NFI Announces Fourth Quarter and Full Year 2021 Results and 2022 Guidance

March 10, 2022

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

Performance Highlights:

- **2021 Q4 revenue of $695 million; 1,087 equivalent units ("EUs") delivered, with 31% coming from battery- and fuel cell-electric vehicles ("ZEBs"). Full year sales of $2.3 billion; 3,783 EUs delivered, with 18% ZEBs.**
- **2021 Q4 Adjusted EBITDA(2) of $26 million; Net Loss per Share of $0.12 and Adjusted Net Loss per Share(2) of $0.21. Full year Adjusted EBITDA(2) of $164 million; Net Loss per Share of $0.21 and Adjusted Net Loss Per Share(2) of $0.17.**
- **Ending liquidity(2) position of $794 million. Raised C$738 million in debt and equity in 2021.**
- **Ending total backlog position (both firm and options) of 8,448 EUs (valued at $4.5 billion(2)), with active public bid universe up 70% year-over-year. ZEB backlog now 1,414 EUs, or 17%, of total backlog.**
- **In Fiscal 2021, "NFI Forward", the Company's strategic cost reduction and sourcing initiative, realized Adjusted EBITDA savings of $55 million, and a further $10 million of Free Cash Flow(2) savings.**
- **Announced financial guidance for 2022, including Adjusted EBITDA(2) range of $100 million to $130 million. NFI reaffirms 2025 revenue, Adjusted EBITDA and ROIC(2) targets.**
- **Reflecting supply chain disruption, announced a reduction of quarterly dividend, to $0.0531 per Share, with an opportunity for a subsequent increase based on improved financial performance in 2023.**

WINNIPEG, Manitoba, March 10, 2022 (GLOBE NEWSWIRE) -- **(TSX: NFI, OTC: NFYEF, TSX: NFI.DB)** NFI Group Inc. ("NFI" or the "Company"), a leader in zero-emission electric mobility solutions, today announced its audited consolidated financial results for Fiscal 2021.

Key financial metrics of the quarter and Fiscal 2021 are highlighted below:

in millions except deliveries and per Share amounts. Quarterly unaudited		2021 Q4	Change(1)		Fiscal 2021	Change(1)
Deliveries (EUs)		1,087	*(12)%*		3,783	*(13)%*
IFRS Measures						
Revenue	$	695	*(2)%*	$	2,344	*(3)%*
Net earnings (loss)		(9)	*(203)%*		(14)	*91 %*
Net earnings (loss) per Share		(0.12)	*(186)%*		(0.21)	*92 %*
Non-IFRS Measures(2)						
Adjusted EBITDA	$	26	*(60)%*	$	164	*4 %*
Adjusted Net Earnings (Loss)		(16)	*(290)%*		(12)	*72 %*
Adjusted Earnings (Loss) per Share		(0.21)	*(262)%*		(0.17)	*76 %*
Free Cash Flow		(19)	*(165)%*		23	*(21)%*
Liquidity	$	794	*144 %*	$	794	*144 %*

(1) Results noted herein are for the 14-week period ("2021 Q4") and the 53-week period ("Fiscal 2021") ended January 2, 2022. The comparisons reported in this press release compare 2021 Q4 to the 13-week period ("2020 Q4") and Fiscal 2021 to the 52-week period ("Fiscal 2020") ended December 27, 2020. Comparisons and comments are also made to the 13-week period ("2021 Q3") ended September 27, 2021.

(2) Adjusted EBITDA, Adjusted Net Earnings (loss), and Free Cash Flow represent non-IFRS measures, Adjusted Net Earnings (loss) per Share and Return on Invested Capital (ROIC) are non-IFRS ratios, and Liquidity and Backlog are supplementary financial measures. Such measures and ratios are not defined terms under IFRS and do not have standard meanings, so they may not be a reliable way to compare NFI to other companies. Adjusted Net Earnings (loss) per Share is based on the non-IFRS measure Adjusted Net Earnings (Loss). ROIC is based on net operating profit after tax and average invested capital, both of which are non-IFRS measures. See

"Non-IFRS Measures" and detailed reconciliations of IFRS Measures to Non-IFRS Measures in Appendix B of this press release. Readers are advised to review the audited consolidated financial statements (including notes) (the "Financial Statements") and the related Management's Discussion and Analysis (the "MD&A") that are available at the Company's website at www.nfigroup.com and under the Company's profile at www.sedar.com.

"In Fiscal 2021 we achieved several milestones, including the launch of six new battery-electric vehicles, a 70% increase in zero-emission bus deliveries, entry into new geographic regions, and enhanced competitiveness through the continued execution of our strategic NFI Forward cost-reduction initiative. Countering the numerous positives was the ongoing COVID-19 pandemic and an extremely challenging and escalating global supply chain environment that continues to put pressure on our operations and financial performance," said Paul Soubry, President and Chief Executive Officer, NFI.

