NFI provides preliminary third quarter 2022 results and updates full year guidance

October 24, 2022

- Expect to deliver third quarter 2022[1] Adjusted EBITDA[3] of ($15) million to ($17) million with results impacted by unreliable supplier performance for certain critical parts and components, and heightened inflation.
- Based on expected year-to-date results and continuing critical part supply delays, NFI is lowering its planned fourth quarter vehicle deliveries and updating its Fiscal 2022[2] Adjusted EBITDA[3] guidance to ($40) million to ($60) million.
- Quarter end liquidity[3] of over $470 million, subject to a $250 million minimum liquidity covenant, to navigate near-term challenges. Anticipate year-end liquidity to be over $500 million as NFI completes and delivers vehicles missing components.
- NFI's action plan to mitigate further negative impacts include: temporarily halting select new vehicle production lines to focus on completion of vehicles in process and working with banking and federal and provincial government partners on potential relief from credit facility covenants that resume application on January 1, 2023.
- Anticipating recovery in 2023 as the Company capitalizes on its firm backlog of over 4,150 units, record bid activity, improved contract pricing, and higher production rates from anticipated supply improvements.
- Based on the strength of its firm and option backlog, growing order book, unprecedented government funding, and expected supply improvement, NFI reaffirms its 2025 targets to achieve $400 million to $450 million of Adjusted EBITDA[3].

All amounts shown in this press release are in United States dollars unless otherwise indicated.

WINNIPEG, Manitoba, Oct. 24, 2022 (GLOBE NEWSWIRE) -- **(TSX: NFI, OTC: NFYEF, TSX: NFI.DB)** NFI Group Inc. ("NFI" or the "Company"), a leading independent bus and coach manufacturer and a leader in electric mass mobility solutions, today provided an update on its anticipated third quarter results and market conditions resulting from continued supply constraints and unreliable supplier performance.

"The third quarter was another very challenging period as we saw strong demand for our products and services, offset by continuing supply disruption resulting in production inefficiencies and the inability to complete and deliver contractually committed buses. In addition, we continued to experience short-term margin pressure from higher inflation and surcharge driven input costs," said Paul Soubry, President and Chief Executive Officer, NFI Group Inc. "We have worked diligently with our customers, suppliers, and sub-tier suppliers to mitigate these challenges, and our actions have generated numerous positives, including customer price adjustments, the introduction of many alternative parts and components, and a consistent supply of control modules (which were previously impacting vehicle completion).

"Despite these efforts, certain critical suppliers have continued to miss committed delivery schedules, creating additional challenges in completing bus builds and achieving our vehicle delivery targets, with many of these misses escalating in late September and October. In response, we have expanded our ongoing action plan to include temporary halts in certain new vehicle starts and a delay in planned new vehicle production increases in the fourth quarter. This will provide time for our suppliers to provide materials required to complete vehicles missing components, improve new vehicle supply lead times, and lower cash consumption from work-in-progress inventory.

"Supply chain constraints and underperformance is not unique to NFI, and we continue to view the current situation as temporary, although the disruption has been elevated or extended for certain critical suppliers. We anticipate an increase in production in 2023, supported by supply chain improvements. In addition, our extremely strong order book provides increased visibility for future builds and most of our contracts now reflect current market pricing, although there will be some lower margin deliveries in the fourth quarter of 2022 and into 2023. I am confident in our team's ability to execute and deliver improved results as we move forward," Soubry concluded.

NFI will provide its full financial results and additional details regarding the matters referred to in this press release, in its 2022 Q3 Management's Discussion & Analysis and Financial Statements, which will now be released on November 15, 2022. The reporting date has been moved from November 2 to November 15, 2022, to provide management with additional time to finalize results as it navigates through the recent elevations in supply challenges.

