NFI Announces Second Quarter 2022 Results

August 3, 2022

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

Performance Highlights:

- **2022 Q2 revenue of $398 million; 562 equivalent units ("EUs") delivered, including 59 EUs of battery- and fuel cell-electric vehicles ("ZEBs"), which equates to 11% of total deliveries.**
- **2022 Q2 Adjusted EBITDA(2) of ($21) million; Net Loss per Share of $0.74 and Adjusted Net Loss per Share(2) of $0.64.**
- **Ending liquidity(2) position of $629 million, with a minimum liquidity requirement of $300 million. Quarterly dividends per share of C$0.05.**
- **Ending total backlog position (both firm and options) of 9,674 EUs (valued at $5.5 billion(2)); ZEB backlog now 1,900 EUs, or 20%, of total backlog; Book-to-Bill ratio of 158%.**
- **Active public bid universe up 11% year-over-year; ZEBs now represent 51% of the Total Bid Universe.**
- **In 2022 Q2, "NFI Forward", the Company's strategic cost reduction and sourcing initiative, realized Adjusted EBITDA savings of $15 million, and a further $1 million of Free Cash Flow(2) savings; the Company expects to achieve its target of $67 million in Adjusted EBITDA savings (from 2019 levels) by the end of 2022, one year earlier than originally planned.**
- **Reaffirmed Fiscal 2022 financial guidance expectations, as updated on April 29, 2022, for revenue of $2.3 billion to $2.6 billion and Adjusted EBITDA of $15 million to $45 million; updated guidance for Fiscal 2022 cash capital expenditures.**
- **Subsequent to quarter-end, amended existing $1.25 billion senior revolving credit facility and £50 million revolving UK credit facility to obtain covenant relief.**

WINNIPEG, Manitoba, Aug. 03, 2022 (GLOBE NEWSWIRE) -- **(TSX: NFI, OTC: NFYEF, TSX: NFI.DB)** NFI Group Inc. ("NFI" or the "Company"), a leader in zero-emission electric mobility solutions, today announced its unaudited interim condensed consolidated financial results for the second quarter of 2022.

Key financial metrics of the quarter are highlighted below:

in millions except deliveries and per Share amounts. Unaudited		**2022 Q2**	**Change(1)**		**2022 Q2 LTM**	**Change(1)**
Deliveries (EUs)		562	*(43)%*		3,061	*(32)%*
IFRS Measures						
Revenue	$	398	*(32)%*	$	2,044	*(19)%*
Net earnings (loss)	$	(57)	*(2,281)%*	$	(109)	*(1,501)%*
Net earnings (loss) per Share	$	(0.74)	*(1,950)%*	$	(1.44)	*(1,100)%*
Non-IFRS Measures(2)						
Adjusted EBITDA	$	(21)	*(141)%*	$	19	*(92)%*
Adjusted Net Earnings (Loss)	$	(49)	*(663)%*	$	(117)	*(307)%*
Adjusted Earnings (Loss) per Share	$	(0.64)	*(633)%*	$	(1.60)	*472 %*
Free Cash Flow	$	(49)	*(433)%*	$	(97)	*(212)%*
Liquidity (minimum liquidity requirement of $300 million)	$	629	*62 %*	$	629	*62 %*

(1) Results noted herein are for the 13-week period ("2022 Q2") and the 53-week period ("LTM 2022 Q2") ended July 3, 2022. The comparisons reported in this press release compare 2022 Q2 to the 13-week period ("2021 Q2") and LTM 2022 Q2 to the 52-week period ("LTM 2021 Q2") ended June 27, 2021. Comparisons and comments are also made to the 13-week period ("2022 Q1") ended April 3, 2022.

(2) Adjusted EBITDA, Adjusted Net Earnings (loss), and Free Cash Flow represent non-IFRS measures, Adjusted Net Earnings (loss) per Share and Return on Invested Capital (ROIC) are non-IFRS ratios, and Liquidity and Backlog are supplementary financial measures. Such measures and ratios are not defined terms under IFRS and do not have standard meanings, so they may not be a reliable way to compare NFI to other companies. Adjusted Net Earnings (loss) per Share is based on the non-IFRS measure Adjusted Net Earnings (Loss). ROIC is based on net operating profit after tax and average invested capital, both of which are non-IFRS measures. See "Non-IFRS Measures" and detailed reconciliations of IFRS Measures to Non-IFRS Measures in Appendix B of this press release. Readers are advised to review the 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 www.nfigroup.com and under the Company's profile at www.sedar.com.

"We are seeing significant positive momentum in our order book, with record bid activity within our North American business contributing to significant new orders, especially for zero-emission buses. Similar to the first quarter of 2022, our ability to meet demand has been hampered by supply chain constraints. Our manufacturing segment results reflect the impacts of lower deliveries as we had a temporary build-up of work-in-progress inventory delaying deliveries until later in the year. Our customers continue to be extremely understanding and supportive through these difficult periods, working with us on price increases that reflect inflation, and schedule changes based on supply availability," said Paul Soubry, President and Chief Executive Officer, NFI.

"We were pleased to complete amendments to our credit facilities in July and thank our banking partners for their continued support. These amendments position us for success as we move into a period of recovery and the return of volume deliveries.

