



NFI Announces Third Quarter 2021 Results

November 3, 2021

All figures quoted in U.S. dollars unless otherwise noted:

2021 Q3 Performance highlights:

- Revenue of \$492 million with 752 equivalent units ("EUs") delivered.
- Adjusted EBITDA of \$31 million; Net Loss per Share of \$0.22 and Adjusted Loss Per Share of \$0.16.
- Ending liquidity position of \$320 million. Free Cash Flow of \$12 million.
- Ending total backlog position (both firm and options) of 8,103 EUs (valued at \$4 billion), with Active Bids up 10.9% from 2020 Q3. Highest number of submitted bid EUs since 2017 Q2, at 6,307 EUs.
- NFI advanced its zero-emission, battery- and fuel cell-electric bus ("ZEB") activity with 153 EUs delivered, 20% of 2021 Q3 deliveries. Remain on track for approximately 20% of 2021 total manufacturing sales to be ZEBs; ZEB backlog is now 1,696 EUs, or 21%, of total backlog.
- "NFI Forward", the Company's strategic cost reduction initiative, realized Adjusted EBITDA savings of \$16 million (\$59 million since inception), and a further \$6 million (\$8 million since inception) of Free Cash Flow savings.
- Reaffirm Fiscal 2021 Adjusted EBITDA revised guidance of \$165 million to \$195 million.⁽¹⁾

WINNIPEG, Manitoba, Nov. 03, 2021 (GLOBE NEWSWIRE) -- (TSX:NFI, OTC: NFIYF) NFI Group Inc. ("NFI" or the "Company"), a leader in zero-emission electric mobility solutions, today announced its unaudited interim condensed consolidated financial results for 2021 Q3.

Key financial metrics of the quarter are highlighted below:

Unaudited (in millions except deliveries and per Share amounts)	2021 Q3	Change ⁽²⁾	2021 Q3 LTM	Change ⁽²⁾
Deliveries (EUs)	752	(43) %	3,926	(21) %
IFRS Measures				
Revenue	\$ 492	(26) %	\$ 2,360	(10) %
Net earnings (loss)	(15)	38 %	3	102 %
Net earnings (loss) per Share	(0.22)	45 %	0.05	102 %
Non-IFRS Measures⁽³⁾				
Adjusted EBITDA	\$ 31	(49) %	\$ 203	3 %
Adjusted Net Earnings (Loss)	(11)	(298) %	12	154 %
Adjusted Earnings (Loss) per Share	(0.16)	(278) %	0.17	150 %
Free Cash Flow	12	(57) %	71	49 %
Liquidity	\$ 320	(18) %	\$ 320	(18) %

(1) See the related MD&A (as defined below) for further details on the Company's revised guidance.

(2) Results noted herein are for the 13-week period ("2021 Q3") and the 52-week period ("LTM 2021 Q3") ended September 26, 2021. The comparisons reported in this press release compare 2021 Q3 to the 13-week period ("2020 Q3") and LTM 2021 Q3 to the 52-week period ("LTM 2020 Q3") ended September 27, 2020. Comparisons and comments are also made to the 13-week period ("2021 Q2") ended June 27, 2021. Readers are advised to review the unaudited interim condensed consolidated financial statements (including notes) (the "Financial Statements") and the related Management's Discussion and Analysis (the "MD&A") that are available at the Company's website at: <https://www.nfigroup.com/investor-relations/performance-reports/> and under the Company's profile at www.sedar.com.

(3) Adjusted EBITDA, Adjusted Net Earnings (Loss), Adjusted Net Earnings (Loss) per Share and Free Cash Flow are not recognized earnings or cash flow measures and do not have standardized meanings prescribed by IFRS. Therefore, they may not be comparable to similar measures presented by other issuers. See "Non-IFRS Measures" and detailed reconciliations of IFRS Measures to Non-IFRS Measures in Appendix B of this press release.

"During the third quarter we continued to see strong bid activity and positive signs of market recovery in both public and private sectors that will drive backlog and revenue growth. In addition, the NFI Forward optimization initiative achieved milestones that have permanently reduced our fixed cost base and will lead to margin improvements and increased returns on invested capital as volumes recover in the second half of 2022 and beyond," said Paul Soubry, President and Chief Executive Officer, NFI.