Ongoing Supply Chain Disruption

Certain critical parts within NFI's supply chain remain disrupted creating continued labour inefficiencies and an increased inventory of nearly completed vehicles, which reached over 400 units at the end of the third quarter. These disruptions also inhibit the Company's ability to increase production rates for firm orders in the near term. While the company has been receiving most of the parts required to complete vehicles, certain critical suppliers have continued to miss agreed upon delivery timelines due to their inability to secure parts (primarily electronic controls or other electrical components). NFI believes that these ongoing disruptions will continue in the near-term, but the Company has initiated an action plan to position it for a strong production recovery as supply challenges ease.

The previously disrupted control module supply (originally announced in the second quarter of 2022) that impacted the completion of a significant number of North American transit buses has recovered according to plan. The Company is now receiving a consistent supply of modules, by working with the primary supplier and by also sourcing microprocessors directly on the open market. NFI has now delivered most of the vehicles that were missing these components.

Action Plan

NFI's action plan in response to the ongoing supply related disruption includes the following critical items:

1. Immediately halting new vehicle starts across New Flyer for two production weeks to allow time for suppliers to deliver components required to complete awaiting vehicles.
2. Following the temporary halt, New Flyer will resume new vehicle starts at rates consistent with those from before the halt and will only increase production once confidence in supply chains has improved.
    a. The Company will continue ongoing reviews of new bus production rates relative to supply chain health and action any required corrective measures or cost reductions.
3. Continuing to work directly with suppliers and sub-suppliers to search for alternate or substitute parts where possible, increase production line parts inventories and develop longer lead times to better support new vehicle production.
4. Continuing the NFI Forward and NFI Forward 2.0 cost reduction initiatives, which includes overhead reductions, facility rationalizations and strategic sourcing savings programs. Since the pandemic began in 2020, NFI has:
    a. Closed two production facilities, one fabrication facility and nine parts distribution locations. The MCI motor coach completion facility in Pembina, ND is currently being wound down and will be closed in the first quarter of 2023.
    b. Generated $67 million in annualized savings by lowering overhead and administrative expenses.
5. Discussing additional financing solutions with banking and federal and provincial government partners to allow for covenant flexibility through this period of supply chain unreliability.

These measures are designed to improve vehicle manufacturing efficiency, generate cash flow from the final delivery of vehicles currently missing components, and avoid further build-up of incomplete vehicles. This is expected to strengthen NFI's balance sheet to take advantage of the Company's backlog and increased market demand.

Market Demand

NFI's backlog remained near record levels with more than 4,150 equivalent units in firm orders and over 4,350 equivalent option units at the end of the third quarter. The Company also had more than 1,350 units in bid awards pending, where a customer has selected NFI as the preferred provider, but formal contract documentation had not yet been received. These will drive future backlog growth.

Overall market demand remains extremely strong in North America. The public transit active bid universe reached record levels of 10,107 equivalent units at the end of the quarter, an increase of 46.5% from the same time last year. This period also saw NFI submit its highest number of bids ever. In addition, there were 20,377 equivalent units in the five-year outlook[4], providing long-term visibility for future orders. NFI expects this strong bid environment to continue into 2023 as customers utilize record investments by governments in public transit.

Focus on Liquidity and Covenant Compliance

NFI's quarter-end liquidity position was over $470 million, subject to a minimum liquidity covenant of $250 million. The Company anticipates its liquidity position will improve to over $500 million by the end of 2022 based on expected decreases in work-in-process inventory balances.

NFI believes that through its action plan and in working with its banking, and federal and provincial government partners it can obtain temporary relief from the credit facility covenants that would otherwise become applicable on January 1, 2023. The Company continues to believe that, when combined with this relief, its cash position and capacity under its existing credit facilities, 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 dividends, capital expenditures, and other operational needs. See "Forward-Looking Statements".

2022 Financial Guidance

Management is still finalizing NFI's financial results for 2022 Q3, but, based on preliminary information, NFI expects to deliver revenue of $500 million to $520 million and Adjusted EBITDA of ($15) million to ($17) million in the third quarter[5].