"2022 has presented a number of challenges, but our future is brighter than ever, as we expect to capitalize on our growing backlog, order book momentum, strong win rates, and the investments made in our products and operations to deliver on our targets," Soubry concluded.

Segment Results

Manufacturing segment revenue for 2022 Q2 decreased by $176 million, or 38%, compared to 2021 Q2. The decrease was primarily due to the reduction in deliveries in North America as a result of the global supply chain and logistics challenges. These challenges are largely the result of suppliers recovering from impacts of the COVID-19 pandemic, which has created numerous bottlenecks in the supply chain and disruptions to parts availability. During the quarter, WIP inventory increased by 117 EUs ($57 million) from vehicles waiting for control modules, due to a shortage of specific microprocessors. These units are planned to be delivered primarily in the second half of the year.

Manufacturing Adjusted EBITDA decreased by $64 million, or 299%, compared to 2021 Q2, driven by lower new vehicle deliveries, unfavorable sales mix, heightened inflation, and operational inefficiencies resulting from global supply chain and logistics challenges. In addition, government grants, which were primarily received to assist with the retention of skilled personnel, decreased by $18 million in 2022 Q2 compared to the same period in 2021, as the programs were either discontinued or NFI was no longer eligible.

During 2022 Q2, NFI delivered 59 battery-electric and fuel cell-electric vehicles, representing 11% of total deliveries, up from 8% in 2021 Q2. NFI's battery-electric and fuel cell-electric vehicles have collectively travelled more than 70 million zero-emission miles.

Aftermarket segment revenue 2022 Q2 decreased by 8% to $114 million, compared to 2021 Q2. The decrease was driven by reduced volumes in North America, the United Kingdom, and Europe. The aftermarket segment continues to benefit from a multi-year retrofit program in the APAC region, where NFI experienced record volumes in 2021 Q2, making for a difficult comparison period. This program will continue throughout 2022, but at a lower run rate. 2022 Q2 Aftermarket Adjusted EBITDA achieved $22 million, a $3 million, or 10%, year-over-year decrease, stemming from lower revenue and inflationary impacts from both freight and part costs, where NFI was not fully able to pass along these impacts to its customers.

Net Earnings, Adjusted Net Earnings and Return on Invested Capital

2022 Q2 Adjusted Net Loss of $49 million compared to 2021 Q2 Adjusted Net Earnings of $9 million. The increase in Adjusted Net Loss was driven by the reduction in deliveries as a result of the global supply chain and logistics challenges plus lower aftermarket sales volumes and inflationary impacts to both freight and part costs. In addition, the Company did not receive any government wage subsidy grants, as the programs were either discontinued or NFI was no longer eligible. The Adjusted Net Loss was partially offset by $15 million in savings generated by NFI Forward.

2022 Q2 net loss of $57 million increased by $59 million from 2021 Q1, primarily due to the same items that impacted Adjusted Net Loss combined with restructuring costs, the settlement of a lawsuit and the recognition of a pension liability from the withdrawal of a multi-employer pension plan related to the closure of NFI's Pembina, North Dakota facility. The loss was somewhat offset by fair value adjustments to the Company's convertible debenture cash conversion option and unrealized gains on NFI's interest rate swaps.

LTM 2022 Q2 ROIC decreased by 7.4% from LTM 2021 Q1, due to the decrease in Adjusted EBITDA offset by a lower invested capital base. The decrease in invested capital is primarily due to repayments of long-term debt and fair market value adjustments to the interest rate swaps that reduced the associated liability, partially offset by the issuance of new common shares and convertible debentures (the "Debentures") which occurred in the last twelve months.

Liquidity and Credit Amendments

The Company's liquidity position, which combines cash on-hand plus available capacity under its credit facilities was strong, at $629 million, without consideration given to the minimum liquidity requirement of $300 million under the amended facilities, as at the end of 2022 Q2. Liquidity is down $21 million from the end of 2022 Q1, primarily due to an increase in long-term debt (which was used to finance growth in inventory and other working capital balances) related to supply chain disruptions, as well as a decrease in cash on-hand as a result of timing of payments.

Subsequent to quarter-end, on July 29, 2022, NFI amended the Company's existing $1.25 billion senior revolving credit facility (the "Revolver") and its £50 million revolving UK credit facility (the "UK Facility"). The amended facilities provide NFI with relaxed covenants through 2023 as the Company recovers from supply chain disruptions, heightened inflation, and other impacts of the COVID-19 pandemic. Full details on the covenants and their respective timing are outlined in the Capital Allocation section of the MD&A.

As part of the Company's efforts to improve working capital and liquidity, NFI had significant discussions on prepayments and deposits with customers. The Company has received some prepayments and is continuing to work with other customers on plans that would help alleviate some of NFI's working capital investments while it navigates through the supply chain challenges.

Management believes that, with the amended credit facilities, the Company's cash position and capacity under the credit facilities, combined with anticipated future cash flows and access to capital markets, will be sufficient to fund operations, meet financial obligations as they come due, and provide the funds necessary for capital expenditures, interest payments, dividend payments and other operational needs.