"Our quarterly results were impacted by global supply chain and logistics challenges that combined with the ongoing COVID-19 pandemic to create significant bottlenecks and disruptions to our operations. In response to these issues, we made the prudent, albeit difficult, decision to reduce new vehicle input rates that resulted in the temporary idling of certain facilities and adjusted production rates in others.

"These actions will assist us in controlling costs, improving working capital and preserving cash flows until part supply availability and reliability improves. Our customers have continued to be very accommodating to both the realities of the pandemic and supply chain issues that have adjusted our production and delivery plans.

"Our banking partners have also been incredibly supportive in allowing us to focus on our long-term goals while managing near-term challenges. We are currently in ongoing discussions with these partners regarding additional financial and covenant flexibility for 2022, as we work through these most recent supply chain disruptions and other impacts of the COVID-19 pandemic. We remain very comfortable with our financial liquidity, which we expect to increase to over \$400 million by the end of the year.

"We continue to establish NFI as a global leader in the evolution to zero-emission transportation. This was most recently evident at the United Nations COP26 in Glasgow, Scotland, where our Alexander Dennis electric buses were showcased and provided transportation for dignitaries from around the world. Later this month, we will be presenting, for the first time ever, a complete line-up of 100% zero-emission vehicles at the American Public Transportation Association EXPO, North America's largest public transportation showcase, in Florida. Our Vehicle Innovation Center recently celebrated four years of transit innovation, and our electric vehicles have now collectively travelled over 50 million electric service miles - a huge milestone for NFI, our industry, and, most importantly, the environment.

"We have seen encouraging signs of market recovery driven by significant government support for zero-emission public transit funding in all of our core markets, and the sooner than expected return of private market travel and leisure. The long-term outlook for our business continues to strengthen and we remain confident in our ability to deliver on our target of \$400 to \$450 million of Adjusted EBITDA by 2025. I am incredibly proud of our people, who remain focused on safety and flexibility in supporting each other and our customers as we manage through the incredibly disruptive near-term challenges and as we prepare for a stronger, greener future." Soubry concluded.

Segment Results

The third quarter of 2021 was materially impacted by global supply chain disruptions that caused a rapid deterioration in the availability of critical parts, components and chassis, negatively impacting NFI's 2021 Q3 production. The ongoing COVID-19 pandemic also continued to impact manufacturing and aftermarket operations including delays to new customer orders and awards, similar to the delays experienced in 2020 and the first half of 2021. The impact of these delays combined with supply chain challenges is anticipated to continue to impact NFI's operations throughout the first half of 2022.

Manufacturing segment revenue for 2021 Q3 decreased by \$192 million, or 34%, compared to 2020 Q3. The decrease was driven by reduced production rates as the Company worked to manage through the ongoing COVID-19 pandemic and the impact it continues to have on the Company's end customer. 2021 Q3 Manufacturing Adjusted EBITDA decreased by \$42 million, or 95%, compared to 2020 Q3, driven by lower new vehicle deliveries and variable production commodity cost inflation. The decrease in Adjusted EBITDA was partially offset by savings generated by NFI Forward and government grants received to assist with the retention of skilled personnel.

Quarterly Infrastructure Solutions™ revenue grew by 10%, on a year-over-year basis. The Company has completed ZEB charging Infrastructure Solutions™ projects in nine cities in fiscal 2021 and currently has projects in-progress in a further 19 cities.

Aftermarket segment revenue was \$118 million in 2021 Q3, with 21% year-over-year growth. The growth was driven by increased volumes in all geographic regions, even as operations were impacted by the COVID-19 pandemic and supply chain disruptions. NFI achieved record Adjusted EBITDA in the Aftermarket business segment for the second consecutive quarter, reaching \$26 million, which equates to a \$10 million, or 57%, year-over-year increase, due to increased sales, a favourable product mix and NFI Forward cost reductions.