"In response to these challenges, we focused on employee safety, strategically managing production rates to avoid a build up of work-in-progress inventory, and drilled deep into our supply chain to source individual parts or find alternative sources of supply. We also strengthened our balance sheet in 2021 and generated significant financial flexibility through C$738 million in debt and equity fundraises.

"We are extremely encouraged by the growing volume of active bids we saw during the second half of 2021 in both North American and international markets. In North America, active bids are up 70% year-over-year, and, in the third quarter of 2021, NFI submitted bids for 6,307 equivalent units, the highest number of submissions since the second quarter of 2017. This trend continued in the fourth quarter of 2021 with a 36% year-over-year improvement in bid submissions. We expect the number of opportunities available to us will continue to be high throughout 2022 as markets recover from the pandemic and new government funding is available to transit agencies, all of which are expected to grow backlog and revenue.

"In the near-term, our global supply chain remains highly volatile and unpredictable and we have not yet seen improvement on key parts. Recently, we were informed of a fire at a sub-supplier to our primary North American battery supplier. This additional disruption is particularly painful, as it impacts higher dollar margin buses. We are working closely with the affected supplier on its recovery plan, and we are also finalizing work started in 2020 to commence deliveries of next generation batteries from a second battery supplier in the fourth quarter of 2022. We will continue to provide updates on the supply chain each quarter, but, at this stage, we anticipate that supply chain challenges will remain a significant factor throughout 2022 and have taken the prudent approach to adjust our production ramp-up accordingly.

"With our recent contract wins, strong backlog and expected new orders, we do plan a more significant ramp-up in both production and volume deliveries in 2023 as supply challenges are expected to ease. The long-term outlook for the industry and the Company remains strong, with government support—the key driver for transit procurements—at an all-time high, with billions of dollars committed for long-term, multi-year fleet investments and the transition to zero-emission, battery-electric vehicles, where NFI has had a very successful win rate. These investments, along with ridership recovery in public and private markets, underpin our expectation for significant financial improvement from 2023 through 2025, with growth in revenue, margin and returns on invested capital," Soubry concluded.

Segment Results

Manufacturing segment revenue for 2021 Q4 decreased by $31 million, or 5%, compared to 2020 Q4. The decrease was primarily due to reduced production rates and operational inefficiencies resulting from supply shortages and absenteeism relating to COVID-19. Government wage subsidy grants, which were received to assist with the retention of skilled personnel, decreased by $10 million in 2021 Q4 compared to the same period in 2020, also contributing to lower Manufacturing Adjusted EBITDA. The decrease in Adjusted EBITDA was partially offset by savings generated by NFI Forward.

During 2021, NFI delivered 661 battery-electric and fuel-cell electric vehicles, representing 18% of total deliveries, up from 9% in 2020. In addition, NFI recorded $18 million in revenue from its Infrastructure Solutions™ business that sources and installs the installation of electric charging infrastructure for transit agencies. The Company has completed ZEB charging Infrastructure Solutions™ projects for 39 different customers to date.

Aftermarket segment revenue was $118 million in 2021 Q4, with 13% year-over-year growth, despite operations also being impacted by severe supply chain disruptions. The increase was driven by increased volumes in all geographic regions, with significant benefit from a multi-year retrofit program in the Asia-Pacific region that began in 2020 Q4 and continued in Fiscal 2021; this retrofit program is expected to continue throughout Fiscal 2022, but at lower run rates compared to Fiscal 2021. 2021 Q4 Aftermarket Adjusted EBITDA reached $25 million, an $8 million, or 47%, year-over-year increase. The improved results were due to increased sales volumes, a favourable product mix, and NFI Forward cost reductions.

Net Earnings, Adjusted Net Earnings and Return on Invested Capital

2021 Q4 Adjusted Net Loss of $16 million increased by $24 million compared to 2020 Q4. The increase in Adjusted Net Loss was driven by lower new vehicle deliveries and continuing supply chain challenges and associated costs. In addition, the Company received less government wage subsidy grants. Fiscal 2021 Adjusted Net Loss of $12 million decreased by $31 million from Fiscal 2020, as Fiscal 2020 included the idling of nearly all production facilities in 2020 Q2 which resulted in 2020 Q2 Adjusted Net Losses of $57 million.