While NFI has demonstrated strong access to capital markets, given its existing liquidity position and amendments to the Credit Facilities, the Company does not currently have any plans to raise additional external capital. See “Forward-Looking Statements”.

Outlook

In each of NFI’s core markets, government support for public transit vehicles is at an all-time high. Governments have committed billions of dollars for long-term fleet investments in zero-emission vehicles and infrastructure. As the market leader in North American transit and coach operations and the UK's leading provider of buses and coaches, management believes NFI is extremely well-positioned for both the near- and long-term based on the multi-year commitments being made by governments in all of the Company's core markets.

In response to a specific microprocessor shortage impacting NFI's North American manufacturing business, as detailed in the Company's 2022 Q1 financial results, NFI has been building and holding a number of vehicles in inventory. This has grown inventory by $57 million on a temporary basis. NFI continues to have detailed discussions with the microprocessor supplier and fully expects to receive the required modules to meet NFI's latest guidance. Delivery of these vehicles is expected to occur in the third and fourth quarters of 2022. Some deliveries may, however, occur in the first quarter of 2023 due to the complexity of customer delivery acceptance processes. In addition, NFI continues to work with other suppliers and microprocessor sources to assist in production recovery plans and future sourcing alternatives. Significant progress has been made on a new alternative microprocessor module that will be installed in some vehicles, helping to lower the risk of future supply disruptions.

Given NFI's expectations that supply impacts continue to be temporary and based on the strong signs of market recovery in all of NFI's end markets, any cost and capital reductions will be balanced with the ability to continue to secure new orders, invest in new product development, and deliver on existing customer orders.

NFI is experiencing significantly increased inflation with respect to supplier pricing and wages, and through raw material commodities purchased directly by NFI. The majority of the impacts from inflation are expected to be seen in 2022 results due to legacy firm order contracts, and these impacts are reflected in NFI's financial guidance. Newer contracts are being priced to reflect current input costs and future options contracts generally have clauses where a government purchase price index ("PPI") will be applied. For contracts where NFI has significant inflation exposure, the Company is seeking price increases and surcharges through negotiations with customers and surcharge letters. The Company has experienced success with these efforts and expects they will help offset some of the margin pressure facing the Company. NFI's financial guidance reflects the adverse impacts of inflation, with improved margins anticipated in 2023.

While these issues are anticipated to be near-term headwinds, NFI's longer-term outlook remains strong based on its backlog and broader market conditions. NFI has received significant new orders over the past twelve months that support the Company's plan to increase headcount, and ramp-up production late in 2022 and into 2023. The Company anticipates that it will be able to source the labor required to drive higher production and volume deliveries in 2023. These new orders, combined with existing backlog, other recent bid activity, and continuing growth in government investments in transportation, are expected to drive significant revenue and Adjusted EBITDA growth for NFI from 2023 to 2025.

NFI Forward

In 2022 Q2, NFI Forward realized Adjusted EBITDA savings of approximately $15 million and $1 million of additional Free Cash Flow savings.

The Company expects to achieve its target of $67 million in Adjusted EBITDA savings (from 2019 production levels) by the end of Fiscal 2022, a year ahead of the original plan. With the majority of the original projects completed, the Company has implemented a series of additional projects called “NFI Forward 2.0”, that are expected to generate additional annualized Adjusted EBITDA savings in 2023 and beyond. NFI Forward 2.0 includes the integration of its Delaware parts distribution facility (a legacy parts warehouse of NABI that NFI acquired in 2013) into its existing NFI Parts™ footprint during the third quarter of 2022, and a plan to close the MCI coach manufacturing facility in Pembina, North Dakota, by the end of 2022.

NFI Forward 2.0 will be smaller in scale and financial impact when compared to the original NFI Forward initiatives. In total, the Company believes NFI Forward 2.0 will generate $5 million to $8 million in annual savings from one-time capital investments of $8 million to $10 million.

Financial Guidance

On April 29, 2022, NFI announced that it was lowering its financial guidance for Fiscal 2022 due to shortages of critical microprocessor modules expected to result in lower-than-planned deliveries in the second and third quarters of 2022. It is also important to note that NFI does not anticipate receiving any Canadian or UK government wage subsidy support in 2022, compared to the $56 million of wage subsidy grants received during Fiscal 2021.

NFI confirms its 2022 lowered financial guidance for revenue, ZEBs as a percentage of manufacturing sales, Adjusted EBITDA and expected seasonality, with negative Adjusted EBITDA in the third quarter and positive Adjusted EBITDA in the fourth quarter. The Company is updating its guidance for cash capital expenditures and has increased the range to $35 million to $45 million (from a previous range of $25 million to $35 million), in response to investments by the Company in electric innovation projects (both battery and fuel cell) for its ADL business in international markets and other EV growth projects in North America.

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

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

Please review the Company's SEDAR filings for details on the assumptions that drive Fiscal 2022 guidance and 2025 targets. Management's expectations regarding financial guidance and targets above are subject to the risks and other factors referred to in Appendix B.