Net Earnings and Adjusted Net Earnings

2021 Q3 net loss of \$15 million decreased by \$10 million from 2020 Q3. Although the Company experienced lower new vehicle deliveries, as well as continuing supply chain challenges and associated costs, this was offset by lower restructuring and COVID-19 related costs. In addition, the third quarter saw record Adjusted EBITDA in the Aftermarket business segment, increased sales from the Company's Infrastructure Solutions™ division, savings generated by NFI Forward, the receipt of government grants, and higher income tax recoveries.

2021 Q3 Adjusted Net Loss of \$11 million increased by \$17 million compared to 2020 Q3. The increase in Adjusted Net Loss was driven by lower new vehicle deliveries as a result of the aforementioned COVID-19 impacts on the Company's end markets and supply chain challenges.

Liquidity

The Company's liquidity position, which combines cash on-hand plus available capacity under its credit facilities as at September 26, 2021, was \$320 million, down \$69 million from 2021 Q2. The Company anticipates strong cash flow generation in 2021 Q4 with expectations for year-ending liquidity of more than \$400 million.

Outlook

The Company expects to see improvements in its financial results in the second half of 2022 and beyond as markets recover, as global supply chains recover, as the Company capitalizes on government investments, and as the NFI Forward initiative continues to deliver improvements to operating

metrics.

Year-over-year, Active Bids in the Company's North American Public Bid Universe are up 10.9% and in 2021 Q3, the Company submitted its highest number of bids since 2017 Q2, for 6,307 EUs. Management expects Active Bids will continue to remain high throughout 2021 and into 2022 as markets recover from the COVID-19 pandemic and new government funding begins to reach transit agencies. This increase in activity is expected to drive backlog and revenue growth and follows a slower period, in 2019 and 2020, when many transit agencies delayed or deferred new procurements as they evaluated ZEB fleet plans and managed through the COVID-19 pandemic.

NFI projects a growing adoption of ZEBs over the next 10 to 15 years as operators in North America, the UK, Europe and Asia Pacific markets transition their fleets to zero-emission. Management believes that NFI is well-positioned to capitalize on this long-term transition to ZEBs based on its current leadership position in core markets, broad product offering, historic experience, and deep customer relationships. The Company continues to expect that approximately 20% of NFI's 2021 manufacturing sales will be battery-electric and hydrogen fuel-cell buses, growing to approximately 40% of manufacturing sales by 2025.

Financial Outlook

On September 17, 2021, the Company announced that, due to the impact of escalating supply chain disruptions and logistics delays resulting from the ongoing COVID-19 pandemic, it was lowering its financial guidance for 2021.

The Company reaffirms its Fiscal 2021 Adjusted EBITDA revised guidance range of \$165 million to \$195 million.

Management cautions readers that NFI's quarterly and annual results have an element of seasonality due to the nature of each unique market segment and the varied annual production schedule of each production facility. Management expects lower Adjusted EBITDA in 2021 Q4 on a year-over-year basis, as compared to the same period in 2020. Management also reminds readers that, for 2021, NFI's first, second and third quarters are 13-week periods, while the fourth quarter is a 14-week period, making a 53-week fiscal year.

The Company expects to see improvement in its financial results in the second half of 2022 and beyond and reaffirms its 2025 target Adjusted EBITDA guidance range of \$400 million to \$450 million. Please review the Company's SEDAR filings for details on the assumptions that drive Fiscal 2021 guidance and 2025 targets.

Third Quarter 2021 Results Conference Call

A conference call for analysts and interested listeners will be held on Wednesday, November 3, 2021 at 8:00 a.m. Eastern Time (ET). A live webcast of the call and presentation will be available at: <https://edge.media-server.com/mmc/p/7tqjksxw>. For those who prefer to dial-in, the number is 661-567-1097 or 833-562-0121, passcode number 5466715. An accompanying results presentation will be available prior to the call at: <https://www.nfigroup.com/investor-relations/events-presentations/>

A replay of the call will be accessible from 11:00 a.m. ET on November 3, 2021 until 11:59 p.m. ET on November 2, 2022 at <https://edge.media-server.com/mmc/p/7tqjksxw>. The replay will also be available on NFI's website at: <https://www.nfigroup.com>.

