NFI announces fourth quarter and full year 2023 results

February 29, 2024

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

- **2023 Q4 revenue of $792 million; 1,227 equivalent units ("EUs") delivered, up 19% from 2022 Q4, with 236 of EUs delivered being battery- and fuel cell-electric buses ("ZEBs"). Full year revenue of $2.7 billion; 4,001 EUs delivered, with 22% ZEBs.**
- **2023 Q4 Net loss of $2 million; Net loss per Share of $0.02, and Adjusted Net Loss per Share[2] of $0.05.**
- **2023 Q4 Adjusted EBITDA[2] of $39 million and full year Adjusted EBITDA[2] of $69 million. Ending Total Liquidity[2] position of $188 million.**
- **Ending total backlog[2] position (both firm and options) of 10,586 EUs (valued at $7.9 billion), with 3,832 EUs in bid award pending; ZEBs represent 36% of total backlog[2].**
- **Aftermarket segment delivers record 2023 performance with $555 million of revenue, and $120 million of Adjusted EBITDA[2].**
- **Reiterate financial guidance for Fiscal 2024 as announced on January 17, 2024, including Adjusted EBITDA[2] range of $240 to $280 million; and 2025 Adjusted EBITDA[2] target of greater than $350 million.**

WINNIPEG, Manitoba, Feb. 29, 2024 (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 2023.

Key financial metrics for 2023 Q4 and the Fiscal 2023 are highlighted below:

in millions except deliveries and per Share amounts		2023 Q4	Change[1]		Fiscal 2023	Change[1]
Deliveries (EUs)		1,227	*19%*		4,001	*32%*
IFRS Measures[3]						
Revenue	$	792	*15%*	$	2,685	*30%*
Net loss	$	(2.3)	*99%*	$	(136.2)	*51%*
Net loss per Share	$	(0.02)	*99%*	$	(1.48)	*59%*
Non-IFRS Measures[2,3]						
Adjusted EBITDA[2]	$	39	*642%*	$	69	*220%*
Adjusted Net Loss[2]	$	(5.9)	*77%*	$	(116.8)	*27%*
Adjusted Net Loss per Share[2]	$	(0.05)	*85%*	$	(1.27)	*39%*
Free Cash Flow[2]	$	3	*111%*	$	(101.4)	*40%*
Total Liquidity[2] (including minimum liquidity requirement of $50 million)	$	188	*31%*	$	188	*31%*
Return on Invested Capital[2] (ROIC)		0.8%	*5%*		0.8%	*5%*

Footnotes:

1. Results noted herein are for the 13-week period ("2023 Q4") and the 52-week period ("Fiscal 2023") ended December 31, 2023. The comparisons reported in this press release compare 2023 Q4 to the 13-week period ("2022 Q4") and Fiscal 2023 to the 53-week period ("Fiscal 2022") ended January 1, 2023. Comparisons and comments are also made to the 13-week period ("2023 Q3") ended October 1, 2023.
2. Adjusted EBITDA, Adjusted Net Loss, and Free Cash Flow represent non-IFRS measures, Adjusted Net Loss per Share and Return on Invested Capital ("ROIC") are non-IFRS ratios, and Total 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 Loss per Share is based on the non-IFRS measure Adjusted Net 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 the Appendices of this press release. Readers are advised to review the audited condensed consolidated financial statements (including notes) (the “Financial Statements”) and the related Management's Discussion and Analysis (the "MD&A").

3. The Company retrospectively adopted IFRS 17 - Insurance Contracts on January 2, 2023. Refer to the section, "new standards adopted by the Company" in the Financial Statements for details of the impact of the adoption. NFI's Financial Statements were prepared on a going concern basis in accordance with IFRS. Readers are recommended to read "Note 2.1 Basis of preparation" in the Financial Statements regarding the basis of preparation.

"We saw a strong finish to 2023 resulting in double-digit growth in vehicle deliveries and revenue and backlog, significant improvement in margin performance, and increased vehicle production rates across our business. We are extremely proud of our team for their resilience, hard work and dedication as we continued our operational and financial recovery," said Paul Soubry, President and Chief Executive Officer, NFI.

“Customer demand remains very strong as our total backlog[2] of 10,586 EUs, split almost equally between firm and option orders, neared $8 billion. We also had over 3,800 EUs of pending awards at year end, many of which are expected to convert to contracted orders in the first quarter of 2024, driving additional backlog growth. The Aftermarket segment was another positive in 2023, delivering its strongest financial performance ever.

“Across NFI, our people remain focused on ramping up production, managing liquidity, and achieving our 2024 and 2025 financial targets. Supply chain performance has continued to improve, but remains a risk to continued production ramp up, alongside labour availability and efficiency. We are also working to finalize and deliver the remaining inflation-impacted legacy contracts in the first half of 2024, which will have some drag on margins in that period.

"Our teams also continue to advance discussions with industry leaders and the government of the United States to improve bus manufacturing contract structures. Major progress was made on these initiatives in 2024 as NFI participated in a White House Roundtable and the U.S. Federal Transit Administration (FTA) issued a Dear Colleague letter to transit agencies that receive federal funding for bus purchases. These changes can strengthen NFI and the overall industry by lowering working capital investments, through increased deposits and progress payments, provide opportunities to adjust pricing to reflect inflationary pressures and lower interest expenses by decreasing carrying balances on revolving credit facilities. The progress made has been encouraging, and we will provide further updates as these changes advance.

