



NFI Announces Second Quarter 2021 Results

August 4, 2021

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

2021 Q2 Performance highlights:

- Revenue of \$583 million with 989 equivalent units ("EUs") delivered.
- Adjusted EBITDA of \$52 million; Earnings per Share of \$0.04 and Adjusted Earnings Per Share of \$0.12.
- Ending liquidity position of \$389 million. Free Cash Flow of \$15 million.
- Ending total backlog position (both firm and options) of 8,168 EUs (valued at \$4 billion), with Active Bids up 48% from 2021 Q1.
- NFI advanced its zero-emission, battery- and fuel cell-electric bus ("ZEB") activity with 83 EUs delivered (8% of 2021 Q2 deliveries). Remains on track for 20% to 25% of 2021 total manufacturing sales to be ZEBs; ZEB backlog is now 1,311 EUs, or 16%, of total backlog.
- "NFI Forward", the Company's strategic cost reduction initiative, realized Adjusted EBITDA savings of \$13 million (\$41.5 million since inception), and a further \$1 million (\$2.5 million since inception) of Free Cash Flow savings.
- Reaffirms Fiscal 2021 Adjusted EBITDA guidance of \$220 million to \$240 million, with potential for greater than 50% improvement from Fiscal 2020.

WINNIPEG, Manitoba, Aug. 04, 2021 (GLOBE NEWSWIRE) -- (TSX:NFI, OTC: NFIYF) NFI Group Inc. ("NFI" or the "Company"), a leader in zero-emission electric mobility solutions, today announced its unaudited interim condensed consolidated financial results for 2021 Q2.

Key financial metrics of the quarter are highlighted below:

(in millions except deliveries and per Share amounts)	2021 Q2	Change ⁽¹⁾	2021 Q2 LTM	Change ⁽¹⁾
Deliveries (EUs)	989	82 %	4,491	(11) %
IFRS Measures				
Revenue	\$583	75 %	\$2,532	(6) %
Net earnings (loss)	3	103 %	(7)	94 %
Net earnings (loss) per Share	0.04	103 %	(0.12)	93 %
Non-IFRS Measures⁽²⁾				
Adjusted EBITDA	\$52	315 %	\$233	9 %
Adjusted Net Earnings (Loss)	9	115 %	29	350 %
Adjusted Net Earnings (Loss) per Share	0.12	113 %	0.43	339 %
Free Cash Flow	15	136 %	87	51 %
Liquidity	\$389	(11) %	\$389	(11) %

(1) Results noted herein are for the 13-week period ("2021 Q2") and the 52-week period ("LTM 2021 Q2") ended June 27, 2021. The comparisons reported in this press release compare 2021 Q2 to the 13-week period ("2020 Q2") and LTM 2021 Q2 to the 52-week period ("LTM 2020 Q2") ended June 28, 2020. Comparisons and comments are also made to the 13-week period ("2021 Q1") ended March 28, 2021. Readers are advised to review the unaudited interim condensed consolidated financial statements (including notes) (the "Financial Statements") and the related Management's Discussion and Analysis (the "MD&A") that are available at the Company's website at: <https://www.nfigroup.com/investor-relations/performance-reports/> and under the Company's profile at www.sedar.com.

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

"The second quarter of 2021 saw NFI execute on several milestones, including continued expansion into international markets and advancement of the transformational NFI Forward cost reduction initiative. Despite supply chain challenges impacting production and parts sales, we delivered a solid quarter with major improvements in year-over-year financial performance and a stronger balance sheet. We see encouraging signs of market recovery with a significant increase in order activity. Our team is working diligently to deliver our 2021 guidance while managing through ongoing challenges created by the COVID-19 pandemic, including global supply chain issues, inflationary pressures, and timing delays on orders as customers' ridership recovers and they update their fleet renewal plans," said Paul Soubry, President and Chief Executive Officer, NFI.