About NFI Group

Leveraging 450 years of combined experience, NFI is leading the electrification of mass mobility around the world. With zero-emission buses and coaches, infrastructure, and technology, NFI meets today's urban demands for scalable smart mobility solutions. Together, NFI is enabling more livable cities through connected, clean, and sustainable transportation.

With 8,000 team members in nine countries, NFI is a leading global bus manufacturer of mass mobility solutions under the brands **New Flyer**[®] (heavy-duty transit buses), **MCI**[®] (motor coaches), **Alexander Dennis Limited** (single and double-deck buses), **Plaxton** (motor coaches), **ARBOC**[®] (low-floor cutaway and medium-duty buses), and **NFI Parts**[™]. NFI currently offers the widest range of sustainable drive systems available, including zero-emission electric (trolley, battery, and fuel cell), natural gas, electric hybrid, and clean diesel. In total, NFI supports its installed base of over 105,000 buses and coaches around the world.

NFI Shares are traded on the Toronto Stock Exchange under the symbol NFI. Further information is available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, www.alexander-dennis.com, www.nfi.parts, and www.carfaircomposites.com.

For investor inquiries, please contact:

Stephen King

P: 204.224.6382

Stephen.King@nfigroup.com

Appendix A - Reconciliation Tables

Reconciliation of Net Earnings (Loss) to Adjusted EBITDA

Management believes that Adjusted EBITDA is an important measure in evaluating the historical operating performance of the Company. However, Adjusted EBITDA is not a recognized earnings measure under International Financial Reporting Standards ("IFRS") and does not have a standardized meaning prescribed by IFRS. Accordingly, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with IFRS as an indicator of the Company's performance. See "Non-IFRS Measures" for the definition of Adjusted EBITDA. The following table reconciles net earnings (loss) to Adjusted EBITDA based on the historical Financial Statements of the Company for the periods indicated.

(U.S. dollars in thousands) - unaudited		52-Weeks Ended September 26, 2021	52-Weeks Ended September 27, 2020
2021 Q3	2020 Q3		

Net (loss) earnings	\$	(15,415)	\$	(24,912)	\$	2,672	\$	(132,072)
Addback ⁽¹⁾								
Income taxes		(5,004)		(3,014)		23,609		14,775
Interest expense ⁽¹²⁾		15,624		15,273		54,248		80,598
Amortization		23,970		26,374		98,163		115,793
Loss (gain) on disposition of property, plant and equipment		642		(191)		41		253
Fair value adjustment for total return swap ⁽⁵⁾		736		7		(1,550)		1,975
Unrealized foreign exchange loss (gain) on non-current monetary items and forward foreign exchange contracts		1,356		(3,609)		2,755		(7,455)
Costs associated with assessing strategic and corporate initiatives ⁽²⁾		—		—		165		615
Past service costs and other pension costs (recovery) ⁽⁷⁾		—		—		7		(345)
Non-recurring costs (recoveries) relating to business acquisition		—		—		—		360
Fair value adjustment to acquired subsidiary company's inventory and deferred revenue ⁽⁴⁾		—		—		—		2,156
Proportion of the total return swap realized ⁽⁶⁾		(653)		303		526		(1,369)
Equity settled stock-based compensation		293		597		2,053		1,599
Unrecoverable insurance costs ⁽⁸⁾		—		—		718		—
Prior year sales tax provision ⁽⁹⁾		—		233		77		447
Extraordinary COVID-19 costs ⁽¹⁰⁾		279		24,392		6,446		41,949
Impairment loss on goodwill ⁽¹¹⁾		—		—		—		50,790
Non-recurring restructuring costs ⁽³⁾		9,502		25,432		13,053		26,529
Adjusted EBITDA ⁽¹⁾	\$	31,330	\$	60,885	\$	202,983	\$	196,598
Adjusted EBITDA is comprised of:								
Manufacturing	\$	2,197	\$	44,615	\$	113,628	\$	133,413
Aftermarket		26,169		16,650		90,689		68,058
Corporate		2,964		(380)		(1,334)		(4,873)