"We took tremendous strides on our path to operational and financial recovery in 2023, and, while some operational headwinds remain, we expect a strong 2024, where delivery growth, pricing improvements, sales mix, Aftermarket contribution and enhanced operational performance drive our expectations for triple-digit Adjusted EBITDA[2] growth."

Liquidity[2]

The Company's Total Liquidity[2] position, which combines cash on-hand plus available capacity under its credit facilities (without consideration given to the minimum liquidity requirement of $50 million), was $188 million as at the end of 2023 Q4, up 22% from the end of 2023 Q3. The improvement in Total Liquidity[2] position was primarily driven by increases in cash generated by operating activities which were used to pay down revolving debt balances.

NFI generated $19 million in cash flows from working capital in the fourth quarter as higher vehicle deliveries lowered finished goods and work-in-progress inventory. These reductions were offset by an increase in raw material balances, which remain elevated, reflecting higher input costs for zero-emission bus components and higher carrying balances to support supply health. Working capital was also impacted by a reduction in overall deferred revenue balances, from the recognition of pre-payments on final deliveries and from a reduction in provision balances to cover warranty campaign activities.

Through at least the first half of 2024, NFI expects that its Total Liquidity[2] position will be lower than at the end of 2023 Q4 as WIP and finished goods inventory balances increase in line with increases in production rates. The Company remains focused on cash and liquidity management, including efforts to accelerate deliveries and customer acceptances, the acceleration of customer payments, through the pursuit of advance payments and deposits, and improvements to supplier payment terms where possible.

Segment Results

Manufacturing segment revenue for 2023 Q4 increased by $87 million, or 15%, compared to 2022 Q4, driven by higher new vehicle deliveries across all NFI product lines, while quarterly deliveries have seen improvement both year-over-year and sequentially for the fourth consecutive quarter. Manufacturing operations were still impacted by supply chain challenges, labour availability and associated production inefficiencies in Fiscal 2023; however, the Company continued to see significant improvement in supplier performance in 2023 Q4.

Manufacturing Adjusted EBITDA[2] increased by $42 million, or 136%, compared to 2022 Q4 delivering the first quarter of positive Adjusted EBITDA[2] since 2021. The increase was driven by higher deliveries, favourable sales mix, and a lower number of legacy inflation-impacted contracts. Manufacturing Adjusted EBITDA[2] as a percentage of revenue showed continued improvement, increasing from (5%) in 2022 Q4 to 2% in 2023 Q4.

At the end of 2023 Q4, the Company's total backlog[2] (firm and options) of 10,586 EUs (firm and options) increased by 11% from the end of 2023 Q3, and increased by 15% from the end of 2022 Q4. The increase was driven by higher awards in the quarter, offset by higher deliveries and less cancellations/expiries. NFI also had 3,832 EUs of new firm and option orders in bid award pending (where NFI had received notification of award from the customer, but formal purchase order documentation had not yet been finalized) as at the end of 2023 Q4. This positions NFI for another period of strong backlog[2] growth in 2024.

Backlog[2] for 2023 Q4 has a total dollar value of $7.9 billion, and the average price of an EU in backlog[2] is now $0.75 million, a 22% increase from 2022 Q4.

Aftermarket segment revenue for 2023 Q4 of $136 million increased by $16 million, or 13%, compared to 2022 Q4, driven by increased volume in

North American public and private markets, and the impacts of heightened inflation on parts pricing. In 2023 Q4, Aftermarket Adjusted EBITDA[2] was $30 million, an increase of $7 million, or 29%, year-over-year, stemming from improved sales volume and favourable product mix. Dynamic pricing, reduced freight costs and improved overhead absorption also contributed to the increase. Aftermarket Adjusted EBITDA[2] as a percentage of revenue was strong at 22%, compared to 19% for the same period in 2022.

Net Loss, Adjusted Net Loss[2], and Return on Invested Capital[2]

In 2023 Q4, the net loss of $2 million decreased by $150 million from 2022 Q4, improving by 99%, with improvements in vehicle deliveries, revenue, favourable sales mix, and Adjusted EBITDA offset somewhat by higher interest and financing costs on elevated debt levels and higher interest rates. In addition, the Company reported a goodwill impairment related to its Alexander Dennis and ARBOC business units of $104 million in 2022 Q4 that contributed to the loss in that period.

Adjusted Net Loss[2] for 2023 Q4 of $6 million improved from 2022 Q4 Adjusted Net Loss[2] of $26 million, driven by the same items that impacted Adjusted EBITDA[2] and net loss, adjusted for fair market losses and gains related to debt modification resulting from the Company's refinancing plan, which was completed in August 2023, plus other normalization adjustments including non-recurring restructuring and past service and pension costs.

Fiscal 2023 ROIC[2] increased by 5% from Fiscal 2022, primarily due to the increase in Adjusted EBITDA[2] and a slight decrease in the invested capital base. The decrease in invested capital[2] is primarily due to a decrease in long-term debt and cash, as the Company made repayments on its credit facilities. Also contributing is an elimination of the Company's interest rate swap and equity hedge, which were extinguished during the year.

Efforts to Strengthen Bus Manufacturing in the U.S.

In October 2023, the American Public Transportation Association ("APTA") created a Bus Manufacturing Task Force ("Task Force") to recommend immediate actions that can support a more competitive and stable bus manufacturing capacity in the U.S. This Task Force was assembled in response to a reduction in heavy-duty transit bus capacity in the U.S. following the exit of two players and the bankruptcy of another. These changes have led to a capacity decrease in the U.S. and improvements to NFI's overall competitive position. NFI is a member of this Task Force along with several other manufacturers, suppliers, and transit agencies.