2021 Q4 net loss of $9 million increased by $17 million from 2020 Q4, primarily due to the reasons noted above, as well as a higher unrealized foreign exchange loss. 2021 Q4 saw near-record net earnings in the Aftermarket business segment, increased sales from the Company's Infrastructure Solutions™ division, and $15 million in savings generated by NFI Forward. The net loss was also partially offset by lower interest and finance costs, primarily due to fair market value gains on the interest rate swaps and the cash conversion option from the convertible unsecured debentures (the "Debentures"), income tax recoveries and lower restructuring and COVID-19 related costs. For Fiscal 2021, the Company reported a net loss of $14 million, as compared to a net loss of $158 million for Fiscal 2020. The year-over-year improvement was driven by a one-time impairment loss on MCI goodwill in Fiscal 2020, lower interest and finance costs, lower income tax expenses, lower non-operating restructuring charges associated with the NFI Forward initiative, and lower COVID-19 related costs.

LTM 2021 Q4 ROIC increased by 0.5% from LTM 2020 Q4 to 3.6%, due to the increase in Adjusted EBITDA and a lower invested capital base. The decrease in invested capital is primarily due to repayments of long-term debt and fair market value adjustments on the interest rate swaps that reduced the associated liability, partially offset by the issuance of new shares and Debentures.

Liquidity

The Company's liquidity position, which combines cash on-hand plus available capacity under its credit facilities, was $794 million as at the end of 2021 Q4, up $474 million from the end of 2021 Q3, primarily due to the partial repayment of debt owed under the Company's credit facilities with proceeds generated by the equity and Debenture offering completed in December 2021.

The Company has a covenant waiver in place for its Total Leverage Ratio ("TLR") (which measures total leverage against Adjusted EBITDA on a trailing four quarter basis) on its credit facilities until October 2, 2022. The TLR covenant would then resume at relaxed levels, starting at 6.25x, returning to 3.75x TLR by 2023 Q2.

Due to the ongoing uncertainty created by supply chain disruptions and related inflationary pressures, and the fire disrupting the Company's battery supplier, the Company now expects that, although its liquidity position remains strong, lower trailing Adjusted EBITDA combined with the Company's anticipated debt profile will affect the Company's ability to comply with certain financial covenants under its senior credit facilities (including the interest coverage ratio in the near term and the total leverage covenant beginning in the second half of 2022). Management is currently in detailed discussions with its banking partners to obtain further covenant relief extending into the first half of 2023. Management believes that, with the anticipated covenant relief, the Company's cash position and capacity under its existing credit facilities, combined with anticipated future cash flows and access to capital markets, will be sufficient to fund operations, meet financial obligations as they come due and provide the funds necessary for capital expenditures, dividend payments and other operational needs. See Forward-Looking Statements.

Dividend

Although management continues to believe that the supply and logistics disruptions affecting NFI are temporary, the Board has taken the prudent decision to lower the quarterly dividend amount. The Board has declared a dividend of C$0.0531 per share for the period January 1, 2022 to March 31, 2022 on the common shares of the Company (the “Shares”). The dividend will be paid to holders of record at the close of business on March 31, 2022 and payable on April 15, 2022. The dividends on the Shares are designated as “eligible dividends” for purposes of the enhanced dividend tax credit rules contained in the Income Tax Act (Canada) and any corresponding provincial and territorial tax legislation.

Given the expected temporary nature of the supply chain disruptions, NFI's management and Board believe that there will be an opportunity for dividend increases in 2023 if the Company's financial performance improves as expected. See Forward-Looking Statements.

Outlook

In each of NFI's end markets, government support for public transit vehicles is at an all-time high. Not only has government support for transit operations remained strong during the global pandemic, governments have also committed billions for long-term fleet investments in zero-emission vehicles and infrastructure.

As the market leader in North American transit and coach operations, the UK's leading provider of buses and coaches, and the world leader in double-deck transit buses, management believes NFI is extremely well-positioned for both the near- and long-term based on the multi-year commitments being made by governments in all of the Company's core markets.

Similar to the entire global manufacturing industry, NFI is experiencing significantly increased inflation from supplier price increases and through raw material commodities purchased directly by NFI. The Company embedded an elevated level of inflation assumptions into its 2022 bidding and budget projections; however, inflation for certain components has exceeded those projections. A number of contracts have been repriced and certain contracts have clauses where a government purchase price index escalation will be applied. For contracts where these clauses are not applicable, NFI is seeking price increases and surcharges through negotiation with customers. Notwithstanding these mitigation measures, management believes that NFI's financial performance will be adversely affected by inflation in 2022.

In response to supply chain challenges and disruptions, management lowered NFI's 2022 first half production rates to limit the build-up of work-in-progress inventory and to focus on cost reduction and cash generation efforts across the businesses, including reductions in overhead, general expenses, and capital expenditures. Given management's expectations that supply impacts are temporary, and based on external signs of market recovery in all of NFI's end markets, cost and capital reductions will be balanced with the ability to continue to secure orders, invest in new product development, and deliver on customer orders.