"NFI's strategy to lead the **ZE**volution to zero-emission electric mobility continues to be a tremendous success," Soubry continued. "During the past seven months, we secured the largest-ever electric bus orders in both the UK and in Ireland, delivered our 500th electric bus in the UK, entered the Australian EV market via a strategic partnership, launched seven new electric vehicles, and were selected as the supplier of choice for the highest amount of U.S. Federal Transit Administration Low-No grant awards. NFI is proving itself as the leader in electric buses and coaches, and we look forward to continuing this journey of providing cleaner, safer, more accessible solutions for our customers around the world."

"Our longer-term outlook is also strengthening, supported by recent and historic government funding announcements in all of our key markets, the ongoing rollout of COVID-19 vaccines, and encouraging trends, with some U.S. and UK communities seeing ridership improvement of more than 80 percent over early 2020 levels. While this will help support topline revenue growth, the transformational NFI Forward initiative is providing us with a lower fixed cost base to improve margins and deliver enhanced returns on invested capital as we grow," Soubry concluded.

Segment Results

Manufacturing segment revenue for 2021 Q2 increased by \$211 million, or 85%, compared to 2020 Q2. The increase was primarily driven by improved new vehicle deliveries, as the Company had idled production for nearly two months in 2020 Q2. 2021 Q2 Manufacturing Adjusted EBITDA increased by \$54 million, or 166%, compared to 2020 Q2. The increase was driven by increased new vehicle deliveries, the benefit of cost reductions associated with NFI Forward, including 2021 Q2 savings of \$12 million for this segment, and receipt of government wage subsidies to assist in retaining skilled personnel.

Quarterly infrastructure solutions revenue grew by 279%, on a year-over-year basis. The Company has completed ZEB charging infrastructure solutions projects in seven different cities in fiscal 2021 and currently has projects in-progress in a further 20 different cities.

Aftermarket segment revenue of \$124 million reached a record level in 2021 Q2, with 46% year-over-year growth. The increase was driven by record volumes in the Asia Pacific region and volume growth in North America, the UK and Europe. 2021 Q2 Aftermarket Adjusted EBITDA reached a record level of \$25 million, a \$13 million, or 107%, year-over-year increase, due to increased sales, a favourable product mix and NFI Forward cost reductions.

Net Earnings and Adjusted Net Earnings

2021 Q2 net earnings of \$3 million increased by \$77 million, or 104%, from 2020 Q2 due to higher sales volumes, savings generated from the NFI Forward initiative, lower extraordinary COVID-19 expenses, benefits from government wage support to retain skilled people and lower interest expense.

2021 Q2 Adjusted Net Earnings of \$9 million, or \$0.12 per share, improved by \$66 million compared to 2020 Q2. The improvement in Adjusted Net Earnings was primarily driven by the same factors relating to net earnings adjusted for the impact of the revaluation of deferred tax balances due to the increase in the UK corporate tax rate from 19% to 25%.

Liquidity

The Company's liquidity position, which combines cash on-hand plus available capacity under its credit facilities as at June 27, 2021, was \$389 million, up \$70 million from 2021 Q1 and \$156 million from 2020 Q4.

Outlook

Management continues to expect that 2021 will be a transition year as NFI's end markets and customer order activity are expected to be impacted by the COVID-19 pandemic throughout the remainder of the year. The second quarter saw strong recovery in bidding activity, which management expects will drive delivery and backlog growth in the second half of 2022 and beyond.

The second quarter of 2021 was impacted by global supply chain challenges resulting from the COVID-19 pandemic, which had an adverse impact on NFI's 2021 Q2 production, and is expected to continue to impact production and deliveries through the remainder of 2021. Although the Company anticipates these global supply chain challenges to be transitory, they are far reaching and very difficult to predict, impacting the automotive and transportation industry broadly.