Environmental, Social & Governance

In May 2022, NFI released its environmental, social, and governance ("ESG") Report for 2021, which provides updated key performance indicators, highlights for 2021, ESG priorities for 2022, as well as case studies outlining some of the specific projects and initiatives the Company undertook in the year. The ESG Report focuses on the three main components of NFI's Sustainability Pledge, first adopted in 2006: "Better Product. Better Workplace. Better World", which guides the Company's daily actions and long-term planning. The ESG Report for 2021 can be found at: https://www.nfigroup.com/esg/

In June 2022, NFI announced that it had been ranked among Corporate Knights' 2022 Best 50 Corporate Citizens in Canada. The Best 50 Corporate Citizens represent a rising standard and ambition for corporate sustainability leadership in Canada.

Second Quarter 2022 Results Conference Call

A conference call for analysts and interested listeners will be held on August 3, 2022 at 8:30 a.m. Eastern Time (ET). Please be advised that the process for listening to and participating in NFI's quarterly conference calls has changed. 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/kwf9ya6m. NFI encourages attendees to join via webcast as a results presentation will be presented via webcast and users can also submit questions to management through the platform.

Attendees who wish to join by phone must visit the following link and preregister: https://register.vevent.com/register/BIf6f5a0ea586f4cc4860810ee372c72f2. An email will be sent to the users registered email address, which will provide the call-in details. Due to the possibility of emails being held up in spam filters, we highly recommend that attendees wishing to join via phone register ahead of time to ensure receipt of their access details.

The results presentation will be made available prior to the call at www.nfigroup.com. A replay of the call will be accessible from 11:30 a.m. ET on August 3, 2022 until 11:59 p.m. ET on August 4, 2023 at https://edge.media-server.com/mmc/p/kwf9ya6m. 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 7,500 team members in nine countries, NFI is a leading global bus manufacturer of mass mobility solutions under the brands **New Flyer**® (heavy-duty transit buses), **MCI**® (motor coaches), **Alexander Dennis Limited** (single and double-deck buses), **Plaxton** (motor coaches), **ARBOC**® (low-floor cutaway and medium-duty buses), and **NFI Parts** ™. NFI currently offers the widest range of sustainable drive systems available, including zero-emission electric (trolley, battery, and fuel cell), natural gas, electric hybrid, and clean diesel. In total, NFI supports its installed base of over 105,000 buses and coaches around the world. NFI's common shares ("Shares") trade on the Toronto Stock Exchange ("TSX") under the symbol NFI and its Debentures trade on the TSX under the symbol NFI.DB. News and information is available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, www.nfi.parts, www.alexander-dennis.com, www.arbocsv.com, and www.carfaircomposites.com.

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 and Net Operating Profit after Taxes

Management believes that Adjusted EBITDA, and net operating profit after taxes ("NOPAT") are important measures in evaluating the historical operating performance of the Company. However, Adjusted EBITDA and NOPAT are not recognized earnings measures under International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS. Accordingly, Adjusted EBITDA and NOPAT may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with IFRS as an indicator of the Company's performance and NOPAT should not be construed as an alternative to earnings or loss from operations determined in accordance with IFRS as an indicator of the Company's performance. See "Non-IFRS Measures" for the definition of Adjusted EBITDA. The following table reconciles net earnings (loss) to Adjusted EBITDA based on the historical Financial Statements of the Company for the periods indicated. The company defines NOPAT as Adjusted EBITDA less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%.

(U.S. dollars in thousands) - unaudited	2022 Q2	2021 Q2	53-Weeks Ended July 3, 2022	52-Weeks Ended June 27, 2021
Net (loss) earnings	(56,740)	2,587	(108,914)	(6,827)
Addback[(1)]				
Income taxes	(17,595)	8,040	(32,410)	25,599

Interest expense(15)	9,130	13,930	14,769	53,899
Amortization	20,282	23,503	92,720	100,565
Loss (gain) on disposition of property, plant and equipment	(58)	10	25	(793)
Fair value adjustment for total return swap(9)	—	(264)	2,335	(2,279)
Unrealized foreign exchange loss (gain) on non-current monetary items and forward foreign exchange contracts	1,045	2,107	12,968	(2,208)
Costs associated with assessing strategic and corporate initiatives(7)	—	—	(106)	165
Past service costs and other pension costs(11)	7,000	—	7,000	7
Proportion of the total return swap realized(10)	—	91	(1,525)	1,482
Equity settled stock-based compensation	243	502	1,114	2,356
Unrecoverable insurance costs and other(12)	7,913	718	8,324	718
Prior year sales tax provision(13)	—	—	1,996	310
COVID-19 costs(14)	—	465	3,205	30,559
Out of period costs(16)	—	—	1,234	—
Restructuring costs(8)	7,435	167	16,462	28,981
Adjusted EBITDA(1)	(21,345)	51,856	19,197	232,534
Depreciation of property, plant and equipment and right of use assets	(12,346)	(15,253)	(60,350)	(67,999)
Tax at 31%	10,444	(11,347)	12,757	(51,006)
NOPAT	(23,247)	25,256	(28,396)	113,529
Adjusted EBITDA is comprised of:				
Manufacturing	(42,380)	21,297	(87,353)	156,044
Aftermarket	22,256	24,936	96,342	81,169
Corporate	(1,221)	5,623	10,208	(4,679)