NFI has been encouraged by the high volume of active bids during the second half of 2021 in both North American and international markets and expects active bids will continue to remain high throughout 2022 as markets recover from the COVID-19 pandemic and record government funding announcements begin to reach transit agencies.

NFI is also seeing increasing numbers of bids for zero-emission buses and coaches, with individual order sizes for those vehicle types starting to increase. In addition, private coach operators in the U.S. and Canada have begun to express positive sentiments as travel restrictions are being lifted and tourism and travel activity is starting to recover. While NFI idled production of private motor coaches in North America during the pandemic, the Company restarted private coach production, albeit at lower rates, in January 2022 based on the forecasted increase in demand.

NFI expects 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.

NFI Forward

As the majority of the projects under the Company's transformational cost reduction and sourcing initiative NFI Forward (which is expected to generate at least $67 million in annual Adjusted EBITDA savings and $10 million in additional annual Free Cash Flow by 2023) are either complete or in the later stages of completion, management is now focused on launching NFI Forward 2.0. This will be an additional series of projects to drive further facility consolidations and footprint optimization. The Company has recently announced the closure of a legacy parts distribution warehouse in Delaware, Ohio; this step is expected to contribute to improved Adjusted EBITDA in 2023. Further details on the plans and targeted benefits of NFI Forward 2.0 will be announced with NFI's first quarter 2022 results.

Financial Guidance

NFI presents the following guidance for Fiscal 2022:

Fiscal 2022 Financial Guidance	
Revenue	$2.5 billion to $2.8 billion
ZEB (electric) as a percentage of manufacturing sales	20% to 25%
Adjusted EBITDA[1]	$100 million to $130 million
Cash Capital Expenditures – including NFI Forward	$25 million to $35 million
Seasonality	10% to 20% of Adjusted EBITDA in H1 2022; 80% to 90% of Adjusted EBITDA in H2 2022

(1) Non-IFRS Measure.

The above table outlines guidance ranges for selected Fiscal 2022 consolidated financial metrics. These ranges take into consideration management's current outlook combined with Fiscal 2021 results and are based on the assumptions set out below. The purpose of the financial guidance is to assist investors, shareholders, and others in understanding management's expectations for the Company's financial performance in Fiscal 2022. The information may not be appropriate for other purposes. Information about guidance, including the various assumptions underlying it, is forward-looking and should be read in conjunction with the section "Forward-Looking Statements" in Appendix A and the related disclosure and information about various assumptions, factors, and risks that may cause actual future financial and operating results to differ from management's current expectations.

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

a. **Revenue:** Anticipated year-over-year revenue growth of 7% to 19% to be driven by a higher volume of ZEB sales and product mix.
b. **ZEB Sales:** Expected growth in the percentage of ZEB sales is based on the Company's backlog and expected new orders driven by increased market demand for zero-emission vehicles.
c. **Adjusted EBITDA**: Adjusted EBITDA is expected to decrease year-over-year as the Company does not expect to receive any government grants in 2022, as compared to the $56 million received in Fiscal 2021. In addition, Adjusted EBITDA is expected to be depressed due to operational inefficiencies resulting from ongoing supply chain disruptions lowering production rates, with more pronounced impact in the first half of 2022. In addition, there are expected to be ongoing inflationary pressures on components and raw materials, and lost time related to the ongoing global pandemic. Offsetting these items is an expected positive contribution of savings generated through the NFI Forward initiative.
d. **Cash Capital Expenditures:** Fiscal 2022 cash capital expenditures are expected to be allocated between maintenance and NFI Forward projects, based on an approximate 80/20 percent split.

NFI continues to closely monitor the impact of COVID-19 on the Company's business and has assumed that there will be continued impact to production rates throughout 2022 (particularly in the first half of the year), due to supply disruptions, labor availability, and lost time.

NFI's outlook for 2022 and beyond does not reflect any potential impact on supply chain or other factors arising directly or indirectly as a result of the Russian invasion of Ukraine. NFI is closely monitoring the situation in Ukraine, which has not materially impacted NFI's production or operations to date. Although NFI does not have direct suppliers based in Russia or Ukraine, additional supply delays and possible shortages of critical components may arise as the conflict progresses and if certain suppliers' operations and/or subcomponent supply from affected countries are disrupted further. In addition, there may also be general industry-wide price increases for components and raw materials used in vehicle production.

NFI expects a significant ramp-up in both production and deliveries in 2023 that are expected to drive revenue and Adjusted EBITDA growth. This is supported by NFI's firm and option backlog, recent bid activity, and continuing growth in government investments in transportation.