The Company expects to see improvements in its financial results in 2022 and beyond as NFI capitalizes on government investments in public transportation, and as the NFI Forward initiative continues to deliver improvements to operating metrics. NFI projects a growing adoption of zero-emission vehicles over the next 10 to 15 years as operators in North America, the UK, Europe and Asia Pacific markets transition their fleets to zero-emission vehicles. Management anticipates that, based on the Company's leadership position in core markets, broad product offering, historic experience and deep customer relationships, NFI is well-positioned to capitalize on the long-term transition to ZEBs in both core and new markets. Based on the factors noted above and management's previously disclosed financial guidance, the Company continues to expect that 20% to 25% of NFI's 2021 manufacturing sales will be battery-electric and hydrogen fuel-cell buses, growing to 35% to 40% of manufacturing sales by 2025.

Financial Outlook

Management reaffirms its 2021 financial guidance published on January 11, 2021 and affirmed on May 6, 2021 with respect to revenue, Adjusted EBITDA and Cash Capital expenditures, as well as the updated tax guidance for 2021. Management does, however, note that the tax impact of currency and non-monetary foreign exchange gains and losses can fluctuate and have a material impact on quarterly and annual tax rates. Readers should refer to the related assumptions and explanations contained in the MD&A.

Management cautions readers that NFI's quarterly and annual results have an element of seasonality due to the nature of each unique market

segment and the varied annual production and vacation schedule of each production facility. With the acquisition of ADL, this has become even more pronounced, with the third and fourth quarters now generally being periods with higher delivery volumes.

As a result of the ongoing COVID-19 pandemic, however, management anticipates changes to seasonality in 2021. Management expects the following seasonality on a year-over-year basis as compared to the same period in 2020: revenue and Adjusted EBITDA for 2021 Q3 will be down and will be similar to 2021 Q2; while revenue and Adjusted EBITDA for 2021 Q4 will be higher. Management also reminds readers that, for 2021, NFI's first quarter, second and third quarters are 13-week periods, while the fourth quarter is a 14-week period, making a 53-week fiscal year.

Environmental, Social & Governance ("ESG")

In May 2021, NFI released its ESG Report ("Report") for 2020. Highlights include updated performance indicators, a matrix outlining NFI's ESG priorities for 2021, and case studies outlining some of the specific projects and initiatives the Company undertook in 2020. The Report focuses on the three main components of NFI's Sustainability Pledge: "Better Product. Better Workplace. Better World", which guides the Company's daily actions and long-term planning. The ESG Report also introduces NFI's four pillar approach, including vehicles, infrastructure, smart, connected technology and workforce development, which directly supports the evolution of zero-emission technology, the need for equitable access to mobility, and the people development that will drive a more sustainable future.

NFI's ESG Report for 2020 can be accessed on NFI's website at: www.nfigroup.com.

Second Quarter 2021 Results Conference Call

A conference call for analysts and interested listeners will be held on August 4, 2021 at 8:00 a.m. Eastern Time (ET). The call-in number for listeners is 661-567-1097 or 833-562-0121, passcode number 4593555. An accompanying results presentation will be available prior to the call at: <https://www.nfigroup.com/investor-relations/events-presentations/>

A live webcast of the call and presentation will also be available at: <https://edge.media-server.com/mmc/p/umbmscur>

A replay of the call will be accessible from 11:00 a.m. ET on August 4, 2021 until 11:59 p.m. ET on August 3, 2022 at <https://edge.media-server.com/mmc/p/umbmscur>. The replay will also be available on NFI's website at: <https://www.nfigroup.com/investor-relations/events-presentations/>

About NFI Group

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

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

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

For investor inquiries, please contact:

Stephen King

P: 204.224.6382

Stephen.King@nfigroup.com

Appendix A - Reconciliation Tables

Reconciliation of Net Earnings (Loss) to Adjusted EBITDA

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

(U.S. dollars in thousands)				
	2021 Q2		52-Weeks Ended June 27, 2021	
	2021 Q2	2020 Q2	27, 2021	52-Weeks Ended June 28, 2020
Net earnings (loss)	\$ 2,587	\$ (74,050)	\$ (6,827)	\$ (108,245)
Addback ⁽¹⁾				
Income taxes	8,040	(12,907)	25,599	20,144
Interest expense ⁽¹²⁾	13,930	16,890	53,899	84,355
Amortization	23,503	28,146	100,565	121,476
(Gain) loss on disposition of property, plant and equipment	10	229	(793)	351
Fair value adjustment for total return swap ⁽⁵⁾	(264)	(275)	(2,279)	3,400
Unrealized foreign exchange loss (gain) on non-current monetary items and forward foreign exchange contracts	2,107	(2,163)	(2,208)	1,147