Free Cash Flow and Free Cash Flow per Share

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

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

(U.S. dollars in thousands, except per Share figures)	**2022 Q2**	**2021 Q2**	**53-Weeks Ended July 3, 2022**	**52-Weeks Ended June 27, 2021**
Net cash generated by operating activities	8,440	91,139	(2,926)	89,400
Changes in non-cash working capital items(3)	(61,534)	(61,841)	(68,237)	(6,945)
Interest paid(3)	12,961	14,697	58,370	65,947
Interest expense(3)	(18,561)	(16,518)	(72,088)	(65,766)
Income taxes paid(3)	2,974	6,430	6,079	29,806
Current income tax (expense) recovery(3)	2,824	(7,818)	3,105	(34,237)
Repayment of obligations under lease	(6,029)	(3,296)	(18,722)	(21,673)
Cash capital expenditures	(4,232)	(9,558)	(28,697)	(29,331)
Acquisition of intangible assets	(2,214)	(604)	(5,673)	(604)
Proceeds from disposition of property, plant and equipment	228	704	4,477	5,633
Costs associated with assessing strategic and corporate initiatives(7)	—	—	(106)	165
Defined benefit funding(4)	1,261	388	4,511	3,902
Defined benefit expense(4)	(1,745)	(364)	(6,734)	(4,533)
Past service costs and other pension costs (recovery)(11)	7,000	—	7,000	7
Equity Hedge	(124)	—	(124)	—
Proportion of the total return swap realized(10)	—	91	(1,525)	1,482
Unrecoverable insurance costs and other(12)	7,913	718	8,314	718
Out of period costs(16)	—	—	2,498	—
Prior year sales tax provision(13)	—	—	1,996	313
Restructuring costs(8)	3,627	167	12,492	21,866

COVID-19 costs[14]	—	465	3,217	30,559
Foreign exchange loss on cash held in foreign currency[5]	(2,118)	(34)	(4,384)	(111)
Free Cash Flow[1]	(49,330)	14,766	(97,158)	86,598
U.S. exchange rate[2]	1.2883	1.2294	1.2710	1.2874
Free Cash Flow (C$)[1]	(63,552)	18,153	(123,488)	111,486
Free Cash Flow per Share (C$)[6]	(0.8238)	0.2557	(1.8921)	1.7082
Declared dividends on Shares (C$)	4,096	15,085	39,668	56,743
Declared dividends per Share (C$)[6]	0.0531	0.2125	0.5312	0.8500

1. Free Cash Flow is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS.
2. U.S. exchange rate (C$ per US$) is the weighted average exchange rate applicable to dividends declared for the period.
3. Changes in non-cash working capital are excluded from the calculation of Free Cash Flow as these temporary fluctuations are managed through the credit facilities which are available to fund general corporate requirements, including working capital requirements, subject to borrowing capacity restrictions. Changes in non-cash working capital are presented on the consolidated statements of cash flows net of interest and income taxes paid.
4. The cash effect of the difference between the defined benefit expense and funding is included in the determination of cash from operating activities. This cash effect is excluded in the determination of Free Cash Flow as management believes that the defined benefit expense amount provides a more appropriate measure, as the defined benefit funding can be impacted by special payments to reduce the unfunded pension liability.
5. Foreign exchange loss on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS; however, because it is a cash item, management believes it should be included in the calculation of Free Cash Flow.
6. Per Share calculations for Free Cash Flow (C$) are determined by dividing Free Cash Flow by the total number of all issued and outstanding Shares using the weighted average over the period. The weighted average number of Shares outstanding for 2022 Q2 was 77,140,467 and 70,985,041 for 2021 Q2. The weighted average number of Shares outstanding for the 52-weeks ended July 3, 2022 and 52-weeks ended June 27, 2021 are 74,517,345 and 65,264,409, respectively. Per Share calculations for declared dividends (C$) are determined by dividing the amount of declared dividends by the number of outstanding Shares at the respective period end date.
7. Normalized to exclude non-operating expenses and recoveries related to the costs of assessing strategic and corporate initiatives.
8. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, right-of-use asset impairments and inventory impairments associated with NFI Forward restructuring initiatives. Free Cash Flow reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.
9. The fair value adjustment of the total return swap is a non-cash (gain) loss that is excluded from the definition of Adjusted EBITDA. Beginning in Q2 2022, hedge accounting was applied to the total return swap derivative and therefore, the portion of the (gain) loss on the fair value adjustment, which does not apply to the current period is recognized in other comprehensive income.
10. A portion of the fair value adjustment of the total return swap is added to Adjusted EBITDA and Free Cash Flow to match the equivalent portion of the related deferred compensation expense recognized. Beginning in Q2 2022, hedge accounting was applied to the total return swap derivative and therefore, the portion of the (gain) loss on the fair value adjustment, which does not apply to the current period is recognized in other comprehensive income.
11. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. Q2 2022 includes $7.0 million for the liability related to the closure of the Pembina facility and withdrawal from the multi-employer pension plan.
12. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible. Q2 2022 includes the costs associated with a legal settlement, which was not recoverable under insurance.
13. Provision for sales taxes as a result of an ongoing state sales tax review.
14. Normalized to exclude COVID-19 related costs. Costs primarily relate to asset impairments, medical costs directly related to COVID-19 and miscellaneous operating costs associated with COVID-19. Asset impairments are primarily attributable to pre-owned coach inventory. During 2022, management determined costs related to sanitization and masks were an operating cost and would no longer be included in the definition.
15. Includes fair market value adjustments to interest rate swaps and the cash conversion option on the Convertible

