NFI Announces Third Quarter 2022 Results

November 15, 2022

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

Performance Highlights:

- **2022 Q3 revenue of $514 million; 783 equivalent units ("EUs") delivered, including 104 EUs of battery- and fuel cell-electric buses ("ZEBs"), which equates to 13% of total deliveries.**
- **2022 Q3 Adjusted EBITDA[2] of ($16) million; Net Loss per Share of $0.56 and Adjusted Net Loss per Share[2] of $0.63.**
- **Ending liquidity[2] position of $471 million, with a minimum liquidity requirement of $250 million.**
- **In detailed discussions with Export Development Canada ("EDC"), the Government of Manitoba and other banking syndicate members regarding credit facility covenant relief and potential financing solutions.**
- **Ending total backlog position (both firm and options) of 8,505 EUs (valued at $4.9 billion[2]); zero-emission bus ("ZEB") backlog now 1,802 EUs, or 21%, of total backlog; in addition, 1,360 EUs in bid award pending, which will support future backlog growth.**
- **Active North American public bid universe up 47% year-over-year; ZEBs now represent 48% of the Total Bid Universe.**
- **In 2022 Q3, "NFI Forward", the Company's strategic cost reduction and sourcing initiative, realized Adjusted EBITDA savings of $15 million, and a further $3 million of Free Cash Flow[2] savings; the Company expects to achieve its target of $67 million in Adjusted EBITDA run rate savings (from 2019 levels) by the end of 2022, one year earlier than originally planned. A number of NFI Forward 2.0 projects are in progress.**
- **Reaffirmed Fiscal 2022 financial guidance expectations, updated on October 24, 2022, for revenue of $2.0 billion to $2.2 billion and Adjusted EBITDA of ($40) million to ($60) million.**

WINNIPEG, Manitoba, Nov. 15, 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 third quarter of 2022.

Key financial metrics of the quarter are highlighted below:

in millions except deliveries and per Share amounts. Unaudited		2022 Q3	Change[1]		2022 Q3 LTM	Change[1]
Deliveries (EUs)		783	*4 %*		3,092	*(21)%*
IFRS Measures						
Revenue	$	514	*4 %*	$	2,066	*(12)%*
Net earnings (loss)		(43)	*177 %*		(136)	*5,335 %*
Net earnings (loss) per Share	$	(0.56)	*155 %*	$	(1.78)	*3,660 %*
Non-IFRS Measures[2]						
Adjusted EBITDA	$	(16)	*(150)%*	$	(28)	*(114)%*
Adjusted Net Earnings (Loss)	$	(48)	*326 %*	$	(153)	*1423 %*
Adjusted Earnings (Loss) per Share	$	(0.63)	*294 %*	$	(2.02)	*1288 %*
Free Cash Flow	$	(58)	*(600)%*	$	(167)	*(336)%*
Liquidity (minimum liquidity requirement of $250 million)	$	471	*47 %*	$	471	*47 %*

1. Results noted herein are for the 13-week period (“2022 Q3”) and the 53-week period (“LTM 2022 Q3”) ended October 2, 2022. The comparisons reported in this press release compare 2022 Q3 to the 13-week period ("2021 Q3") and LTM 2022

Q3 to the 52-week period ("LTM 2021 Q3") ended September 26, 2021. Comparisons and comments are also made to the 13-week period ("2022 Q2") ended August 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.

"Third quarter results reflect the ongoing impacts of unreliable supplier performance, associated production inefficiencies, and heightened inflation on input costs. We remain focused on executing our action plan to address these headwinds, including lowering new vehicle starts so our teams can complete buses built but missing certain components and to allow suppliers additional lead time to deliver parts. In addition, we continue to work with customers regarding surcharge requests and advanced payment programs. These combined efforts will lower cash consumption, increase deliveries, and support liquidity improvements," said Paul Soubry, President and Chief Executive Officer, NFI.

