") for NFI's surety and performance bonding requirements ("bonding support facility"). The bonding support facility is made up of account performance security guarantee ("PSG") up to \$25 million and surety reinsurance support up to \$100 million.

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

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

As at October 1, 2023, there was \$68.2 million outstanding under the bonding support facility.

As at October 1, 2023, letters of credit in the UK totaling \$19.3 million were outstanding as security obligations of the Company outside of the UK facility (January 1, 2023: \$18.3 million). Additionally, there are \$45.8 million (January 1, 2023: \$25.3 million) of letters of credit outstanding outside of the UK Facility.

As at October 1, 2023, management believes that the Company was in compliance in all material respects with all applicable contractual obligations and the Company has not provided for any costs associated with these letters of credit.

- (d) Through the normal course of operations, the Company has guaranteed payments and residual values to third party lenders on behalf of customers. As at October 1, 2023, the Company had guaranteed \$2.5 million of these arrangements. The Company has not provided for any of these costs, as it does not believe they will have to pay out on any of these arrangements.

19. RESTRUCTURING

On July 27, 2020, the Company announced "NFI Forward", a transformational restructuring initiative to generate cost savings. These cost reduction initiatives are expected to come from a reduced number of business units, facility rationalization, reduced overhead and a more efficient and integrated company.

In July 2022, NFI launched a series of additional projects called "NFI Forward 2.0", that were expected to generate additional annualized Adjusted EBITDA^{NG} savings in 2023 and beyond. The initial project, which occurred during the third quarter of 2022, was the integration of NFI's Delaware parts distribution operations (a legacy parts warehouse that NFI acquired when it purchased NABI in 2013) into its existing NFI Parts[™] footprint by subleasing the facility to a third party.

After a detailed review of the Company's manufacturing footprint, the Company had originally planned to close the MCI coach manufacturing facility in Pembina, North Dakota, in the first half of 2023. In response to production delays in Crookston, Minnesota, driven by inability to hire and supply disruption that has created a build-up of WIP inventory and parts, NFI has decided to extend the use of the Pembina, North Dakota facility, with the new planned closure date being no later than two years from the originally planned closure of June 2023.

This extension of the closure date will defer the majority of the expected savings of NFI Forward 2.0, which was smaller in scale and financial impact when compared to the original NFI Forward initiatives, into 2025. The items included in net loss for NFI Forward and NFI Forward 2.0 are as follows:

NFI GROUP INC.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at October 1, 2023
(in thousands of U.S. dollars except per share figures)

19. RESTRUCTURING (Continued)

	2023 Q3	2022 Q3	2023 Q3 YTD	2022 Q3 YTD
Employee termination benefits	\$ —	\$ 632	\$ 1,749	\$ 676
Right-of-use asset and property, plant and equipment impairments	—	3,808	—	3,808
Pension liability	—	7,000	—	7,000
Other	—	1,595	51	1,647
Total restructuring costs	\$ —	\$ 13,035	\$ 1,800	\$ 13,131