Debentures. 2022 Q2 includes a gain of $5.8 million and 2021 Q2 includes a gain of $3.8 million for the interest rate swaps. 2022 Q2 includes a gain of $6.0 million and 2021 Q2 includes a gain of $nil for the cash conversion option.

16. Includes adjustments made related to expenses that pertain to prior years. 2021 Q4 includes expenses related to amounts owed from fiscal years 2016 - 2020, and expenses related to amounts owed from fiscal years 2014 - 2020.

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

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

(U.S. dollars in thousands, except per Share figures) - unaudited	**2022 Q2**	**2021 Q2**	**53-Weeks Ended July 3, 2022**	**52-Weeks Ended June 27, 2021**
Net (loss) earnings	(56,740)	2,587	(108,914)	(6,827)
Adjustments, net of tax[(1) (7)]				
Fair value adjustments of total return swap[(4)]	—	(120)	1,286	(1,408)
Unrealized foreign exchange loss (gain)	722	958	7,267	(2,613)
Unrealized (gain) loss on interest rate swap	(4,010)	(1,736)	(24,854)	(9,406)
Unrealized gain on Cash Conversion Option	(4,122)	—	(12,790)	—
Portion of the total return swap realized[(5)]	—	42	(759)	897
Costs associated with assessing strategic and corporate initiatives[(2)]	—	—	(106)	164
Equity settled stock-based compensation	167	228	631	1,355
Loss (gain) on disposition of property, plant and equipment	(40)	5	(89)	(466)
Past service costs and other pension costs[(6)]	4,830	—	4,830	4
Unrecoverable insurance costs[(12)]	5,460	327	7,214	327
Prior year sales tax provision[(8)]	—	—	—	204
Other tax adjustments[(10)]	(1,700)	6,118	(5,329)	6,118
COVID-19 costs[(9)]	—	212	1,458	20,909
Out of period costs[(11)]	—	—	1,264	—
Accretion in carrying value of convertible debt and cash conversion option	1,309	—	2,883	—
Restructuring costs[(3)]	5,130	76	9,259	19,401
Adjusted Net Earnings (Loss)	(48,993)	8,697	(116,749)	28,659
Net Earnings (Loss) per Share (basic)	(0.74)	0.04	(1.44)	(0.11)
Net Earnings (Loss) per Share (fully diluted)	(0.74)	0.04	(1.44)	(0.11)
Adjusted Earnings (Loss) per Share (basic)	(0.64)	0.12	(1.60)	0.43
Adjusted Earnings (Loss) per Share (fully diluted)	(0.64)	0.12	(1.60)	0.43

1. Addback items are derived from the historical financial statements of the Company.
2. Normalized to exclude non-operating expenses related to the costs of assessing strategic and corporate initiatives.
3. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, right-of-use asset impairments and inventory impairments associated with NFI Forward restructuring initiatives.
4. The fair value adjustment of the total return swap is a non-cash (gain) loss that is excluded from the definition of Adjusted Net Earnings (Loss). Beginning in Q2 2022, hedge accounting was applied to the total return swap derivative and therefore, the portion of the (gain) loss on the fair value adjustment, which does not apply to the current period is recognized in other comprehensive income.
5. A portion of the fair value adjustment of the total return swap is excluded from Adjusted Net Earnings (Loss) to match the equivalent portion of the related deferred compensation expense recognized. Beginning in Q2 2022, hedge accounting was applied to the total return swap derivative and therefore, the portion of the (gain) loss on the fair value adjustment, which does not apply to the current period is recognized in other comprehensive income.
6. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. Q2 2022 includes

$7.0 million for the liability related to the closure of the Pembina facility and withdrawal from the multi-employer pension plan.

7. The Company has utilized a rate of 54.5% to tax effect the adjustments in periods related to Fiscal 2021. A rate of 31.0% has been used to tax effect the adjustments for all other periods.
8. Provision for sales taxes as a result of a state tax review.
9. Normalized to exclude COVID-19 related costs. Costs primarily relate to asset impairments, medical costs directly related to COVID-19 and miscellaneous operating costs associated with COVID-19. Asset impairments are primarily attributable to pre-owned coach inventory. During 2022, management determined costs related to sanitization and masks were an operating cost and would no longer be included in the definition.
10. Includes the impact of changes in deferred tax balances as a result of substantively enacted tax rate changes. The 2021 and 2022 amounts include the impact of the revaluation of deferred tax balances due to the increase in the UK corporate tax rate from 19% to 25% in 2021 Q2. The 2020 amounts result from the reversal of previously enacted UK tax rate decline in 2020 Q2.
11. Includes adjustments made related to expenses that pertain to prior years. 2022 Q1 includes expenses related to tax amounts owed from fiscal years 2016 - 2018. 2021 Q4 includes expenses related to amounts owed from fiscal years 2016 - 2020, and expenses related to amounts owed from fiscal years 2014 - 2020.
12. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible. Q2 2022 includes the costs associated with a legal settlement, which was not recoverable under insurance