"Discussions with our banking syndicate and government partners are advancing well and we are evaluating potential credit facility covenant relief and financing structures. EDC, a long-time partner and strong supporter of our international expansion, and the Government of Manitoba, are both working with NFI as we navigate through this period of disruption.

"Our overall financial targets and longer-term vision has not changed; in fact, it has been further supported by record levels of demand. In the third quarter of 2022, we submitted our highest number of bids ever and we see this positive momentum continuing, driven by unprecedented government investments in public transit. We also recently announced that we have been named as the preferred partner on almost $200 million in Federal Transit Administration grant programs for 2022 and that we have received the largest bus order in the UK since 2019. We remain leaders in our industry and, while there will be challenges in 2023, including some lower margin contracts carrying over into the new year and a slower ramp up of new vehicle production as critical supply chains recover, we anticipate significant improvement when compared to 2022 results," Soubry concluded.

Liquidity and Covenant Relief

The Company's liquidity position, which combines cash on-hand plus available capacity under its credit facilities, without consideration given to the minimum liquidity requirement ($250 million) under the amended facilities, was strong, at $471 million as at the end of 2022 Q3. Liquidity was down $157 million from the end of 2022 Q2, 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 part of the Company's efforts to improve working capital and liquidity, NFI had discussions on prepayments and deposits with customers. The Company has received $42 million in prepayments as of October 2, 2022, and is continuing to work with other customers on plans that would help alleviate some of NFI's working capital investments. NFI expects that it will see a decrease in working capital in the fourth quarter and an associated improvement in liquidity, improving to over $500 million, at the end of the year.

EDC, a member of NFI's banking syndicate, and the Government of Manitoba are both working with NFI as the Company looks to strengthen its liquidity and execute on its strong backlog and record bidding activity. NFI is also in detailed discussions with other members of its banking syndicate regarding relief from financial covenants under its credit facilities that would otherwise become applicable on January 1, 2023. Based on the potential solutions being discussed with government and banking partners, NFI anticipates it will be able to obtain the covenant relief required.

The terms of the Amended Facilities do not restrict the payment of dividends, provided the Company is in compliance with the financial covenants, a cumulative Free Cash Flow test, and the dividend payments remain at the current level for the remainder of the agreements (maturing in August 2024). Under the Amended Facilities, the payment of dividends is subject to a Free Cash Flow test that resumes during the fourth quarter of 2022. The Company currently does not expect to be able to meet that test. NFI is discussing the impact of its expected financial performance and the Free Cash Flow test on potential future dividend payments with members of its credit syndicate. The Board made the prudent decision to lower the dividend in April 2022 and, as management continues to believe that supply and logistics disruptions are temporary, dividend payments at current levels are not expected to have a significant impact on the Company's anticipated future cash flows.

Segment Results

Manufacturing segment revenue for 2022 Q3 increased by $22 million, or 6%, compared to 2021 Q3. The increase was primarily due to increased deliveries, however overall deliveries remain significantly lower than pre-COVID-19 levels due to global supply chain logistics challenges and related production inefficiencies. These challenges are largely the result of suppliers recovering from impacts of the COVID-19 pandemic, which has created numerous bottlenecks in supply chains and disruptions to certain parts availability.

During the quarter, the Company worked to build units that will be delivered primarily in 2022 Q4, leading to WIP inventory increasing by $57 million due to the number of partially completed buses awaiting parts. The previously disrupted control module supply, originally announced in 2022 Q2, that impacted the completion of a significant number of North American transit buses, has been recovering according to plan. Of the $469 million in WIP inventory at the end of 2022 Q3, only $39 million, or 68 EUs, was related to this specific microprocessor shortage. This is down from 2022 Q2 figures of $57 million, or 117 EUs, respectively, as the Company has now delivered the majority of buses that were missing these specific components.