Despite the near-term challenges, management reaffirms its 2025 longer-term targets, originally announced in January 2021. NFI remains committed to its goals of delivering $3.9 billion to $4.1 billion in revenue, Adjusted EBITDA of $400 million to $450 million, with approximately 40% of vehicle sales coming from zero-emission vehicles, and ROIC of higher than 12% in fiscal 2025. These targets are driven by several factors and expectations including the recovery of the current supply chain disruptions and other COVID-19-related impacts, a higher percentage of ZEB sales, which provide a higher revenue and dollar margin benefit, the mitigation of inflationary pressures, end markets recovery to pre-pandemic levels, realization of NFI Forward benefits driving volume leverage, growth of cutaway and medium-duty products, aftermarket expansion, and continuous improvement initiatives.

Management's expectations regarding financial guidance and targets above are subject to the risks and other factors referred to in Appendix B.

Environmental, Social & Governance

As one of the world's leading independent global bus and coach manufacturers, a robust environmental, social and governance ("ESG") strategy is integral to how the Company conducts business, and is crucial in the creation of long-term and sustainable value for all NFI stakeholders. We are committed to continuing to innovate in order to deliver smarter, safer, more sustainable, and more connected public transportation. NFI's end products are a key driver to enable cities to lower emissions, decrease congestion and enable economic opportunity. NFI is committed to employees, customers and shareholders, while also being responsible to the environment and the communities in which we live and work.

"In 2021, we accelerated our Company-wide sustainability strategy and roadmap, with a plan to complete our first ESG materiality assessment in 2022," said Janice Harper, Executive Vice President, People & Culture. "Among other accomplishments, we formalized a Human Rights Statement, completed our first disclosure to the CDP Climate Change questionnaire, and engaged an independent third party to conduct a diversity, equity and inclusion ("DEI") survey of our organization. We continue to weave ESG into the fabric of our day-to-day operations and our long-term planning. Our 2022 materiality assessment will inform the ESG issues most relevant to NFI and all our stakeholders, to ensure we are meeting the needs of

tomorrow, as we continue to build products and solutions that enable smart city development, reduce the harmful impacts of climate change, traffic congestion and noise pollution, and enable economic opportunity."

NFI's 2020 Environmental, Social & Governance Report can be accessed on NFI's website at www.nfigroup.com. NFI's 2021 Environmental Social Governance Report will be released in May 2022.

Fourth Quarter and Fiscal 2021 Results Conference Call

A conference call for analysts and interested listeners will be held on March 10, 2022, from 8:30 a.m. Eastern Time (EST) until approximately 10:00 a.m. ET. Management will discuss the fourth quarter and full year 2021 financial results and provide a detailed update on the Company's outlook and strategic plan. This strategic outlook will include an update on the latest market conditions, and details on the Company's strategy to achieve its 2025 targets.

The call-in number for listeners is 661-567-1097 or 833-562-0121, passcode number 3247545. An accompanying results presentation will be available prior to the call at: www.nfigroup.com. A live webcast of the call and presentation will also be available at: https://edge.media-server.com/mmc/p/hpqiwbkz

A replay of the call will be accessible from 11:30 a.m. ET on March 10, 2022 until 11:59 p.m. ET on March 9, 2023 at https://edge.media-server.com/mmc/p/hpqiwbkz. The replay will also be available on NFI's website at: www.nfigroup.com

Annual General Meeting of Shareholders

NFI's Annual General Meeting of Shareholders will be held virtually on Thursday, May 5, 2022 at 1:00 p.m. (EST). Details on how to join the meeting will be posted on NFI's website.

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's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol NFI and its convertible unsecured debentures trade on the TSX under the symbol NFI.DB. News and information is available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, www.nfi.parts, www.alexander-dennis.com, www.arbocsv.com, and www.carfaircomposites.com.

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Appendix A - Reconciliation Tables

Reconciliation of Net Earnings (Loss) to Adjusted EBITDA and Net Operating Profit after Taxes

Management believes that Adjusted EBITDA, and net operating profit after taxes ("NOPAT") are important measures in evaluating the historical operating performance of the Company. However, Adjusted EBITDA and NOPAT are not recognized earnings measures under International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS. Accordingly, Adjusted EBITDA and NOPAT 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 and NOPAT should not be construed as an alternative to earnings or loss from operations determined in accordance with IFRS as an indicator of the Company's performance. See "Non-IFRS Measures" for the definition of Adjusted EBITDA. 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

	2021 Q4	2020 Q4	Fiscal 2021	Fiscal 2020
Net (loss) earnings	$ (8,691)	$ 8,465	$ (14,484)	$ (157,736)
Addback[1]				
Income taxes	(1,066)	12,987	9,556	1,644
Interest expense[16]	(641)	14,571	39,036	83,870
Amortization	25,117	26,126	97,154	110,786
Loss (gain) on disposition of property, plant and equipment	(186)	(257)	112	(56)
Fair value adjustment for total return swap[9]	647	(1,584)	681	118
Unrealized foreign exchange loss (gain) on non-current monetary items and forward foreign exchange contracts	5,799	(3,237)	11,791	(9,052)