Subsequent to the quarter, on February 7, 2024, the White House, in coordination with APTA and the Federal Transit Administration ("FTA") convened a Roundtable on Clean Bus Manufacturing. APTA and other members of the Task Force, including NFI, presented to the White House and provided recommendations on how to improve the financial health of U.S. manufacturers. These recommendations included the ability to complete pricing adjustments to reflect inflationary pressure on contracts bid from 2020 to 2023, the incorporation of progress payments (deposits, advances, and milestone payments), and pricing adjustments to future contracts to reflect price inflation or deflation.

Following the Roundtable, the FTA released a Dear Colleague letter, describing actions the FTA is taking to strengthen the American bus manufacturing industry, reduce vehicle contract costs, and shorten vehicle delivery times to public transit agencies. The proposed changes included within the APTA recommendations, and the FTA Dear Colleague letter may have a positive impact on NFI's financial performance in future periods, especially as it relates to working capital investments, but it is still early in the process and any financial impact will be dependent upon adoption of the APTA Recommendations and FTA proposals by U.S. transit agencies.

Outlook

NFI anticipates continued positive improvements to revenue, gross profit, Adjusted EBITDA[2] and Free Cash Flow[2], a shift to net earnings, and improvement in ROIC[2] over the next 12 to 24 months, as it ramps-up production, delivers on its backlog[2], and growing demand for its buses, coaches, parts, and Infrastructure Solutions™ services.

Market demand is evident through the high volume of active bus and motor coach procurements in both North America and international markets. As of 2023 Q4, the Company's North American active bids remained high at 8,732 EUs. This bid activity is expected to drive additional backlog[2] growth throughout 2024, and revenue growth in the medium- and longer-term. The current five-year forecasted demand within the Company's North American bid universe is also strong at 22,098 EUs, and, when combined with active bids, provides a record Total Bid Universe[1] of 30,830 EUs.

In addition to the increased numbers of bids for ZEBs, the number of EUs per bid has increased, as transit agencies are progressing from pilot or trials to more active deployment and operation of ZEB fleets. NFI expects active ZEB bids to remain high through the coming years based on government funding levels supporting state, provincial and municipal ZEB adoption targets.

NFI is working closely with its suppliers to monitor performance, and, due to the Company's strong backlog[2], has been able to provide longer-term visibility to its supply base for 2024 production. As part of NFI's supplier development program, the Company provides a risk rating to all its key suppliers based upon their on-time delivery performance and other factors. NFI completes detailed monitoring of moderate and high-risk suppliers, who can have severe impacts on production operations. NFI has seen the number of these moderate and high-risk suppliers decrease from a combination of overall improvements to supply chain health and from actions taken by NFI's supply and sourcing teams, including keeping higher material inventory on hand. The Company also appointed a dedicated Vice President of Supplier Development, and, combined with these improvements, support expected increases to 2024 production volumes.

In 2023 Q4, NFI continued increasing new vehicle production rates and hiring new team members to support this increase. While there has been positive improvement, the labour market within the United States and the UK remains challenging. NFI expects to continue to ramp-up production and add personnel on a phased approach in 2024 with gradual headcount additions ensuring that the ramp-up is matched to consistent supply and labour availability.

Gross margins and other profitability metrics are expected to improve in line with increases in production rates, increases to bus and coach deliveries, the reduction of work-in-progress vehicle inventory, and the completion of the remaining inflation-impacted legacy contracts. NFI anticipates that the remaining legacy inflation-impacted contracts will be delivered during the first half of 2024 ("H1 2024") and will represent approximately 10% of first half deliveries. The Company has also experienced signs of commodities and material costs easing and anticipates that newer contracts in NFI's backlog[2] now reflect appropriate, inflation-adjusted costing and pricing.

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

Financial Guidance and Targets

NFI reiterates its previously provided financial guidance for Fiscal 2024 and targets for Fiscal 2025. Full details are provided in the table below.

	2023 Results	2024 Guidance	2025 Targets
Revenue	$2.7 billion	$3.2 to $3.6 billion	~$4 billion
ZEBs (electric) as a percentage of total deliveries	22%	30% to 35%	~40%
Adjusted EBITDA[2]	$69 million	$240 to $280 million	>$350 million *(with a $400 million annualized run rate by the fourth quarter)*
Cash Capital Expenditures (excluding lease payments)	$35 million	$50 to $60 million	~$55 million
ROIC[2] - provided for 2025 targets	0.8%		>12%

The 2024 guidance ranges and the 2025 targets for selected financial metrics provided in the table above take into consideration management's current outlook combined with Fiscal 2023 and 2024 year-to-date results and are based on the assumptions set out below. The purpose of the financial guidance and targets are to assist investors, shareholders, and others in understanding management's expectations for the Company's financial performance going forward. The information may not be appropriate for other purposes. Information about guidance and targets, 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 and targets in the table above are driven by numerous expectations and assumptions, including but not limited to the following:

- **Revenue:** Anticipated revenue growth in 2024 and 2025 is based on NFI's firm order backlog[2], current 2024 and 2025 production schedules, expected backlog[2] option order conversion, and anticipated 2024 and 2025 new vehicle orders and Aftermarket parts sales. Revenue guidance and targets reflect higher volume of ZEB sales, higher average vehicle prices in NFI's backlog[2] and anticipated product mix benefits, plus expected international sales expansion. The guidance ranges also reflect potential variances in delivery volumes from supply disruption, product mix and expected timing of production recovery. NFI expects to deliver approximately 5,000 EUs in Fiscal 2024.