Manufacturing Adjusted EBITDA decreased by $39 million, or 1,773%, compared to 2021 Q3, driven by lower new deliveries, unfavorable sales mix, and heightened inflation. Also contributing were operational and production inefficiencies caused by escalating supply problems, as NFI worked to build units that will be delivered primarily in the fourth quarter of the year. In addition, the Company did not receive any government wage subsidy grants in 2022 Q3, as compared to the $14 million received in 2021 Q3, as the programs were either discontinued or NFI was no longer eligible.

Aftermarket segment revenue 2022 Q3 of $118 million was flat with 2021 Q3. The Company also continues to benefit from a multi-year retrofit program in the Asia-Pacific region, which will continue throughout 2022, but at a lower run rate as the program is completed. 2022 Q3 Aftermarket Adjusted EBITDA was $18 million, an $8 million, or 31%, year-over-year decrease, stemming from supplier surcharges and inflationary impacts to freight and part costs that NFI was not fully able to pass along to its customers.

Net Earnings, Adjusted Net Earnings and Return on Invested Capital

2022 Q3 Adjusted Net Loss of $48 million compared to 2021 Q3 Adjusted Net Loss of $11 million. The increase in Adjusted Net Loss was driven by unfavorable sales mix and heightened inflation. Decreased margins were the result of operational and production inefficiencies caused by escalating supply problems, as NFI worked to build units that will be delivered primarily in the fourth quarter of the year. In addition, the Company did not receive any government wage subsidy grants in 2022. The Adjusted Net Loss was partially offset by $15 million in savings generated by NFI Forward.

2022 Q3 net loss of $43 million increased by $27 million from 2021 Q3, primarily due to the same items that impacted Adjusted Net Loss combined with restructuring costs. The loss was somewhat offset by favourable mark-to-market adjustments to the Company's interest rate swaps and favourable fair value adjustment to the Company's convertible debenture cash conversion option.

LTM 2022 Q3 ROIC decreased by 1.8% from LTM 2022 Q2, due to the decrease in Adjusted EBITDA offset by a lower invested capital base. The decrease in invested capital is primarily due to a decrease in average long-term debt and fair market value adjustments to the interest rate swaps that reduced the associated liability, partially offset by the issuance of convertible debentures (the "Debentures") which occurred in the last twelve months.

Low-No Grants Update

On November 3, 2022, NFI announced the results of grants for the Low-No and Buses & Bus Facility programs for 2022. Due to an internal error, both the number of grants where NFI was the named partner and the associated grant amounts were not correctly stated. The correct information is as follows: In 2022, as part of the Federal Transit Administration's ("FTA") 2022 Low or No Emission ("Low-No") and Buses and Bus Facilities Grant Programs. New Flyer supported the successful applications for almost $200 million in grants awarded to 15 U.S. public transit agencies (rather than the previously reported $380 million in grants for 38 transit agencies). All other information in the original release was correct including that NFI was the named partner for two individual agency awards of over $25 million each and that this was an increase from the $40 million in Low-No grants awarded to nine U.S. public transit agencies that NFI subsidiaries supported in 2021.

While New Flyer has been named as a partner, new awards will not be added to NFI's backlog until contract documentation is completed and a formal purchase order is received. New Flyer's success with Low-No and Buses and Bus Facilities grants provide future backlog growth opportunities. In addition, approximately $800 million in Low-No grants were provided to transit agencies that had not formally named a preferred partner, which the Company expects will generate future bidding activities going forward.

Outlook

The global macroeconomic environment continues to face headwinds from supply chain challenges, heightened inflation, a strengthening U.S. dollar and rising interest rates. Despite these broader issues, NFI's outlook remains strong based on its backlog, growing demand for its products and historic funding levels in core markets. NFI has received significant new orders over the past 12 months that support the Company's anticipated financial recovery including new firm and option orders for 4,815 EUs, an increase of 17% from LTM 2021 Q3. Its closing backlog (firm and options) was 8,505 EUs (valued at $4.9 billion). In addition, 1,360 EUs of new firm and option orders were in bid award pending at the end of 2022 Q3. For these EUs, approval of the award to the Company had been made by the customer's board, council, or commission, as applicable, but purchase documentation had not yet been received by the Company and therefore not yet included in the backlog.