Reflecting challenging year-to-date results, including expected third quarter performance, and ongoing supply disruption, NFI is lowering its Adjusted EBITDA guidance for Fiscal 2022 to ($40) million to ($60) million. Despite the headwinds, the Company anticipates improvement in fourth quarter vehicle deliveries, revenue and Adjusted EBITDA when compared to the first three quarters of 2022.

Fiscal 2022 Financial Guidance	
Revenue	$2.0 billion to $2.2 billion (lowered from $2.3 billion to $2.6 billion)
ZEB (electric) as a percentage of manufacturing sales	20% to 25% (unchanged)
Adjusted EBITDA	($40) million to ($60) million (lowered from $15 million to $45 million)
Cash Capital Expenditures – including NFI Forward	$35 million to $45 million (unchanged)

The above table outlines guidance ranges for selected Fiscal 2022 consolidated financial metrics. These ranges take into consideration management's current outlook combined with year-to-date 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" 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:** Revenue projections based on year-to-date results and anticipated vehicle and aftermarket sales for the fourth quarter, including higher volume of zero-emission bus ("ZEB") sales and product mix. Guidance range lowered to reflect year-to-date results plus changes to planned vehicle production rates and delivery schedules.

b. **ZEB Sales:** Expected growth in the percentage of ZEB sales is based on year-to-date sales combined with the Company's existing vehicle inventory and planned fourth quarter production.

c. **Adjusted EBITDA**: Based on year-to-date performance, expected third quarter 2022 results and anticipated fourth quarter production and delivery schedules that reflect the ongoing supply challenges and heightened inflation. Included in this range is NFI's expectation that it will generate annualized savings of $67 million under the NFI Forward initiatives.

NFI's revised guidance for 2022 is subject to the risk of extended duration of the current supply disruptions and the risk of additional supply disruptions affecting other components. In addition, the revised guidance does not reflect potential escalated impact on supply chains or other factors arising directly or indirectly as a result of the Russian invasion of Ukraine, or disruption from lockdowns in China and other jurisdictions. 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 further general industry-wide price increases for components and raw materials used in vehicle production as well as further increases in the cost of labour and potential reductions in the supply of labour. See "Forward Looking Statements".

Despite these near-term headwinds, NFI reaffirms its Fiscal 2025 longer-term targets, originally announced in January 2021, to deliver $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. These targets are driven by several factors and expectations, including the recovery of supply chains 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 initiatives driving volume leverage, growth of cutaway and medium-duty products, aftermarket expansion, and continuous improvement initiatives.

Conference Call

A conference call for analysts and interested listeners will be held on October 24, 2022, at 8:30 a.m. Eastern Time (ET). For attendees who wish to join by webcast, registration is not required; the event can be accessed at https://edge.media-server.com/mmc/p/cbm6xdpt. NFI encourages attendees to join via webcast as a results presentation will be presented and users can also submit questions to management through the platform.

Attendees who wish to join by phone must visit the following link and pre-register: https://register.vevent.com/register/BIf2db5f3b68b94a8086b33ef3802247bb. An email will be sent to the users registered email address, which will provide the call-in details. Due to the possibility of emails being held up in spam filters, we highly recommend that attendees wishing to join via phone register ahead of time to ensure receipt of their access details.

A replay of the call will be accessible from 11:30 a.m. ET on October 24, 2022, until 11:59 p.m. ET on October 23, 2023, at https://edge.media-server.com/mmc/p/cbm6xdpt. The replay will also be available on NFI's website at: www.nfigroup.com.

About NFI

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 7,500 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 ("Shares") trade on the Toronto Stock Exchange ("TSX") under the symbol NFI and its convertible unsecured debentures ("Debentures") trade on the TSX under the symbol NFI.DB. News and information is available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, www.nfi.parts, www.alexander-dennis.com, www.arbocsv.com, and www.carfaircomposites.com.

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Appendices

Appendix A - 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. "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.