- Adjusted EBITDA is not a recognized earnings measure and does not have standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Definitions of Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings (Loss) and Adjusted Earnings (Loss) per Share" in Appendix B. Management believes that Adjusted EBITDA is a useful supplemental measure in evaluating performance of the Company.
- Normalized to exclude non-recurring expenses and recoveries related to the costs of assessing strategic and corporate initiatives.
- Normalized to exclude non-recurring restructuring costs. The 2021 Q3 costs primarily relate to severance costs and asset impairments associated with the NFI Forward restructuring initiative.
- The revaluation of ADL's inventory included an adjustment of \$2.2 million in 2020 Q3 LTM. These revaluation adjustments relate to purchase accounting as a result of the related acquisition.
- The fair value adjustment of the total return swap is a non-cash (gain) loss that is excluded from the definition of Adjusted EBITDA.
- A portion of the fair value adjustment of the total return swap is added to Adjusted EBITDA and Free Cash Flow to match the equivalent portion of the related deferred compensation expense recognized.
- Costs and recoveries associated with amendments to, and closures of, the Company's pension plans.
- Normalized to exclude non-recurring costs related to an insurance event that are not recoverable.
- Provision for sales taxes as a result of an ongoing state sales tax review.
- Normalized to exclude non-recurring COVID-19 related costs. Costs primarily relate to asset impairments and miscellaneous operating costs associated with COVID-19. Asset impairments are primarily attributable to pre-owned coach inventory. Management will continue to assess the costs for COVID-19 and will make an assessment of whether they are deemed in fact to be one time and non-recurring. As more information becomes available, management may change its assessment.
- Impairment charge with respect to MCI's goodwill.
- Includes fair market value adjustments to interest rate swaps. 2021 Q3 includes a gain of \$1.8 million and 2020 Q3 includes a gain of \$2.8 million. 2021 Q3 YTD includes a gain of \$13.3 million and 2020 Q3 YTD includes a loss of \$21.0 million.

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

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

(U.S. dollars in thousands, except per Share figures) - unaudited				52-Weeks Ended September 26, 2021	52-Weeks Ended September 27, 2020
	2021 Q3	2020 Q3			
Net (loss) earnings	(15,415)	(24,912)		2,672	(132,074)
Adjustments, net of tax ^{(1) (8)}					
Fair value adjustments of total return swap ⁽⁵⁾	334	4		(1,078)	1,319
Unrealized foreign exchange loss (gain)	617	(2,489)		493	(4,993)
Unrealized (gain) loss on interest rate swap	(815)	(1,902)		(8,319)	11,361
Impairment loss on goodwill ⁽¹¹⁾	—	—		—	50,790
Portion of the total return swap realized ⁽⁶⁾	(297)	209		391	(914)
Costs associated with assessing strategic and corporate initiatives ⁽²⁾	—	—		165	615
Fair value adjustment to acquired subsidiary company's inventory and deferred revenue ⁽⁴⁾	—	—		—	707
Equity settled stock-based compensation	133	412		1,076	1,033
Loss (gain) on disposition of property, plant and equipment	293	(131)		(42)	171
Past service costs and other pension costs (recovery) ⁽⁷⁾	—	—		4	(215)
Unrecoverable insurance costs ⁽¹⁴⁾	—	—		327	—
Recovery on currency transactions ⁽⁹⁾	—	—		—	80
Prior year sales tax provision ⁽¹⁰⁾	—	160		44	203
Other tax adjustments ⁽¹³⁾	(616)	—		5,502	3,167
Extraordinary COVID-19 costs ⁽¹²⁾	127	16,831		4,205	28,945
Non-recurring restructuring costs ⁽³⁾	4,323	17,546		6,178	18,514
Adjusted Net Earnings (Loss)	\$ (11,316)	5,728	\$	11,618	(21,291)
Net Earnings (Loss) per Share (basic)	\$ (0.22)	\$ (0.40)	\$	0.05	\$ (2.11)
Net Earnings (Loss) per Share (fully diluted)	\$ (0.22)	\$ (0.40)	\$	0.05	\$ (2.11)
Adjusted Earnings (Loss) per Share (basic)	\$ (0.16)	\$ 0.09	\$	0.17	\$ (0.34)
Adjusted Earnings (Loss) per Share (fully diluted)	\$ (0.16)	\$ 0.09	\$	0.17	\$ (0.34)