Reconciliation of Shareholders' Equity to Invested Capital

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

(U.S. dollars in thousands)	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Shareholders' Equity	783,905	850,323	871,772	787,010
Addback				
Long term debt	718,139	677,996	586,411	1,049,273
Capital leases	131,077	139,129	143,675	150,212
Convertible Debentures	224,947	229,673	225,768	—
Derivatives	(8,179)	4,806	31,883	20,920
Cash	(50,274)	(26,604)	(77,318)	(64,822)
Bank indebtedness	—	1,233	—	—
Invested Capital	1,799,615	1,876,556	1,782,191	1,942,593
Average of invested capital over the quarter	1,838,086	1,829,374	1,862,392	1,945,438

	2021 Q2	2020 Q4	2020 Q3	2020 Q2
Shareholders' Equity	814,502	824,643	620,141	602,178
Addback				
Long term debt	963,630	1,008,733	1,125,685	1,123,281
Capital leases	153,967	150,553	150,577	152,912
Convertible Debentures	—	—	—	—
Derivatives	21,609	23,996	29,656	35,493
Cash	(47,695)	(23,063)	(55,769)	(1,176)
Bank indebtedness	—	1	—	10,000
Invested Capital	1,906,013	1,984,863	1,870,290	1,922,688
Average of invested capital over the quarter	1,945,437	1,927,577	1,896,489	1,973,970

Appendix B - Non-IFRS Measures

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

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

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

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

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

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

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

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

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

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

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

Forward-Looking Statements

This press release contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities laws, which reflect the expectations of management regarding the Company’s future growth, financial performance and objectives and the Company’s strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic, and supply chain disruptions. The words “believes”, “views”, “anticipates”, “plans”, “expects”, “intends”, “projects”, “forecasts”, “estimates”, “guidance”, “goals”, “objectives” and “targets” and similar expressions of future events or conditional verbs such as “may”, “will”, “should”, “could”, “would” are intended to identify forward-looking statements. These forward-looking statements reflect management’s current expectations regarding future events (including the temporary nature of the supply chain disruptions, the recovery of the Company’s markets and the expected benefits to be obtained through its “NFI Forward” initiative) and the Company’s financial and operating performance and speak only as of the date of this press release. By their very nature, forward-looking statements require management to make assumptions and involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and give rise to the possibility that management’s predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the assumptions may not be correct and that the Company’s future growth, financial performance and objectives and the Company’s strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic and supply chain disruptions, will not occur or be achieved. There can be no assurance that dividends will continue to be paid.