Management believes Adjusted EBITDA is a useful measure in evaluating the performance of the Company. However, Adjusted EBITDA is not a recognized earnings or cash flow measure under IFRS and does not have a standardized meaning prescribed by IFRS. Readers of this press release are cautioned that 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.

NFI's method of calculating Adjusted EBITDA, Liquidity and Backlog may differ materially from the methods used by other issuers and, accordingly, Adjusted EBITDA, Liquidity and Backlog may not be comparable to similarly titled measures used by other issuers. Dividends are not assured, and the actual amount of dividends received by shareholders 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.

Appendix B - Forward-Looking Statements

This press release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws, which reflect the expectations of management regarding the Company's future growth, financial performance, and liquidity and 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 plans to address them, and the Company's expectation of receiving further covenant relief under its senior credit facilities. 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 and operational challenges, production improvement, 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 Company's plans and expectations relating to the duration, impact of and recovery from the COVID-19 pandemic, supply chain disruptions and inflationary pressures, will not occur or be achieved. In connection with obtaining the necessary covenant relief under the Company's senior credit facilities, it is possible that certain other 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 disruptions and inflationary pressures; 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 and/or the Debentures may cease to exist, which may limit the ability of securityholders to trade Shares and/or Debentures; the market price for the Shares and/or the Debentures 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 U.S. "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; requirements under Canadian content policies may change and/or become more onerous; the Company's business may be materially impacted by climate change matters, including risks related to the transition to a lower-carbon economy); 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 unique or limited sources of supply (such as engines, components containing microprocessors or, in other cases, for example, the supply of transmissions, batteries for battery-electric buses, axles or structural steel tubing) resulting in the Company's raw materials and components not being readily available from alternative sources of supply, being available only in limited supply, a particular component may be specified by a customer, the Company's products have been engineered or designed with a component unique to one supplier or a supplier may have limited or no supply of such raw materials or components or sells such raw materials or components to the Company on less than favorable commercial terms; the Company's vehicles and certain other products contain electronics, microprocessors control modules, and other computer chips, for which there has been a surge in demand, resulting in a worldwide supply shortage of such chips in the transportation industry, and a shortage or disruption of the supply of such microchips could materially disrupt the Company's operations and its ability to deliver products to customers; 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, including those related to impacts of climate change, 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 labor disruptions and shortages of labor; 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 and other 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 Company's substantial consolidated indebtedness could negatively impact the business; 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; the Company is dependent on its subsidiaries for all cash available for distributions; the Company may not be able to make principal payments on the Debentures; redemption by the Company of the Debentures for Shares will result in dilution to holders of Shares; Debentures may be redeemed by the Company prior to maturity; the Company may not be able to repurchase the Debentures upon a change of control as required by the trust indenture under which the Debentures were issued (the "Indenture"); conversion of the Debentures following certain transactions could lessen or eliminate the value of the conversion privilege associated with the Debentures; future sales or the possibility of future sales of a substantial number of Shares or Debentures may impact the price of the Shares and/or the Debentures and could result in dilution; payments to holders of the Debentures are subordinated in right of payment to existing and future Senior Indebtedness (as described under the Indenture) and will depend on the financial health of the Company and its creditworthiness; if the Company is required to write down goodwill or other intangible assets, its financial condition and operating results would be negatively affected; and income and other tax risk resulting from the complexity of the Company's businesses and operations and the income and other tax interpretations, legislation and regulations pertaining to the Company's activities being 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 labor 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 and the supply of parts and components by suppliers; 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 Company's Annual Information Form for a discussion of the factors that may affect forward-looking statements and information. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements and information. 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.

[1] Third quarter or 2022 Q3 refers to the 13-week period ended October 2, 2022
[2] Fiscal 2022 refers to the period from January 3, 2022 to January 1, 2023.
[3] This is a non-IFRS measure. See Appendix A. As of October 2, 2022.
[4] See NFI's second quarter financial report for an explanation of the bid universe and five-year outlook.