1. Addback items are derived from the historical Financial Statements of the Company.
2. Normalized to exclude non-recurring expenses related to the costs of assessing strategic and corporate initiatives.
3. Normalized to exclude non-recurring restructuring costs. Costs primarily relate to severance costs, right-of-use asset impairments and inventory impairments associated with NFI Forward restructuring initiatives.
4. Revaluation of ADL's inventory. These revaluation adjustments relate to purchase accounting as a result of the related acquisition.
5. The fair value adjustment of the total return swap is a non-cash (gain) loss that is excluded from the definition of Adjusted Net Earnings (Loss).
6. A portion of the fair value adjustment of the total return swap is excluded from Adjusted Net Earnings (Loss) to match the equivalent portion of the related deferred compensation expense recognized.
7. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans.
8. For 2021, the Company has utilized a rate of 54.5% to tax effect the adjustments. A rate of 31.0% has been used to tax effect the adjustments for all other periods.
9. Recovery of prior period banking fees related to foreign exchange transactions.
10. Provision for sales taxes as a result of an ongoing state tax review.

11. Impairment charge with respect to MCI's goodwill.
12. Normalized to exclude non-recurring COVID-19 related costs. COVID-19 costs in 2021 primarily relate to the purchase of personal protective equipment and plant sanitation activities. Management will continue to assess the costs for COVID-19 and will make an assessment of whether they are deemed in fact to be one-time and non-recurring. As more information becomes available, management may change its assessment.
13. Includes the impact of changes in deferred tax balances as a result of substantively enacted tax rate changes. The 2021 amounts include the impact of the revaluation of deferred tax balances due to the increase in the UK corporate tax rate from 19% to 25% in 2021 Q2. The 2020 amounts result from the reversal of previously enacted UK tax rate decline in 2020 Q2.
14. Normalized to exclude non-recurring costs related to an insurance event that are not recoverable.

Appendix B - Non-IFRS Measures

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

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

References to "ROIC" are to net operating profit after taxes (calculated as Adjusted EBITDA less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%) divided by average invested capital for the last twelve month period (calculated as to shareholders' equity plus long-term debt, obligations under leases, other long-term liabilities and derivative financial instrument liabilities less cash).

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

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

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

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

References to NFI's geographic regions for the purpose of reporting global revenues are as follows: "North America" refers to Canada, United States, and Mexico; United Kingdom and Europe refer to the United Kingdom and Europe; "Asia Pacific" or "APAC" refers to Hong Kong, Malaysia, Singapore, Australia, and New Zealand; and the "Other" category includes any sales that do not fall into the categories above.

Forward-Looking Statements

This press release contains "forward-looking information" and "forward-looking statements", within the meaning of applicable Canadian securities laws, which reflect the expectations of management regarding the Company's future growth, financial performance and objectives and the Company's strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic and supply chain disruptions. The words "believes", "views", "anticipates", "plans", "expects", "intends", "projects", "forecasts", "estimates", "guidance", "goals", "objectives" and "targets" and similar 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

(including the temporary nature of the supply chain disruptions, the recovery of the Company's markets and the expected benefits to be obtained through its "NFI Forward" initiative) and the Company's financial and operating performance and speak only as of the date of this press release. By their very nature, forward-looking statements require management to make assumptions and involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and give rise to the possibility that management's predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the assumptions may not be correct and that the Company's future growth, financial performance and objectives and the Company's strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic and supply chain disruptions, will not occur or be achieved.