Costs associated with assessing strategic and corporate initiatives ⁽²⁾	—	1,231	165	957
Past service costs and other pension costs (recovery) ⁽⁷⁾	—	48	7	(2,016)
Fair value adjustment to acquired subsidiary company's inventory and deferred revenue ⁽⁴⁾	—	—	—	22,314
Proportion of the total return swap realized ⁽⁶⁾	91	(529)	1,482	(2,472)
Equity settled stock-based compensation	502	551	2,356	1,154
Unrecoverable insurance costs ⁽⁸⁾	718	—	718	—
Prior year sales tax provision ⁽⁹⁾	—	(30)	310	214
Extraordinary COVID-19 costs ⁽¹⁰⁾	465	17,557	30,559	17,557
Impairment loss on goodwill ⁽¹¹⁾	—	—	—	50,790
Non-recurring restructuring costs ⁽³⁾	167	1,075	28,981	1,462
Adjusted EBITDA ⁽¹⁾	\$ 51,856	\$ (24,227)	\$ 232,534	\$ 212,587
Adjusted EBITDA is comprised of:				
Manufacturing	\$ 21,297	\$ (32,356)	\$ 156,044	\$ 150,261
Aftermarket	24,936	12,059	81,169	67,783
Corporate	5,623	(3,930)	(4,679)	(5,457)

- Adjusted EBITDA is not a recognized earnings measure and does not have standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Definitions of Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings (Loss) and Adjusted Net Earnings (Loss) per Share" in Appendix B. Management believes that Adjusted EBITDA is a useful supplemental measure in evaluating performance of the Company.
- Normalized to exclude non-recurring expenses and recoveries related to the costs of assessing strategic and corporate initiatives.
- Normalized to exclude non-recurring restructuring costs. The 2021 Q2 costs primarily relate to severance costs and asset impairments associated with the NFI Forward restructuring initiative.
- The revaluation of ADL's inventory included an adjustment of \$22.3 million in 2020 Q2 LTM. These revaluation adjustments relate to purchase accounting as a result of the related acquisition.
- The fair value adjustment of the total return swap is a non-cash (gain) loss that is excluded from the definition of Adjusted EBITDA.
- A portion of the fair value adjustment of the total return swap is added to Adjusted EBITDA and Free Cash Flow to match the equivalent portion of the related deferred compensation expense recognized.
- Costs and recoveries associated with amendments to, and closures of, the Company's pension plans.
- Normalized to exclude non-recurring costs related to an insurance event that are not recoverable.
- Provision for sales taxes as a result of an ongoing state sales tax review.
- Normalized to exclude non-recurring COVID-19 related costs. The 2021 Q2 LTM costs include asset impairments of \$27.9 million and operating expenses of \$2.6 million. The asset impairments were primarily attributable to pre-owned coach inventory. Management will continue to assess the costs for COVID-19 and will make an assessment of whether they are deemed in fact to be one time and non-recurring. As more information becomes available, management may change its assessment.
- Impairment charge with respect to MCI's goodwill.
- Includes fair market value adjustments to interest rate swaps. 2021 Q2 includes a gain of \$3.8 million and 2020 Q2 includes a loss of \$1.3 million.