While the Company had anticipated it would begin to ramp-up its production in earnest during the second half of 2022, due to ongoing and escalating supply chain disruption plus longer supplier lead times, it now plans to begin ramping up production in the first half of 2023, subject to supply chains showing sustained improvement. The Company anticipates that supply chain and parts availability will improve and it will be able to source the additional labour required to drive higher production and volume deliveries in 2023.

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 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. Generally, when an option contract is exercised from NFI's North American backlog, a PPI adjustment is recorded to reflect the higher input costs of a new vehicle. For those contracts where these clauses are not being applied, NFI is seeking price increases and surcharges through negotiations with customers and surcharge letters. The Company has experienced some success with these efforts and expects they will help offset some of the margin pressure facing the Company. Certain surcharges that the Company has secured, or are currently pursuing, are expected to support margin enhancement in 2023.

While these issues are anticipated to be near-term headwinds and will have some impact on 2023 financial performance, NFI's longer-term outlook remains strong based on its backlog and broader market conditions including record bid demand in the third quarter. As of 2022 Q3, active bids reached 10,107 EUs, up 46.5% year-over-year, with 2,881 EUs of bids in process, and another 7,226 EUs of bids submitted, up 14.6%, or 4,121 EUs, year-over-year. Management expects active bids will continue to remain high into 2023 as markets recover from the COVID-19 pandemic and new government funding is used by transit agencies.

NFI Forward and Financial Guidance

In 2022 Q3, NFI Forward realized Adjusted EBITDA savings of approximately $15 million and an additional $3 million of Free Cash Flow savings.

NFI reaffirms its financial guidance for 2022, as updated on October 24, 2022, and its previously disclosed 2025 financial targets.

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.

Third Quarter 2022 Results Conference Call

A conference call for analysts and interested listeners will be held on November 16, 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/4yq42yda. 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/BI50f1557ad9f643389da01dc8c17146de. 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 November 16, 2022 until 11:59 p.m. ET on November 15, 2023 at https://edge.media-server.com/mmc/p/4yq42yda. 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.

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Appendix A - Reconciliation Tables

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

Management believes that Adjusted EBITDA, and net operating profit after taxes ("NOPAT") are important measures in evaluating the historical operating performance of the Company. However, Adjusted EBITDA and NOPAT are not recognized earnings measures under International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS. Accordingly, Adjusted EBITDA and NOPAT may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with IFRS as an indicator of the Company's performance and NOPAT should not be construed as an alternative to earnings or loss from operations determined in accordance with IFRS as an indicator of the Company's performance. See "Non-IFRS Measures" for the definition of Adjusted EBITDA. The following table reconciles net earnings (loss) to Adjusted EBITDA based on the historical Financial Statements of the Company for the periods indicated. 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 Q3	2021 Q3	53-Weeks Ended October 2, 2022	52-Weeks Ended September 26, 2021
Net (loss) earnings	(42,595)	(15,415)	(136,095)	2,672
Addback				
Income taxes	(10,133)	(5,004)	(37,539)	23,608
Interest expense[15]	12,274	15,624	11,420	54,249
Amortization	22,282	23,970	91,032	98,163
(Gain) loss on disposition of property, plant and equipment	(544)	642	(1,161)	41
Fair value adjustment for total return swap[9]	—	736	1,599	(1,550)
Unrealized foreign exchange loss (gain) on non-current monetary items and forward foreign exchange contracts	(2,481)	1,356	9,130	2,755
Costs associated with assessing strategic and corporate initiatives[7]	—	—	(106)	165
Past service costs and other pension costs[11]	—	—	7,000	7
Proportion of the total return swap realized[10]	—	(653)	(872)	526
Equity settled stock-based compensation	421	293	1,242	2,053
Unrecoverable insurance costs and other[12]	—	—	8,325	718
Expenses incurred outside of normal operations[17]	2,054	—	2,054	—