A number of factors that may cause actual results to differ materially from the results discussed in the forward-looking statements include: the Company's business, operating results, financial condition and liquidity may be materially adversely impacted by the ongoing COVID-19 pandemic and supply chain disruptions; funding may not continue to be available to the Company's customers at current levels or at all; the Company's business is affected by economic factors and adverse developments in economic conditions which could have an adverse effect on the demand for the Company's products and the results of its operations; currency fluctuations could adversely affect the Company's financial results or competitive position; interest rates could change substantially, materially impacting the Company's revenue and profitability; an active, liquid trading market for the Shares may cease to exist, which may limit the ability of shareholders to trade Shares; the market price for the Shares may be volatile; if securities or industry analysts do not publish research or reports about the Company and its business, if they adversely change their recommendations regarding the Shares or if the Company's results of operations do not meet their expectations, the Share price and trading volume could decline; in addition, if securities or industry analysts publish inaccurate or unfavorable research about the Company or its business, the Share price and trading volume of the Shares could decline; competition in the industry and entrance of new competitors; current requirements under "Buy America" regulations may change and/or become more onerous or suppliers' "Buy America" content may change; failure of the Company to comply with the U.S. Disadvantaged Business Enterprise ("DBE") program requirements or the failure to have its DBE goals approved by the U.S. Federal Transit Administration; absence of fixed term customer contracts, exercise of options and customer suspension or termination for convenience; local content bidding preferences in the United States may create a competitive disadvantage; uncertainty resulting from the exit of the UK from the European Union; requirements under Canadian content policies may change and/or become more onerous; operational risk resulting from inadequate or failed internal processes, people and/or systems or from external events, including fiduciary breaches, regulatory compliance failures, legal disputes, business disruption, pandemics, floods, technology failures, processing errors, business integration, damage to physical assets, employee safety and insurance coverage; international operations subject the Company to additional risks and costs and may cause profitability to decline; compliance with international trade regulations, tariffs and duties; dependence on limited sources or unique sources of supply; a disruption of the supply of components containing microprocessors and other computer chips could materially adversely affect the production and sale of the Company's vehicles and certain other products; dependence on supply of engines that comply with emission regulations; a disruption, termination or alteration of the supply of vehicle chassis or other critical components from third-party suppliers could materially adversely affect the sales of certain of the Company's products; the Company's profitability can be adversely affected by increases in raw material and component costs; the Company may incur material losses and costs as a result of product warranty costs, recalls and remediation of transit buses and motor coaches; production delays may result in liquidated damages under the Company's contracts with its customers; catastrophic events may lead to production curtailments or shutdowns; the Company may not be able to successfully renegotiate collective bargaining agreements when they expire and may be adversely affected by labour disruptions and shortages of labour; the Company's operations are subject to risks and hazards that may result in monetary losses and liabilities not covered by insurance or which exceed its insurance coverage; the Company may be adversely affected by rising insurance costs; the Company may not be able to maintain performance bonds or letters of credit required by its contracts or obtain performance bonds and letters of credit required for new contracts; the Company is subject to litigation in the ordinary course of business and may incur material losses and costs as a result of product liability claims; the Company may have difficulty selling pre-owned coaches and realizing expected resale values; the Company may incur costs in connection with regulations relating to axle weight restrictions and vehicle lengths; the Company may be subject to claims and liabilities under environmental, health and safety laws; dependence on management information systems and cyber security risks; the Company's ability to execute its strategy and conduct operations is dependent upon its ability to attract, train and retain qualified personnel, including its ability to retain and attract executives, senior management and key employees; the Company may be exposed to liabilities under applicable anti-corruption laws and any determination that it violated these laws could have a material adverse effect on its business; the Company's risk management policies and procedures may not be fully effective in achieving their intended purposes; internal controls over financial reporting, no matter how well designed, have inherent limitations; 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; ability to successfully execute strategic plans and maintain profitability; development of competitive or disruptive products, services or technology; development and testing of new products or model variants; acquisition risk; reliance on third-party manufacturers; third-party distribution/dealer agreements; availability to the Company of future financing; the Company may not be able to generate the necessary amount of cash to service its existing debt, which may require the Company to refinance its debt; the restrictive covenants in the Company's credit facilities could impact the Company's business and affect its ability to pursue its business strategies; payment of dividends is not guaranteed; a significant amount of the Company's cash is distributed, which may restrict potential growth; NFI is dependent on its subsidiaries for all cash available for distributions; future sales or the possibility of future sales of a substantial number of Shares may impact the price of the Shares and could result in dilution; if the Company is required to write down goodwill or other intangible assets, its financial condition and operating results would be negatively affected; income tax risk resulting from the Company's operations being complex and income tax interpretations, regulations and legislation that pertain to its activities are subject to continual change; investment eligibility and Canadian federal income tax risks; certain U.S. tax rules may limit the ability of New Flyer Holdings, Inc. and its U.S. subsidiaries (the "NF Group") to deduct interest expense for U.S. federal income tax purposes and may increase the NF Group's tax liability.