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

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

(U.S. dollars in thousands, except per Share figures)

	2021 Q2	2020 Q2	52-Weeks Ended June	52-Weeks Ended June
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			27, 2021	28, 2020
Net earnings (loss)	2,587	(74,050)	(6,827)	(108,247)
Adjustments, net of tax ^{(1) (8)}				
Fair value adjustments of total return swap ⁽⁵⁾	(120)	(189)	(1,408)	2,207
Unrealized foreign exchange (gain) loss	958	(1,493)	(2,613)	639
Unrealized (gain) loss on interest rate swap	(1,736)	868	(9,406)	14,834
Impairment loss on goodwill ⁽¹¹⁾	—	—	—	50,790
Portion of the total return swap realized ⁽⁶⁾	42	(365)	897	(1,619)
Costs associated with assessing strategic and corporate initiatives ⁽²⁾	—	1,231	164	957
Fair value adjustment to acquired subsidiary company's inventory and deferred revenue ⁽⁴⁾	—	—	—	12,331
Equity settled stock-based compensation	228	380	1,355	665
(Gain) loss on disposition of property, plant and equipment	5	158	(466)	246
Past service costs and other pension costs (recovery) ⁽⁷⁾	—	33	4	(1,213)
Unrecoverable insurance costs ⁽¹³⁾	327	—	327	—
Recovery on currency transactions ⁽⁹⁾	—	—	—	287
Prior year sales tax provision ⁽¹⁰⁾	—	(20)	204	(140)
Other tax adjustments ⁽¹⁴⁾	6,118	3,695	6,118	3,695
Extraordinary COVID-19 costs ⁽¹²⁾	212	12,114	20,909	12,114
Non-recurring restructuring costs ⁽³⁾	76	742	19,401	968
Adjusted Net Earnings (Loss)	\$ 8,697	(56,896)	\$ 28,659	(11,486)
Earnings (Loss) per Share (basic)	\$ 0.04	\$ (1.18)	\$ (0.12)	\$ (1.74)
Earnings (Loss) per Share (fully diluted)	\$ 0.04	\$ (1.18)	\$ (0.12)	\$ (1.74)
Adjusted Earnings (Loss) per Share (basic)	\$ 0.12	\$ (0.91)	\$ 0.43	\$ (0.18)
Adjusted Earnings (Loss) per Share (fully diluted)	\$ 0.12	\$ (0.91)	\$ 0.43	\$ (0.18)

- Addback items are derived from the historical Financial Statements of the Company.
- Normalized to exclude non-recurring expenses related to the costs of assessing strategic and corporate initiatives.
- Normalized to exclude non-recurring restructuring costs. Costs primarily relate to severance costs and asset impairments associated with the NFI Forward restructuring initiative.
- The revaluation of ADL's inventory included an adjustment of \$22.3 million in 2020 Q2 LTM. The after-tax value of the adjustment was \$12.3 million. These revaluation adjustments relate to purchase accounting as a result of the related acquisition.
- The fair value adjustment of the total return swap is a non-cash (gain) loss that is excluded from the definition of Adjusted Net Earnings (Loss).
- A portion of the fair value adjustment of the total return swap is excluded from Adjusted Net Earnings (Loss) to match the equivalent portion of the related deferred compensation expense recognized.
- Costs and recoveries associated with amendments to, and closures of, the Company's pension plans.
- For 2021, the Company has utilized a rate of 54.5% to tax effect the adjustments. A rate of 31.0% has been used to tax effect the adjustments for all other periods.
- Recovery of prior period banking fees related to foreign exchange transactions.
- Provision for sales taxes as a result of an ongoing state tax review.
- Impairment charge with respect to MCI's goodwill.
- Normalized to exclude non-recurring COVID-19 related costs. COVID-19 costs in 2021 primarily relate to the purchase of personal protective equipment and plant sanitation activities. Management will continue to assess the costs for COVID-19 and will make an assessment of whether they are deemed in fact to be one time and non-recurring. As more information becomes available, management may change its assessment.
- Normalized to exclude non-recurring costs related to an insurance event that are not recoverable.
- Includes the impact of changes in deferred tax balances as a result of substantively enacted tax rate changes. The 2021

Q2 balance includes the impact of the revaluation of deferred tax balances due to the increase in the UK corporate tax rate from 19% to 25%. The 2020 Q2 balance results from the reversal of previously enacted UK tax rate decline.