Costs associated with assessing strategic and corporate initiatives[7]	(106)	165	(106)	1,396
Past service costs and other pension costs (recovery)[11]	—	7	—	(408)
Proportion of the total return swap realized[10]	(597)	641	(712)	(526)
Equity settled stock-based compensation	293	608	1,738	1,770
Unrecoverable insurance costs[12]	—	—	718	—
Prior year sales tax provision[13]	1,996	37	2,036	184
COVID-19 costs[14]	2,926	5,413	3,959	47,362
Out of period costs[17]	1,234	—	1,234	—
Impairment loss on goodwill[15]	—	—	—	50,790
Non-operating restructuring costs[8]	(571)	1,014	11,468	27,544
Adjusted EBITDA[1]	$ 26,154	$ 64,956	$ 164,181	$ 157,686
Depreciation of property plant and equipment and right of use assets	(16,965)	(17,558)	(64,368)	(70,333)
Tax at 31%	(2,849)	(14,693)	(30,942)	(27,079)
NOPAT	$ 6,340	$ 32,705	$ 68,871	$ 60,274
Adjusted EBITDA is comprised of:				
Manufacturing	$ (7,711)	$ 54,264	$ 51,654	$ 101,961
Aftermarket	25,083	17,104	98,669	66,748
Corporate	8,782	(6,409)	13,858	(11,030)

Free Cash Flow and Free Cash Flow per Share

Management uses Free Cash Flow and Free Cash Flow per Share as non-IFRS measures to evaluate the Company's operating performance and liquidity and to assess the Company's ability to pay dividends on the Shares, service debt, and meet other payment obligations. However, Free Cash Flow and Free Cash Flow per Share are not recognized earnings measures under IFRS and do not have standardized meanings prescribed by IFRS. Accordingly, Free Cash Flow and the associated per Share figure may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Free Cash Flow should not be construed as an alternative to cash flows from operating activities determined in accordance with IFRS as a measure of liquidity and cash flow. See "Non-IFRS Measures" for the definition of Free Cash Flow. The following table reconciles net cash generated by operating activities to Free Cash Flow.

The Company defines Free Cash Flow per Share as Free Cash Flow divided by the average number of Shares outstanding.

(U.S. dollars in thousands, except per Share figures)	**2021 Q4**	**2020 Q4**	**Fiscal 2021**	**Fiscal 2020**
Net cash generated by operating activities	$ 150,246	$ 88,105	$ 115,230	$ 66,061
Changes in non-cash working capital items[3]	(139,640)	(50,191)	(45,824)	(68,762)
Interest paid[3]	17,254	15,913	64,224	63,307
Interest expense[3]	(20,108)	(15,231)	(70,432)	(61,835)
Income taxes paid (recovered)[3]	(2,998)	4,124	19,550	26,693
Current income tax expense[3]	(10,517)	(5,733)	(22,430)	(26,580)
Repayment of obligations under lease	(2,206)	(7,829)	(18,192)	(18,887)
Cash capital expenditures	(12,948)	(9,447)	(33,514)	(25,703)
Acquisition of intangible assets	(1,888)	(29)	(2,748)	(29)
Proceeds from disposition of property, plant and equipment	2,649	2,259	6,182	2,765
Costs associated with assessing strategic and corporate initiatives[7]	(106)	165	(106)	1,396
Defined benefit funding[4]	1,590	1,118	3,652	5,507
Defined benefit expense[4]	(3,070)	(756)	(6,420)	(5,307)
Past service costs and other pension costs (recovery)[11]	—	7	—	(408)
Proportion of the total return swap realized[10]	(597)	641	(712)	(525)
Unrecoverable insurance costs [12]	—	—	718	—
Out of period costs[17]	1,234	—	1,234	—
Prior year sales tax provision [13]	1,996	37	2,036	185
Restructuring costs[8]	171	446	9,516	23,944
COVID-19 costs[14]	2,926	5,413	$ 3,959	47,362
Foreign exchange loss on cash held in foreign currency[5]	(2,873)	(28)	(2,897)	(11)
Free Cash Flow[1]	$ (18,885)	$ 28,984	$ 23,026	$ 29,173