Factors relating to the global COVID-19 pandemic include: the magnitude and duration of the global, national and regional economic and social disruption being caused as a result of the pandemic; the impact of national, regional and local governmental laws, regulations and "shelter in place" or similar orders relating to the pandemic which may materially adversely impact the Company's ability to continue operations; partial or complete closures of one, more or all of the Company's facilities and work locations or the reduction of production rates (including due to government mandates and to protect the health and safety of the Company's employees or as a result of employees being unable to come to work due to COVID-19 infections with respect to them or their family members or having to isolate or quarantine as a result of coming into contact with infected individuals); production rates may be further decreased as a result of the pandemic; ongoing and future supply delays and shortages of parts and components, and shipping and freight delays, and disruption to labour supply as a result of the pandemic; the pandemic will likely adversely affect operations of suppliers and customers, and reduce and delay, for an unknown period, customers' purchases of the Company's products; the anticipated recovery of the Company's markets in the future may be delayed or increase in demand may be lower than expected as a result of the continuing effects of the pandemic; the Company's ability to obtain access to additional capital if required; and the Company's financial performance and condition, obligations, cash flow and liquidity and its ability to maintain compliance with the covenants under its credit facilities, which may also negatively impact the ability of

the Company to pay dividends. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period, obtain future satisfactory covenant relief under its credit facilities, or access to additional capital or access to government financial support or as to when production operations will return to previous production rates. There is also no assurance that governments will provide continued or adequate stimulus funding during or after the pandemic for public transit agencies to purchase transit vehicles or that public or private demand for the Company's vehicles will return to pre-pandemic levels in the anticipated period of time. The Company cautions that due to the dynamic, fluid and highly unpredictable nature of the pandemic and its impact on global and local economies, supply chains, businesses and individuals, it is impossible to predict the severity of the impact on the Company's business, operating performance, financial condition and ability to generate sufficient cash flow and maintain adequate liquidity and any material adverse effects could very well be rapid, unexpected and may continue for an extended and unknown period of time.

Factors relating to the Company's "NFI Forward" initiative include: the Company's ability to successfully execute the initiative and to generate the planned savings in the expected time frame or at all; management may have overestimated the amount of savings and production efficiencies that can be generated or may have underestimated the amount of costs to be expended; the implementation of the initiative may take longer than planned to achieve the expected savings; further restructuring and cost-cutting may be required in order to achieve the objectives of the initiative; the estimated amount of savings generated under the initiative may not be sufficient to achieve the planned benefits; combining business units and/or reducing the number of production or parts facilities may not achieve the efficiencies anticipated; and the impact of the continuing global COVID-19 pandemic. There can be no assurance that the Company will be able to achieve the anticipated financial and operational benefits, cost savings or other benefits of the initiative.

Factors relating to the Company's financial guidance disclosed in this press release (the "Guidance") include, in addition to the factors set out above, the degree to which actual future events accord with, or vary from, the expectations of, and assumptions used by, NFI's management in preparing the Guidance and the Company's ability to successfully execute the "NFI Forward" initiative and to generate the planned savings in the expected time frame or at all.

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, 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. Specific reference is made to "Risk Factors" in the 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. The forward-looking statements and information contained herein are made as of the date of this press release (or as otherwise indicated) and, except as required by law, the Company does not undertake to update any forward-looking statement or information, whether written or oral, that may be made from time to time by the Company or on its behalf. The Company provides no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers and investors should not place undue reliance on forward-looking statements and information.