Prior year sales tax provision[13]	—	—	1,996	77
COVID-19 costs[14]	—	279	2,926	6,446
Out of period costs[16]	(659)	—	575	—
Restructuring costs[8]	3,672	9,502	10,632	13,053
Adjusted EBITDA	(15,709)	31,330	(27,842)	202,983
Depreciation of property, plant and equipment and right of use assets	(14,571)	(15,786)	(59,094)	(64,961)
Tax at 31%	9,387	(4,819)	26,950	(42,787)
NOPAT	(20,893)	10,725	(59,986)	95,235
Adjusted EBITDA is comprised of:				
Manufacturing	(36,804)	2,197	(126,354)	113,627
Aftermarket	18,182	26,169	88,355	90,689
Corporate	2,913	2,964	10,157	(1,333)

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 Q3**	**2021 Q3**	**53-Weeks Ended October 2, 2022**	**52-Weeks Ended September 26, 2021**
Net cash generated by (used in) operating activities	(128,669)	(38,487)	(93,108)	53,092
Changes in non-cash working capital items[3]	97,939	41,429	(11,727)	43,620
Interest paid[3]	15,384	13,619	60,135	62,883
Interest expense[3]	(18,788)	(17,127)	(73,749)	(65,554)
Income taxes paid[3]	(6,556)	6,987	(7,464)	26,672
Current income tax (expense) recovery[3]	(7,184)	8,185	(12,264)	(17,646)
Repayment of obligations under lease	(8,017)	(5,645)	(21,094)	(23,815)
Cash capital expenditures	(6,199)	(5,309)	(29,587)	(30,013)
Acquisition of intangible assets	(2,947)	(256)	(8,364)	(889)
Proceeds from disposition of property, plant and equipment	360	515	4,322	5,792
Costs associated with assessing strategic and corporate initiatives[7]	—	—	(106)	165
Defined benefit funding[4]	2,270	625	6,156	3,180
Defined benefit expense[4]	(1,860)	(1,111)	(7,483)	(4,106)
Past service costs and other pension costs[11]	—	—	7,000	7
Expenses incurred outside of normal operations[17]	2,054	—	2,054	—
Equity Hedge	(297)	—	(421)	—
Proportion of the total return swap realized[10]	—	(653)	(872)	526
Unrecoverable insurance costs and other[12]	—	—	8,325	718
Out of period costs[16]	(659)	—	1,839	—
Prior year sales tax provision[13]	—	—	1,996	77
Restructuring costs[8]	2,281	8,598	6,175	9,791
COVID-19 costs[14]	—	279	2,926	6,446
Foreign exchange gain (loss) on cash held in foreign currency[5]	2,404	43	(2,023)	(52)
Free Cash Flow[1]	(58,484)	11,692	(167,334)	70,894
U.S. exchange rate[2]	1.3826	1.2652	1.3096	1.2650
Free Cash Flow (C$)[1]	(80,860)	14,793	(219,141)	89,678
Free Cash Flow per Share (C$)[6]	(1.0598)	0.2084	(3.2522)	1.3309
Declared dividends on Shares (C$)	4,096	15,086	28,678	58,542
Declared dividends per Share (C$)[6]	0.0537	0.2125	0.3724	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$) is the weighted average exchange rate applicable to dividends declared for the period.
3. Changes in non-cash working capital are excluded from the calculation of Free Cash Flow as these temporary fluctuations are managed through the credit facilities which are available to fund general corporate requirements, including working capital requirements, subject to borrowing capacity restrictions. Changes in non-cash working capital are presented on the consolidated statements of cash flows net of interest and income taxes paid.
4. The cash effect of the difference between the defined benefit expense and funding is included in the determination of cash from operating activities. This cash effect is excluded in the determination of Free Cash Flow as management believes that the defined benefit expense amount provides a more appropriate measure, as the defined benefit funding can be impacted by special payments to reduce the unfunded pension liability.
5. Foreign exchange gain (loss) on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS; however, because it is a cash item, management believes it should be included in the calculation of Free Cash Flow.
6. Per Share calculations for Free Cash Flow (C$) 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 Q3 was 76,299,666 and 70,985,041 for 2021 Q3. The weighted average number of Shares outstanding for the 52-weeks ended October 2, 2022 and 52-weeks ended September 26, 2021 are 74,517,345 and 67,383,534, 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, inefficient labour 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 Q3 includes a gain of $10.5 million and 2021 Q3 includes a gain of $1.8 million for the interest rate swaps.
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. 2022 Q3 includes expenses related to amounts that should have been capitalized from Fiscal years 2010 - 2021.
17. Includes adjustments made related to items that occurred outside of normal operations. This mostly includes items purchased in broker markets at a premium, which the company provided to suppliers, and does not normally directly purchase.