U.S. exchange rate[2]	1.2634	1.2869	1.2385	1.1927
Free Cash Flow (C$)[1]	(23,859)	37,300	28,518	34,796
Free Cash Flow per Share (C$)[6]	(0.3272)	0.5966	0.4072	0.5566
Declared dividends on Shares (C$)	16,390	13,287	61,645	53,140
Declared dividends per Share (C$)[6]	$ 0.2125	$ 0.2125	$ 0.8500	$ 0.8500

1. Free Cash Flow is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS.
2. U.S. exchange rate (C$ per US$) is the weighted average exchange rate applicable to dividends declared for the period.
3. Changes in non-cash working capital are excluded from the calculation of Free Cash Flow as these temporary fluctuations are managed through the credit facilities which are available to fund general corporate requirements, including working capital requirements, subject to borrowing capacity restrictions. Changes in non-cash working capital are presented on the consolidated statements of cash flows net of interest and income taxes paid.
4. The cash effect of the difference between the defined benefit expense and funding is included in the determination of cash from operating activities. This cash effect is excluded in the determination of Free Cash Flow as management believes that the defined benefit expense amount provides a more appropriate measure, as the defined benefit funding can be impacted by special payments to reduce the unfunded pension liability.
5. Foreign exchange loss on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS; however, because it is a cash item, management believes it should be included in the calculation of Free Cash Flow.
6. Per Share calculations for Free Cash Flow (C$) are determined by dividing Free Cash Flow by the total number of all issued and outstanding Shares using the weighted average over the period. The weighted average number of Shares outstanding for 2021 Q4 was 72,927,889 and 62,524,842 for 2020 Q4. The weighted average number of Shares outstanding for Fiscal 2021 and Fiscal 2020 are 70,039,835 and 62,510,544, respectively. Per Share calculations for declared dividends (C$) are determined by dividing the amount of declared dividends by the number of outstanding Shares at the respective period end date.
7. Normalized to exclude non-operating expenses and recoveries related to the costs of assessing strategic and corporate initiatives.
8. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, right-of-use asset impairments and inventory impairments associated with NFI Forward restructuring initiatives. Free Cash Flow reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.
9. The fair value adjustment of the total return swap is a non-cash (gain) loss that is excluded from the definition of Adjusted EBITDA.
10. 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.
11. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans.
12. Normalized to exclude non-operating costs related to an insurance event that are not recoverable.
13. Provision for sales taxes as a result of an ongoing state sales tax review.
14. Normalized to exclude COVID-19 related costs. Costs primarily relate to asset impairments, medical costs directly related to COVID-19 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 non-operating. As more information becomes available, management may change its assessment.
15. Impairment charge with respect to MCI's goodwill.
16. Includes fair market value adjustments to interest rate swaps and the cash conversion option on the Debentures. 2021 Q4 includes a gain of $9.9 million and 2020 Q4 includes a gain of $3.3 million for the interest rate swaps. Fiscal 2021 includes a gain of $23.2 million and Fiscal 2020 includes a loss of $17.7 million for the interest rate swaps. 2021 Q4 includes a gain of $10.9 million and 2020 Q4 includes a gain of $nil for the cash conversion option. Fiscal 2021 includes a gain of $10.9 million and Fiscal 2020 includes a gain of $nil for the cash conversion option.
17. Includes adjustments made related to expenses that pertain to prior years. 2021 Q4 includes expenses related to amounts owed from fiscal years 2016 - 2020, and expenses related to amounts owed from fiscal years 2014 - 2020.

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 table 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	2021 Q4	2020 Q4	Fiscal 2021	Fiscal 2020
Net (loss) earnings	(8,691)	8,465	(14,484)	(157,736)
Adjustments, net of tax [1] [7]				
Fair value adjustments of total return swap[4]	295	(1,093)	310	81
Unrealized foreign exchange loss (gain)	2,639	(2,233)	5,365	(6,245)
Unrealized (gain) loss on interest rate swap	(4,496)	(2,277)	(10,538)	12,199
Unrealized (gain) loss on Cash Conversion Option	(4,965)	—	(4,965)	—
Impairment loss on goodwill[9]	—	—	—	50,790
Portion of the total return swap realized[5]	(272)	443	(324)	(362)
Costs associated with assessing strategic and corporate initiatives[2]	(106)	165	(106)	1,396
Equity settled stock-based compensation	134	419	791	1,221
Loss (gain) on disposition of property, plant and equipment	(85)	(178)	51	(39)
Past service costs and other pension costs (recovery)[6]	—	4	—	(282)
Unrecoverable insurance costs[12]	—	—	327	—
Prior year sales tax provision[8]	908	26	926	127
Other tax adjustments[11]	(2,833)	—	2,669	3,695
COVID-19 costs [10]	1,331	3,735	1,801	32,680
Out of period costs[13]	562	—	562	—
Accretion in carrying value of convertible debt and cash conversion option	274	—	274	—
Non-operating restructuring costs [3]	(260)	700	5,218	19,003
Adjusted Net Earnings (Loss)	$ (15,565)	8,176	$ (12,123)	(43,472)
Net Earnings (Loss) per Share (basic)	$ (0.12)	$ 0.14	$ (0.21)	$ (2.52)
Net Earnings (Loss) per Share (fully diluted)	$ (0.12)	$ 0.14	$ (0.21)	$ (2.52)
Adjusted Earnings (Loss) per Share (basic)	$ (0.21)	$ 0.13	$ (0.17)	$ (0.70)
Adjusted Earnings (Loss) per Share (fully diluted)	$ (0.21)	$ 0.13	$ (0.17)	$ (0.70)