A number of factors that may cause actual results to differ materially from the results discussed in the forward-looking statements include: the Company’s business, operating results, financial condition and liquidity may be materially adversely impacted by the ongoing COVID-19 pandemic and related supply chain challenges, employee absenteeism and inflationary effects; the Company’s business, operating results, financial condition and liquidity may be materially adversely impacted by the Russian invasion of Ukraine due to factors including but not limited to further supply chain issues and inflationary pressures and supply chain disruptions; funding may not continue to be available to the Company’s customers at current levels or at all and proposed government funding plans may not materialize or result in vehicle or parts purchase contracts being awarded to the Company; the Company’s business is affected by economic factors and adverse developments in economic conditions which could have an adverse effect on the demand for the Company’s products and the results of its operations; currency fluctuations could adversely affect the Company’s financial results or competitive position; interest rates could change substantially, materially impacting the Company’s revenue and profitability; an active, liquid trading market for the Shares and/or the Debentures may cease to exist, which may limit the ability of securityholders to trade Shares and/or Debentures; the market price for the Shares and/or the Debentures may be volatile; if securities or industry analysts do not publish research or reports about the Company and its business, if they adversely change their recommendations regarding the Shares or if the Company's results of operations do not meet their expectations, the Share price and trading volume could decline, in addition, if securities or industry analysts publish inaccurate or unfavorable research about the Company or its business, the Share price and trading volume of the Shares could decline; competition in the industry and entrance of new competitors; current requirements under U.S. "Buy America" regulations may change and/or become more onerous or suppliers' "Buy America" content may change; failure of the Company to comply with the U.S. Disadvantaged Business Enterprise ("DBE") program requirements or the failure to have its DBE goals approved by the U.S. Federal Transit Administration; absence of fixed term customer contracts, exercise of options and customer suspension or termination for convenience; local content bidding preferences in the United States may create a competitive disadvantage; requirements under Canadian content policies may change and/or become more onerous; the Company's business may be materially impacted by climate change matters, including risks related to the transition to a lower-carbon economy); operational risk resulting from inadequate or failed internal processes, people and/or systems or from external events, including fiduciary breaches, regulatory compliance failures, legal disputes, business disruption, pandemics, floods, technology failures, processing errors, business integration, damage to physical assets, employee safety and insurance coverage; international operations subject the Company to additional risks and costs and may cause profitability to decline; compliance with international trade regulations, tariffs and duties; dependence on unique or limited sources of supply (such as engines, components containing microprocessors or, in other cases, for example, the supply of transmissions, batteries for battery-electric buses, axles or structural steel tubing) resulting in the Company's raw materials and components not being readily available from alternative sources of supply, being available only in limited supply, a particular component may be specified by a customer, the Company's products have been engineered or designed with a component unique to one supplier or a supplier may have limited or no supply of such raw materials or components or sells such raw materials or components to the Company on less than favorable commercial terms; the Company's vehicles and certain other products contain electronics, microprocessors control modules, and other computer chips, for which there has been a surge in demand, resulting in a worldwide supply shortage of such chips in the transportation industry, and a shortage or disruption of the supply of such microchips could materially disrupt the Company's operations and its ability to deliver products to customers; dependence on supply of engines that comply with emission regulations; a disruption, termination or alteration of the supply of vehicle chassis or other critical components from third-party suppliers could materially adversely affect the sales of certain of the Company's products; the Company's profitability can be adversely affected by increases in raw material and component costs; the Company may incur material losses and costs as a result of product warranty costs, recalls and remediation of transit buses and motor coaches; production delays may result in liquidated damages under the Company's contracts with its customers; catastrophic events, including those related to impacts of climate change, may lead to production curtailments or shutdowns; the Company may not be able to successfully renegotiate collective bargaining agreements when they expire and may be adversely affected by labor disruptions and shortages of labor; the Company's operations are subject to risks and hazards that may result in monetary losses and liabilities not covered by insurance or which exceed its insurance coverage; the Company may be adversely affected by rising insurance costs; the Company may not be able to maintain performance bonds or letters of credit required by its contracts or obtain performance bonds and letters of credit required for new contracts; the Company is subject to litigation in the ordinary course of business and may incur material losses and costs as a result of product liability and other claims; the Company may have difficulty selling pre-owned coaches and realizing expected resale values; the Company may incur costs in connection with regulations relating to axle weight restrictions and vehicle lengths; the Company may be subject to claims and liabilities under environmental, health and safety laws; dependence on management information systems and cyber security risks; the Company's ability to execute its strategy and conduct operations is dependent upon its ability to attract, train and retain qualified personnel, including its ability to retain and attract executives, senior management and key employees; the Company may be exposed to liabilities under applicable anti-corruption laws and any determination that it violated these laws could have a material adverse effect on its business; the Company's risk management policies and procedures may not be fully effective in achieving their intended purposes; internal controls over financial reporting, no matter how well designed, have inherent limitations; there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures; ability to successfully execute strategic plans and maintain profitability; development of competitive or disruptive products, services or technology; development and testing of new products or model variants; acquisition risk; reliance on third-party manufacturers; third-party distribution/dealer agreements; availability to the Company of future financing; the Company may not be able to generate the necessary amount of cash to service its existing debt, which may require the Company to refinance its debt; the Company's substantial consolidated indebtedness could negatively impact the business; the restrictive covenants in the Company's credit facilities could impact the Company's business and affect its ability to pursue its business strategies; payment of dividends is not guaranteed; a significant amount of the Company's cash is distributed, which may restrict potential growth; the Company is dependent on its subsidiaries for all cash available for distributions; the Company may not be able to make principal payments on the Debentures; redemption by the Company of the Debentures for Shares will result in dilution to holders of Shares; Debentures may be redeemed by the Company prior to maturity; the Company may not be able to repurchase the Debentures upon a change of control as required by the trust indenture under which the Debentures were issued (the "Indenture"); conversion of the Debentures following certain transactions could lessen or eliminate the value of the conversion privilege associated with the Debentures; future sales or the possibility of future sales of a substantial number of Shares or Debentures may impact the price of the Shares and/or the Debentures and could result in dilution; payments to holders of the Debentures are subordinated in right of payment to existing and future Senior Indebtedness (as described under the Indenture) and will depend on the financial health of the Company and its creditworthiness; if the Company is required to write down goodwill or other intangible assets, its financial condition and operating results would be negatively affected; and income and other tax risk resulting from the complexity of the Company's businesses and operations and the income and other tax interpretations, legislation and regulations pertaining to the Company's activities being subject to continual change.

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

Factors relating to the Company's "NFI Forward" initiatives include: the Company's ability to successfully execute the initiatives 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 initiatives 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 initiatives; the estimated amount of savings generated under the initiatives may not be sufficient to achieve the planned benefits; combining business units and/or reducing the number of production or parts facilities may not achieve the efficiencies anticipated; and the impact of the continuing global COVID-19 pandemic, supply chain issues and inflationary pressures. There can be no assurance that the Company will be able to achieve the anticipated financial and operational benefits, cost savings or other benefits of the initiatives.

Factors relating to the Company's financial guidance and targets disclosed in this press release include, in addition to the factors set out above, the degree to which actual future events accord with, or vary from, the expectations of, and assumptions used by, NFI's management in preparing the financial guidance and targets and the Company's ability to successfully execute the "NFI Forward" 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.