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 Q3**	**2021 Q3**	**53-Weeks Ended October 2, 2022**	**52-Weeks Ended September 26, 2021**
Net (loss) earnings	(42,595)	(15,415)	(136,094)	2,672
Adjustments, net of tax [1, 7]				
Fair value adjustments of total return swap[4]	—	334	952	(1,078)
Unrealized foreign exchange loss (gain)	(1,713)	617	4,937	493
Unrealized gain on interest rate swap	(7,271)	(815)	(31,310)	(8,319)
Unrealized loss (gain) on convertible debt embedded derivative	217	—	(12,573)	—
Portion of the total return swap realized[5]	—	(297)	(462)	391
Costs associated with assessing strategic and corporate initiatives[2]	—	—	(106)	165
Equity settled stock-based compensation	291	133	789	1,076
Loss (gain) on disposition of property, plant and equipment	(376)	293	(758)	(42)
Past service costs and other pension costs[6]	—	—	4,830	4
Unrecoverable insurance costs[12]	—	—	7,214	327
Expenses incurred outside of normal operations[13]	1,417	—	1,417	—
Prior year sales tax provision[8]	—	—	—	44
Other tax adjustments[10]	(1,428)	(616)	(6,141)	5,502
COVID-19 costs[9]	—	127	1,331	4,205
Out of period costs[11]	(455)	—	809	—
Accretion in carrying value of convertible debt and cash conversion option	1,321	—	4,204	—
Restructuring costs[3]	2,534	4,323	7,470	6,178
Adjusted Net Earnings (Loss)	(48,058)	(11,316)	(153,491)	11,618
Net Earnings (Loss) per Share (basic)	(0.56)	(0.22)	(1.78)	0.07
Net Earnings (Loss) per Share (fully diluted)	(0.56)	(0.22)	(1.78)	0.07
Adjusted Earnings (Loss) per Share (basic)	(0.63)	(0.16)	(2.02)	0.17
Adjusted Earnings (Loss) per Share (fully diluted)	(0.63)	(0.16)	(2.02)	0.17

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, inefficient labour 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 Q3. The 2020 amounts result from the reversal of previously enacted UK tax rate decline in 2020 Q3.
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. 2022 Q3 includes expenses related to amounts that should have been capitalized from 2010 - 2021.
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. Includes adjustments made related to items that occurred outside of normal operations. This mostly includes items purchased in broker markets at a premium, which the company provided to suppliers, and does not normally directly purchase.