- **ZEB deliveries as a percentage of total deliveries**: NFI has updated its ZEB targets to now be ZEB deliveries as a percentage of total deliveries rather than as a percentage of manufacturing sales dollars, to better match to internal compensation targets and external reporting metrics. These expectations are based on NFI's firm and option backlog [2], anticipated option conversions from backlog[2], active bids and anticipated future orders in 2024 and 2025, and customers ZEB transition plans.

- **Adjusted EBITDA[2]**: Adjusted EBITDA[2] performance is driven by anticipated new vehicle deliveries in 2024 and 2025, product mix, including a higher percentage of ZEB deliveries, Aftermarket segment contributions and anticipated improvements in operating margins due to recovery in supply chain health, improved labour efficiency, higher average vehicle sales prices (as currently reflected in NFI's backlog [2]), expected additions to backlog[2], and impacts from the relaunch of double deck production in North America. There will be some impact to margins in the first half of 2024 from legacy inflation-impacted contracts (expected to make up approximately 10% of first half deliveries), contracts secured in the second half of 2022 and Fiscal 2023 reflect updated pricing and improved margins.

- **Cash Capital Expenditures:** Cash capital expenditures are based on investments made in 2023 and expected future maintenance and growth projects planned for 2024 and 2025. The numbers above include the expected acquisition and disposal of property, plant and equipment and the acquisition of intangible assets, but do not include expected lease payments.

- **ROIC:** Targets provided for 2025 are driven by the factors noted above combined with the expectation that there will not be significant changes in tax rates from current levels.

In 2024, NFI anticipates seasonality based on expected production ramp up, the timing of certain zero-emission bus deliveries, impacts of legacy inflation-impacted contracts, and sales mix. The Company expects to deliver approximately 35% of annual Adjusted EBITDA in the first half of 2024, with approximately 65% of annual Adjusted EBITDA expected to be delivered in the second half of the year. Sequentially, the Company anticipates a decrease in Adjusted EBITDA in the first quarter of 2024 as compared to the fourth quarter of 2023, as the first quarter of the year is typically the

slowest period in private markets.

Based on expected revenue growth and associated investments in working capital, Adjusted EBITDA[2] guidance, cash capital expenditures, lease payments and cash taxes, NFI anticipates that its current and expected liquidity[2] will be sufficient to fund operations (including working capital), capital investments, and bonding requirements in 2024 and the longer-term. In 2024, NFI expects to lower its overall debt leverage ratios from Adjusted EBITDA[2] growth rather than significant debt repayments. NFI's guidance does not include the potential impacts of proposed changes to payment structures on U.S. FTA-funded heavy-duty transit contracts, as it is still early in the process and their financial impact will be dependent on adoption of the American Public Transportation Association recommendations and FTA proposals by U.S. transit agencies.

Guidance and targets above are conditional on several factors and expectations, including the supply chain performance, consistent availability and training of labour, a higher percentage of ZEB sales (which provide a higher revenue and dollar margin benefit), the mitigation of inflationary pressures, end markets recovering in-line with management expectations, growth in international markets, aftermarket parts sales, and continuous improvement initiatives.

NFI's guidance and targets are subject to the risk of extended duration of the current supply disruptions and the risk of additional supply disruptions affecting particular key parts or components. In addition, the guidance and targets do not reflect potential escalated impact on supply chains or other factors arising directly or indirectly as a result of ongoing conflicts in Ukraine, Russia, Israel and Palestine. Although NFI does not have direct suppliers in these regions, additional supply delays, possible shortages of critical components or increases in raw material costs may arise as the conflicts progress 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 difficulties in sourcing an increase in the supply of labour. See Appendix B Forward Looking Statements for risks and other factors and the Company's filings on SEDAR at www.sedarplus.ca.

Annual General Meeting of Shareholders, and Board of Directors Update

NFI's Annual General Meeting of Shareholders (the "Shareholders' Meeting") will be held virtually on Friday, May 3, 2024, at 11:00 a.m. (EST).

After 9 years and upon the completion of the Company's Shareholders' Meeting, Phyllis Cochran will retire as a member of the Board of Directors and Chair of the Audit Committee of NFI. The Board of Directors extends its sincere thank you to Phyllis for her contributions, dedication, and leadership as a Director, Audit Chair, and partner to NFI.

Ms. Anne Marie O'Donovan, FCPA, FCA, ICD, will be nominated as a new independent Director on NFI's Board. Ms. O'Donovan served as the Executive Vice President and Chief Administrative Officer, Global Banking and Markets at Scotiabank from 2009 to 2014, and the Senior Vice President and Chief Auditor of Scotiabank from 2005 to 2009. Ms. O'Donovan is also a former partner at Ernst & Young LLP. She is the chair of the board of Aviva Canada Inc., chair of the audit committee of Cadillac Fairview Corp. and serves on the board and chairs the investment committee of CMA Impact Inc., a subsidiary of the Canadian Medical Association. She is a past director, chair of the audit committee and chair of the compensation committee of Indigo Books & Music, Inc. and director and chair of the audit committee of MDC Partners Inc. If Ms. O'Donovan is elected to the Board, she will also become the Chair of the Audit Committee of NFI.

The materials for the Shareholders' Meeting and voting instructions will be sent to shareholders in advance of the meeting and will also be available on NFI's website at: www.nfigroup.com. A listen-only webcast link will be also available at www.nfigroup.com for interested parties.