1. Addback items are derived from the historical Financial Statements of the Company.
2. Normalized to exclude non-operating expenses related to the costs of assessing strategic and corporate initiatives.
3. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, right-of-use asset impairments and inventory impairments associated with NFI Forward restructuring initiatives.
4. 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).
5. 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.
6. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans.
7. 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.
8. Provision for sales taxes as a result of an ongoing state tax review.
9. Impairment charge with respect to MCI's goodwill.
10. Normalized to exclude COVID-19 related costs. Costs primarily relate to asset impairments, medical costs directly related to COVID-19 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 non-operating. As more information becomes available, management may change its assessment.
11. 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.

12. Normalized to exclude non-operating costs related to an insurance event that are not recoverable.
13. Includes adjustments made related to expenses that pertain to prior years. 2021 Q4 includes expenses related to amounts owed from fiscal years 2016 - 2020, and expenses related to amounts owed from fiscal years 2014 - 2020.

Reconciliation of Shareholders' Equity to Invested Capital

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

(U.S. dollars in thousands)	**2021 Q4**	**2021 Q3**	**2021 Q2**	**2021 Q1**
Shareholders' Equity	869,635	787,010	814,502	824,643
Addback				
Long term debt	586,411	1,049,273	963,630	1,008,733
Capital leases	143,675	150,212	153,967	150,553
Convertible Debentures	225,765	—	—	—
Derivatives	31,883	20,920	21,609	23,996
Cash	(77,318)	(64,822)	(47,695)	(23,063)
Invested Capital	1,780,051	1,942,593	1,906,013	1,984,862
Average of invested capital over the quarter	1,861,322	1,924,303	1,945,438	1,927,576

	2020 Q4	**2020 Q3**	**2020 Q2**	**2020 Q1**
Shareholders' Equity	620,141	602,178	627,907	723,899
Addback				
Long term debt	1,125,685	1,123,281	1,112,602	1,110,157
Capital leases	150,577	152,912	156,177	159,381
Convertible Debentures	—	—	—	—
Derivatives	29,656	35,493	40,829	42,007
Cash	(55,769)	(1,176)	(10,363)	(22,429)
Bank indebtedness	—	10,000	7,773	—
Invested Capital	1,870,290	1,922,688	1,934,925	2,013,015
Average of invested capital over the quarter	1,896,489	1,928,807	1,973,970	2,019,151

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-operating costs or recoveries related to business acquisition, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, proportion of the total return swap realized, equity settled stock-based compensation, recovery of currency transactions, prior year sales tax provision, COVID-19 costs and impairment loss on goodwill and non-operating restructuring costs.

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

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

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

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-operating

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.

"Liquidity" is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. The Company defines liquidity as cash on-hand plus available capacity under its credit facilities.

"Backlog" value is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS.

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, supply chain disruptions, and the Company's expectation of receiving further covenant relief under its senior credit facilities and the Company's expectation regarding future dividends. 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. In connection with obtaining the necessary covenant under the Company's senior credit facilities, it is possible that certain amendments could be made, including with respect to a reduction in the size of the facilities, an increase in the interest rates and other fees and additional restrictions on dividends and acquisitions. There can be no assurance that the Company will be successful in obtaining the necessary covenant relief under its senior credit facilities or that dividends will continue to be paid.

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 related supply chain, employee absenteeism and inflationary effects; the Company's business, operating results, financial condition and liquidity may be materially adversely impacted by the Russian invasion of Ukraine due to factors including but not limited to further supply chain issues and inflationary pressures 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 or the supply of batteries and related components 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; the Company is reliant on third-party suppliers, some of which are critical suppliers, and on the supply of component parts to those third-party suppliers by sub-suppliers; a disruption, termination or alteration of the supply of critical components, such as vehicle chassis, semiconductor chips, batteries, or other critical components, from third-party suppliers could materially adversely affect the sales, production, and/or delivery 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.

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 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, supply chain issues and inflationary pressures. 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 and targets disclosed in this press release 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 financial guidance and targets 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.