Appendix B - Non-IFRS Measures

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

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

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

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

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

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

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

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

Forward-Looking Statements

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

A number of factors that may cause actual results to differ materially from the results discussed in the forward-looking statements include: the Company's business, operating results, financial condition and liquidity may be materially adversely impacted by the ongoing COVID-19 pandemic; funding may not continue to be available to the Company's customers at current levels or at all; the Company's business is affected by economic factors and adverse developments in economic conditions which could have an adverse effect on the demand for the Company's products and the results of its operations; currency fluctuations could adversely affect the Company's financial results or competitive position; interest rates could

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

Factors relating to the global COVID-19 pandemic include: the magnitude and duration of the global, national and regional economic and social disruption being caused as a result of the pandemic; the impact of national, regional and local governmental laws, regulations and "shelter in place" or similar orders relating to the pandemic which may materially adversely impact the Company's ability to continue operations; partial or complete closures of one, more or all of the Company's facilities and work locations or the reduction of production rates (including due to government mandates and to protect the health and safety of the Company's employees or as a result of employees being unable to come to work due to COVID-19 infections with respect to them or their family members or having to isolate or quarantine as a result of coming into contact with infected individuals); production rates may be further decreased as a result of the pandemic; supply delays and shortages of parts and components, and shipping and freight delays, and disruption to labour supply as a result of the pandemic; the pandemic will likely adversely affect operations of customers and reduce and delay, for an unknown period, customers' purchases of the Company's products; the anticipated recovery of the Company's markets in the future may be delayed or increase in demand may be lower than expected as a result of the continuing effects of the pandemic; the Company's ability to obtain access to additional capital if required; and the Company's financial performance and condition, obligations, cash flow and liquidity and its ability to maintain compliance with the covenants under its credit facilities, which may also negatively impact the ability of the Company to pay dividends. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period, obtain future satisfactory covenant relief under its credit facilities, if required, 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, businesses and individuals, it is impossible to predict the severity of the impact on the Company's business, operating performance, financial condition and ability to generate sufficient cash flow and maintain adequate liquidity and any material adverse effects could very well be rapid, unexpected and may continue for an extended and unknown period of time.

Factors relating to the Company's "NFI Forward" initiative include: the Company's ability to successfully execute the initiative and to generate the planned savings in the expected time frame or at all; management may have overestimated the amount of savings and production efficiencies that can be generated or may have underestimated the amount of costs to be expended; the implementation of the initiative may take longer than planned to achieve the expected savings; further restructuring and cost-cutting may be required in order to achieve the objectives of the initiative; the estimated

amount of savings generated under the initiative may not be sufficient to achieve the planned benefits; combining business units and/or reducing the number of production or parts facilities may not achieve the efficiencies anticipated; and the impact of the continuing global COVID-19 pandemic. There can be no assurance that the Company will be able to achieve the anticipated financial and operational benefits, cost savings or other benefits of the initiative.

Factors relating to the Company's January 11, 2021 financial guidance (the "Guidance") include, in addition to the factors set out above, the degree to which actual future events accord with, or vary from, the expectations of, and assumptions used by, NFI's management in preparing the Guidance and the Company's ability to successfully execute the "NFI Forward" initiative and to generate the planned savings in the expected time frame or at all.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that could cause actions, events or results not to be as anticipated, estimated or intended or to occur or be achieved at all. Specific reference is made to "Risk Factors" in the Annual Information Form for a discussion of the factors that may affect forward-looking statements and information. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements and information. The forward-looking statements and information contained herein are made as of the date of this press release (or as otherwise indicated) and, except as required by law, the Company does not undertake to update any forward-looking statement or information, whether written or oral, that may be made from time to time by the Company or on its behalf. The Company provides no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers and investors should not place undue reliance on forward-looking statements and information.