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 Q3**	**2022 Q2**	**2022 Q1**	**2021 Q4**
Shareholders' Equity	710,984	783,905	850,323	871,772
Addback				
Long term debt	859,297	718,139	677,996	586,411
Obligation under lease	122,666	131,077	139,129	143,675
Convertible Debentures	211,281	224,947	229,673	225,768
Derivatives	(18,904)	(8,179)	4,806	31,883
Cash	(39,832)	(50,274)	(26,604)	(77,318)
Bank indebtedness	—	—	1,233	—
Invested Capital	1,845,492	1,799,615	1,876,556	1,782,191
Average of invested capital over the quarter	1,822,554	1,838,086	1,829,374	1,862,392

	2021 Q3	**2021 Q2**	**2021 Q1**	**2020 Q4**
Shareholders' Equity	787,010	814,502	824,643	620,141
Addback				
Long term debt	1,049,273	963,630	1,008,733	1,125,685
Obligations under lease	150,212	153,967	150,553	150,577
Convertible Debentures	—	—	—	—
Derivatives	20,920	21,609	23,996	29,656
Cash	(64,822)	(47,695)	(23,063)	(55,769)
Bank indebtedness	—	—	1	—
Invested Capital	1,942,593	1,906,013	1,984,863	1,870,290
Average of invested capital over the quarter	1,924,303	1,945,438	1,927,577	1,896,489

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 and expenses incurred outside the normal course of operations that do not reflect the current ongoing cash operations of the Company. These adjustments include gains or losses on disposal of property, plant and equipment, fair value adjustment for total return swap, unrealized foreign exchange losses or gains on non-current monetary items and forward foreign exchange contracts, costs associated with assessing strategic and corporate initiatives, past service costs and other pension costs or recovery, non-operating costs or recoveries related to business acquisition, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, proportion of the total return swap realized, equity settled stock-based compensation, expenses incurred outside the normal course of operations, recovery of currency transactions, prior year sales tax provision, COVID-19 costs and impairment loss on goodwill and non-operating restructuring costs.

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

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

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

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

References to "Adjusted 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 liquidity and objectives and the Company's strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic, supply chain disruptions and plans to address them, and the Company's expectation of receiving further covenant relief under its senior credit facilities. The words “believes”, “views”, “anticipates”, “plans”, “expects”, “intends”, “projects”, “forecasts”, “estimates”, “guidance”, “goals”, “objectives” and “targets” and similar expressions of future events or conditional verbs such as “may”, “will”, “should”, “could”, “would” are intended to identify forward-looking statements. These forward-looking statements reflect management’s current expectations regarding future events (including the temporary nature of the supply chain disruptions and operational challenges, production improvement, the recovery of the Company’s markets and the expected benefits to be obtained through its “NFI Forward” initiative) and the Company’s financial and operating performance and speak only as of the date of this press release. By their very nature, forward-looking statements require management to make assumptions and involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and give rise to the possibility that management's predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the assumptions may not be correct and that the Company’s future growth, financial performance and objectives and the Company’s strategic initiatives, plans, business prospects and opportunities, including the Company's plans and expectations relating to the duration, impact of and recovery from the COVID-19 pandemic, supply chain disruptions and inflationary pressures, will not occur or be achieved. In connection with obtaining the necessary covenant relief under the Company's senior credit facilities, it is possible that certain other amendments could be made, including with respect to a reduction in the size of the facilities, an increase in the interest rates and other fees and additional restrictions on dividends and acquisitions. There can be no assurance that the Company will be successful in obtaining the necessary covenant relief under its senior credit facilities, any other financing solution, or that dividends will continue to be paid.

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

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

Factors relating to the Company's "NFI Forward" initiative include: the Company's ability to successfully execute the initiative and to generate the planned savings in the expected time frame or at all; management may have overestimated the amount of savings and production efficiencies that can be generated or may have underestimated the amount of costs to be expended; the implementation of the initiative may take longer than planned to achieve the expected savings; further restructuring and cost-cutting may be required in order to achieve the objectives of the initiative; the estimated amount of savings generated under the initiative may not be sufficient to achieve the planned benefits; combining business units and/or reducing the number of production or parts facilities may not achieve the efficiencies anticipated; and the impact of the continuing global COVID-19 pandemic, supply chain issues and inflationary pressures. There can be no assurance that the Company will be able to achieve the anticipated financial and operational benefits, cost savings or other benefits of the initiative.

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

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