Environmental, Social & Governance Update

We remain committed to our goal of delivering a better product, a better workplace, and a better world through our environmental, social and governance ("ESG") initiatives. This included continuing to innovate and grow our broad portfolio of comprehensive mobility solutions to support our customers at various stages in their zero-emission journeys; maintaining our focus on safety; completing our third submission to CDP and second submission to the S&P Global Corporate Sustainability Assessment; continued focus on talent acquisition, recruitment and talent pipeline and workforce developments efforts to meet higher production levels; a company-wide Employee Pulse Check survey; successful negotiation of two new collective bargaining agreements; an expanded supplier base and instating a Conflict and Critical Minerals Policy; and establishing a Sustainability Council, to give strategic leadership to NFI's ESG and sustainability programs. NFI also modified its performance share unit ("PSU") performance metric for the long-term incentive plan ("LTIP") in the Executive Compensation Program from being based solely on a ROIC target to a combination of performance against ROIC, an ESG target, and a strategic target.

NFI was proud to have ranked among Corporate Knights' Best 50 Corporate Citizens in Canada for the second year in a row in 2023 and we are focused on driving and delivering long-term sustainable value for all our stakeholders.

As of the end of 2023 Q4, NFI had 8,566 team members across all of its global locations.

Fourth Quarter 2023 Results Conference Call and Filing

A conference call for analysts and interested listeners will be held on February 29, 2024, at 8:30 a.m. Eastern Time (ET). An accompanying results presentation will be available prior to market open on February 29, 2024, at www.nfigroup.com.

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/rkdhw7si. NFI encourages attendees to join via webcast as the 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/BIcd32517711db4b2abae4f8a9432c887b. An email will be sent to the user's 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 about 12:00 p.m. ET on February 29, 2024, until 11:59 p.m. ET on February 28, 2025, at https://edge.media-server.com/mmc/p/rkdhw7si. The replay will also be available on NFI's website at: www.nfigroup.com.

About NFI Group

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

With over 8,500 team members in ten 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 100,000 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, nfi.parts, www.alexander-dennis.com, arbocsv.com, and carfaircomposites.com.

For investor inquiries, please contact:
Stephen King
P: 204.224.6382
Stephen.King@nfigroup.com

Appendix A - Reconciliation Tables

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

Management believes that Adjusted EBITDA[2], and net operating profit after taxes[2] ("NOPAT") are important measures in evaluating the historical operating performance of the Company. However, Adjusted EBITDA[2] and NOPAT[2] are not recognized earnings measures under International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS. Accordingly, Adjusted EBITDA[2] and NOPAT[2] may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Adjusted EBITDA[2] 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[2] 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[2]. The following table reconciles net loss to Adjusted EBITDA[2] based on the historical financial statements of the Company for the periods indicated. The Company defines NOPAT[2] as Adjusted EBITDA[2] less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%.

($ thousands)

	2023 Q4	2022 Q4	Fiscal 2023	Fiscal 2022
Net loss	(2,329)	(152,405)	(136,164)	(276,376)
Addback				
Income taxes	(12,192)	(10,948)	(32,906)	(47,421)
Interest expense[12]	37,278	24,727	152,242	36,788
Amortization	19,678	22,580	80,780	88,495
(Gain) loss on disposition of property, plant and equipment and right of use assets	(62)	410	789	(565)
Loss (Gain) on debt modification[16]	1,600	-	(8,908)	-
Fair value adjustment for total return swap[7]	-	-	-	952
Unrealized foreign exchange loss (gain) on non-current monetary items and forward foreign exchange contracts	1,260	(3,929)	3,696	(598)
Past service costs and other pension costs[9]	(7,000)	-	(2,236)	7,000
Proportion of the total return swap realized[8]	-	-	-	(275)
Equity settled stock-based compensation	700	397	2,618	1,346
Unrecoverable insurance costs and other[10]	893	164	893	8,489
Expenses incurred outside of normal operations[14]	132	1,708	2,166	3,761
Prior year sales tax provision [11]	41	-	101	-
Out of period costs[13]	-	(938)	-	(1,597)
Impairment loss on goodwill[15]	-	103,900	-	103,900
Restructuring costs[6]	(1,544)	7,240	6,139	18,443
Adjusted EBITDA	38,455	(7,094)	69,209	(57,659)
Depreciation of property, plant and equipment and right of use assets	(11,848)	(14,884)	(49,370)	(57,013)
Tax at 31%	(8,248)	6,813	(6,150)	35,548
NOPAT	18,359	(15,165)	13,689	(79,124)
Adjusted EBITDA is comprised of:				
Manufacturing	11,094	(30,521)	(42,073)	(149,164)
Aftermarket	29,480	22,882	120,187	86,154
Corporate	(2,119)	545	(8,905)	5,351

Free Cash Flow and Free Cash Flow per Share

Management uses Free Cash Flow[2] and Free Cash Flow per Share[2] as non-IFRS measures to evaluate the Company's operating performance and liquidity and to assess the Company's ability to pay dividends on its Shares, service debt, and meet other payment obligations. However, Free Cash Flow[2] and Free Cash Flow per Share[2] are not recognized earnings measures under IFRS and do not have standardized meanings prescribed by IFRS. Accordingly, Free Cash Flow[2] 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[2] 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[2]. The following table reconciles net cash generated by operating activities to Free Cash Flow[2].

The Company defines Free Cash Flow per Share[2] as Free Cash Flow[2] divided by the average number of Shares outstanding.

($ thousands, except per Share figures)	2023 Q4	2022 Q4	Fiscal 2023	Fiscal 2022
Net cash used in operating activities	55,126	1,506	(63,813)	(241,850)
Changes in non-cash working capital items[2]	(19,171)	(33,785)	44,962	97,555
Interest paid[2]	19,110	15,465	109,389	58,348
Interest expense[2]	(31,906)	(24,187)	(125,642)	(77,850)
Income taxes (expense) recovered[2]	(8,407)	3,044	(29,304)	(1,422)
Current income tax recovery (expense)[2]	15,873	21,556	11,941	19,809
Repayment of obligations under lease	(7,305)	(5,647)	(21,712)	(24,535)
Cash capital expenditures	(10,122)	(4,732)	(26,714)	(21,371)
Acquisition of intangible assets	(2,828)	(3,736)	(10,274)	(10,212)
Proceeds from disposition of property, plant and equipment	519	14	1,769	1,687
Defined benefit funding[3]	918	(301)	3,185	4,265
Defined benefit expense[3]	(694)	917	(2,779)	(3,497)
Past service costs and other pension costs[9]	(7,000)	-	(7,000)	7,000
Expenses incurred outside of normal operations[14]	132	1,708	2,166	3,761
Equity hedge	-	(582)	3,765	(1,003)
Proportion of the total return swap realized[8]	-	-	-	(275)
Unrecoverable insurance costs and other[10]	893	164	893	8,488
Out of period costs[13]	-	(938)	-	(333)
Prior year sales tax provision[12]	41	-	101	-
Restructuring costs[6]	1,011	5,678	8,691	11,694
Foreign exchange (loss) gain on cash held in foreign currency[4]	(3,506)	(20)	(1,053)	771
Free Cash Flow	2,684	(23,876)	(101,429)	(168,970)
U.S. exchange rate[1]	1.3246	1.3538	1.3293	1.3202
Free Cash Flow (C$)	3,555	(32,323)	(134,827)	(223,066)
Free Cash Flow per Share (C$)	0.0299	(0.4189)	(1.4676)	(2.8915)
Declared dividends on Shares (C$)	-	-	-	12,288
Declared dividends per Share (C$)[5]	-	-	-	0.1599

1. U.S. exchange rate (C$ per US$) is the average exchange rate applicable to dividends declared for the period.
2. Changes in non-cash working capital are excluded from the calculation of Free Cash Flow[2] as these temporary fluctuations are managed through the Secured Facilities which are available to fund general corporate requirements, including working capital requirements, subject to borrowing capacity restrictions. Changes in non-cash working capital are presented on the audited consolidated statements of cash flows net of interest and income taxes paid.
3. The cash effect of the difference between the defined benefit expense and funding is included in the determination of cash from operating activities. This cash effect is excluded in the determination of Free Cash Flow[2] as management believes that the defined benefit expense amount provides a more appropriate measure, as the defined benefit funding can be impacted by special payments to reduce the unfunded pension liability.
4. Foreign exchange gain (loss) on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS; however, because it is a cash item, management believes it should be included in the calculation of Free Cash Flow[2].
5. Per Share calculations for Free Cash Flow[2] (C$) are determined by dividing Free Cash Flow[2] 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 2023 Q4 was 118,961,396 and 77,154,934 for 2022 Q4. The weighted average number of Shares outstanding for Fiscal 2023 and Fiscal 2022 are 91,866,613 and 77,144,445, 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.

6. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with restructuring initiatives. Free Cash Flow[2] reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.
7. The fair value adjustment of the total return swap is a non-cash loss that is excluded from the definition of Adjusted EBITDA[2]. Beginning in 2022 Q2, hedge accounting was applied to the total return swap derivative and therefore, the portion of the loss on the fair value adjustment, which does not apply to the current period is recognized in other comprehensive income.
8. A portion of the fair value adjustment of the total return swap is added to Adjusted EBITDA[2] and Free Cash Flow[2] to match the equivalent portion of the related deferred compensation expense recognized. Beginning in 2022 Q2, hedge accounting was applied to the total return swap derivative and therefore, the portion of the gain on the fair value adjustment, which does not apply to the current period is recognized in other comprehensive income.
9. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. 2022 Q2 includes $7.0 million for the liability related to the closure of MCI's Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2. Also included is $4.8 million of pension past service costs incurred during 2023 Q1.
10. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
11. Provision for sales taxes as a result of a previous state sales tax review.
12. Includes fair market value adjustments to interest rate swaps and the cash conversion option on the Debentures. 2023 Q4 includes a loss of $nil million and 2022 Q4 includes a loss of $1.2 million for the interest rate swaps. 2023 Q4 includes a loss of $0.5 million and 2022 Q4 includes a gain of $5.6 million on the cash conversion option.
13. Includes adjustments made related to expenses that pertain to prior years. 2022 Q2 includes expenses related to amounts that should have been capitalized from prior years.
14. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. Also included is the additional labour costs associated with the shortage of the specified item.
15. Includes 2022 Q4 impairment charges with respect to ARBOC's goodwill of $23.2 million and the Alexander Dennis manufacturing cash generating unit ("CGU")'s goodwill of $80.7 million.
16. As a result of the Company's comprehensive refinancing, the Company had recognized an accounting gain in 2023 Q3 stemming from the modification made to its Secured Facilities. In 2023 Q4, an accounting loss was recorded to adjust the gain on debt modification to its actual.

Reconciliation of Net Loss to Adjusted Net Loss

Adjusted Net Loss[2] and Adjusted Net Loss per Share[2] are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. Accordingly, Adjusted Net Loss[2] and Adjusted Net Loss per Share[2] may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Adjusted Net Loss[2] and Adjusted Net Loss per Share[2] should not be construed as an alternative to net loss, or net loss per Share, determined in accordance with IFRS as indicators of the Company's performance. See Non-IFRS Measures for the definition of Adjusted Net Loss[2] and Adjusted Net Loss per Share[2]. The following table reconcile net loss to Adjusted Net Loss[2] based on the historical financial statements of the Company for the periods indicated.

($ thousands, except per Share figures)	2023 Q4	2022 Q4	Fiscal 2023	Fiscal 2022
Net loss	(2,329)	(152,405)	(136,164)	(276,376)
Adjustments, net of tax[1, 2]				
Fair value adjustments of total return swap[3]	-	-	-	657
Unrealized foreign exchange (gain) loss	869	(2,711)	2,550	(413)
Unrealized loss (gain) on interest rate swap	-	796	6,505	(26,019)
Unrealized loss (gain) on Cash Conversion Option	355	(3,831)	2,730	(11,438)
Unrealized loss on prepayment option of second lien debt[4]	(769)	-	(442)	-
Accretion in carrying value of long-term debt associated with debt modification[5]	-	-	1,014	-
Loss (gain) on debt modification[6]	1,104	-	(6,147)	-
Accretion associated to gain on debt modification	(451)	-	(451)	-
Portion of the total return swap realized[7]	-	-	-	(190)
Equity swap settlement fee[8]	-	-	2,428	-
Equity settled stock-based compensation	483	274	1,806	929

(Gain) loss on disposition of property, plant and equipment	(43)	283	545	(390)
Past service costs and other pension costs[9]	(4,830)	-	(1,543)	4,830
Unrecoverable insurance costs and other[10]	616	113	616	5,857
Expenses incurred outside of normal operations[11]	(1,191)	1,179	213	2,595
Other tax adjustments[12]	-	22,292	-	18,984
Out of period costs[13]	-	(1,911)	-	(1,102)
Accretion in carrying value of convertible debt and cash conversion option	1,337	1,341	5,213	5,272
Prior year sales provision[14]	28	-	71	-
Impairment loss on goodwill[15]	-	103,900	-	103,900
Restructuring costs[16]	(1,065)	4,996	4,236	12,725
Adjusted Net Loss	(5,886)	(25,684)	(116,820)	(160,179)
Loss per Share (basic)	(0.02)	(1.98)	(1.48)	(3.58)
Loss per Share (fully diluted)	(0.02)	(1.98)	(1.48)	(3.58)
Adjusted Net Loss per Share (basic)	(0.05)	(0.33)	(1.27)	(2.08)
Adjusted Net Loss per Share (fully diluted)	(0.05)	(0.33)	(1.27)	(2.08)

1. Addback items are derived from the historical financial statements of the Company.
2. The Company has utilized a rate of 31.0% to tax effect the adjustments for the periods above.
3. The fair value adjustment of the total return swap is a non-cash loss that is excluded from the definition of Adjusted EBITDA[2]. Beginning in 2022 Q2, hedge accounting was applied to the total return swap derivative and therefore, the portion of the loss on the fair value adjustment, which does not apply to the current period is recognized in other comprehensive income.
4. The unrealized loss on the prepayment option is related to the Company's second lien debt instrument. The loss is the result of a decrease in the options fair value between its inception date (August 25, 2023) and October 1, 2023.
5. Normalized to exclude the over accretion of transaction costs relating to the Company's secured facilities.
6. As a result of the Company's comprehensive refinancing, the Company has recognized an accounting gain stemming from the modification made to its secured facilities.
7. A portion of the fair value adjustment of the total return swap is added to Adjusted EBITDA[2] and Free Cash Flow[2] to match the equivalent portion of the related deferred compensation expense recognized. Beginning in 2022 Q2, hedge accounting was applied to the total return swap derivative and therefore, the portion of the loss on the fair value adjustment, which does not apply to the current period is recognized in other comprehensive income.
8. During the year the Company settled its equity swaps which were used to hedge the exposure associated with changes in value of its Shares with respect to outstanding management restricted units ("Management RSUs") and a portion of the outstanding performance share units ("PSUs"), and deferred share units ("DSUs").
9. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. 2022 Q2 includes $7.0 million for the liability related to the anticipated closure of MCI's Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2. Also included is $4.8 million of pension past service costs incurred during 2023 Q1.
10. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
11. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. Also included is the additional labour costs associated with the shortage of the specified item.
12. Includes the impact of changes in deferred tax balances as a result of substantively enacted tax rate changes. The 2022 amounts include the impact of the revaluation of deferred tax balances due to the enacted increase in the UK corporate tax rate from 19% to 25% in 2021 Q3. Also included in 2022 Q4 is the impact of the reduction of deferred tax assets related to the derecognition of loss carry forwards in Canada, and restricted interest in the UK.
13. Includes adjustments made related to expenses that pertain to prior years. 2022 Q1 includes expenses related to amounts that should have been capitalized from prior years.
14. Provision for sales taxes as a result of a previous state sales tax review.
15. Includes 2022 Q4 impairment charges with respect to ARBOC's goodwill of $23.2 million and the Alexander Dennis manufacturing CGU's goodwill of $80.7 million.
16. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with other restructuring

initiatives. Free Cash Flow[2] reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.

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.

($ thousands)	2023 Q4	2023 Q3	2023 Q2	2023 Q1
Shareholders' Equity	702,913	706,177	495,140	533,756
Addback				
Long term debt	536,037	583,948	935,605	911,203
Second lien debt	172,396	172,975	-	-
Obligation under lease	138,003	130,102	124,405	127,247
Convertible Debentures	228,985	221,427	225,081	218,719
Senior unsecured debt	61,796	60,838	87,363	86,431
Derivatives	8,010	6,814	(9,422)	(17,164)
Cash	(49,615)	(75,498)	(57,488)	(59,375)
Bank indebtedness	-	-	-	-
Invested Capital	1,798,525	1,806,783	1,800,684	1,800,817
Average of invested capital over the quarter	1,802,654	1,806,342	1,800,751	1,776,276

	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Shareholders' Equity	577,575	710,984	783,905	850,323
Addback				
Long term debt	896,626	859,297	718,139	677,996
Second lien debt	-	-	-	-
Capital leases	131,625	122,666	131,077	139,129
Convertible Debentures	217,516	211,281	224,947	229,673
Senior unsecured debt	-	-	-	-
Derivatives	(21,620)	(18,904)	(8,179)	4,806
Cash	(49,987)	(39,832)	(50,274)	(26,604)
Bank indebtedness	-	-	-	1,233
Invested Capital	1,751,735	1,845,492	1,799,615	1,876,556
Average of invested capital over the quarter	1,798,614	1,822,554	1,838,086	1,829,374

Appendix B - Non-IFRS Measures and Forward-Looking Statements

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 and expenses incurred outside the normal course of operations 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, expenses incurred outside the normal course of operations, 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, expenses incurred outside the normal course of operations, 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, expenses incurred outside the normal course of operations prior year sales tax provision, COVID-19 costs and non-operating restructuring costs .

References to "Adjusted Net 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 (Loss) and Adjusted Net Earnings (Loss) per Share are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings (Loss) and Adjusted Earnings (Loss) 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 (Loss) 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 (loss) to Adjusted EBITDA, based on the Financial Statements, has been provided under the headings “Reconciliation of Net Loss to Adjusted EBITDA and Net Operating Profit After Taxes”. A reconciliation of net earnings (loss) to Adjusted Net Earnings (Loss) is provided under the heading “Reconciliation of Net Loss to Adjusted Net Loss”.

NFI's method of calculating Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Net 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.sedarplus.ca.

"Total 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 without consideration given to the $50 minimum liquidity requirement under the Company’s senior 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 liquidity [NG] 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. 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, labour supply shortages and labour rates, the recovery of the Company’s markets and the expected benefits to be obtained through its “NFI Forward” initiatives) 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 condition, ability to generate sufficient cash flow and maintain adequate liquidity[NG], and the Company’s strategic initiatives, objectives, 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, operational challenges, labour supply shortages and inflationary and labour rate pressures, will not occur or be achieved.

A number of factors that may cause actual results to differ materially from the results discussed in the forward-looking statements include: the Company’s business, operating results, financial condition and liquidity [NG] may be materially adversely impacted by the aftermath and ongoing effects of COVID-19 pandemic and related supply chain and operational challenges, inflationary effects and labour supply and labour rate challenges; while the Company is closely managing its liquidity[NG], it is possible that various events (such as delayed deliveries and customer acceptances, delayed customer payments, supply chain issues, product recalls and warranty claims) could significantly impair the Company’s liquidity [NG] and there can be no assurance that the Company would be able to obtain additional liquidity when required in such circumstances; the Company’s business, operating results, financial condition and liquidity[NG] may be materially adversely impacted by ongoing conflicts in Ukraine, Russia, Israel and Palestine, due to factors including but not limited to further supply chain disruptions, inflationary pressures and tariffs on certain raw materials and components that may be necessary for the Company’s operations; 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 security holders 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. FTA; 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 electrical components, 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, component and labour costs; the Company may incur material losses and costs as a result of product warranty costs, recalls, failure to comply with motor vehicle manufacturing regulations and standards and the 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 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 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; in December 2022, the Board made the decision to suspend the payment of dividends given credit agreement constraints and to support the Company's focus on improving its liquidity[NG] and financial position and the resumption of dividend dividends is not assured or guaranteed; a significant amount of the Company's cash may be 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 aftermath and ongoing effects of the global COVID-19 pandemic include: ongoing economic and social disruptions; production rates may not increase as planned and may decrease; ongoing and future supply delays and shortages of parts and components, and shipping and freight delays, and disruption to or shortage of labour supply may continue or worsen; the pandemic has adversely affected operations of suppliers and customers and those effects may continue or worsen; the increase in customers' purchase of Company's products may not continue and may reverse; the supply of parts and components by suppliers continues to be challenged and may deteriorate; the recovery of the Company's markets in the future may not continue and demand may be lower than expected; the Company's ability to obtain access to additional capital if required may be impaired; and the Company's financial performance and condition, obligations, cash flow and liquidity [NG] and its ability to maintain compliance with the covenants under its credit facilities may be impaired. There can be no assurance that the Company will be able to maintain sufficient liquidity[NG] for an extended period or have access to additional capital or government financial support; and there can be no assurance as to if or when production operations will return to pre-pandemic production rates. There is also no assurance that governments will provide continued or adequate stimulus funding 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 on a sustained basis in the anticipated period of time. The Company cautions that the COVID-19 pandemic may return or worsen or other pandemics or similar events may arise. Such events are inherently unpredictable and may have severe and far-reaching impacts on the Company's operations, markets, and prospects.

Factors relating to the Company's "NFI Forward" initiatives 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 challenges 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, the Company's management in preparing the financial guidance and targets and the Company's ability to successfully execute the "NFI Forward" initiatives 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.