NFI announces second quarter 2024 results

July 31, 2024

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

- **2024 Q2 revenue of $851 million; 1,246 equivalent units ("EUs") delivered, up 34% from 2023 Q2, with 284 EUs, or 23% of total deliveries being battery- and fuel cell-electric buses ("ZEBs").**
- **2024 Q2 Net earnings of $3 million; Net earnings per Share of $0.02, and Adjusted Net Earnings per Share[2] of $0.03. First positive net earnings quarter since 2021 Q2.**
- **New orders of 1,114 EUs and total ending backlog[2] position (both firm and options) of 14,605 EUs (valued at $11.8 billion), ZEBs represent 41% of total backlog[2].**
- **2024 Q2 Adjusted EBITDA[2] of $59 million. Free Cash Flow of $1.1 million and Total Liquidity[2] position of $179 million.**
- **Aftermarket segment delivers record quarterly revenue of $162 million, with $35 million of Adjusted EBITDA[2].**
- **Reconfirm financial guidance for Fiscal 2024 as announced on January 17, 2024, including Adjusted EBITDA[2] range of $240 to $280 million; and 2025 Adjusted EBITDA[2] target of greater than $350 million.**

WINNIPEG, Manitoba, July 31, 2024 (GLOBE NEWSWIRE) -- **(TSX: NFI, OTC: NFYEF, TSX: NFI.DB)** NFI Group Inc. ("NFI" or the "Company"), a leader in zero-emission electric mobility solutions, today announced its unaudited interim condensed consolidated financial results for the second quarter of 2024.

Key financial metrics for the quarter and for the last twelve months are highlighted below:

in millions except deliveries and per Share amounts		**2024 Q2**	**Change[1]**		**2024 Q2 LTM**	**Change[1]**
Deliveries (EUs)		1,246	*34%*		4,651	*31%*
IFRS Measures[3]						
Revenue	$	851	*29%*	$	3,075	*29%*
Net earnings (loss)	$	3	*105%*	$	(49)	*83%*
Net earnings (loss) per Share	$	0.02	*103%*	$	(0.44)	*88%*
Cash flow from operations	$	30	*315%*	$	59	*130%*
Non-IFRS Measures[2,3]						
Adjusted EBITDA[2]	$	59	*387%*	$	143	*17975%*
Adjusted Net Loss[2]	$	3	*109%*	$	(57)	*61%*
Adjusted Net Loss per Share[2]	$	0.03	*107%*	$	(0.50)	*73%*
Free Cash Flow[2]	$	1	*104%*	$	(61)	*56%*
Total Liquidity[2] (including minimum liquidity requirement of $50 million)	$	$179	*119%*	$	$179	*119%*
Return on Invested Capital[2] (ROIC)		4%	*6%*		4%	*6%*

Footnotes:

1. Results noted herein are for the 13-week period ("2024 Q2") and the 52-week period ("2024 Q2 LTM") ended June 30, 2024. The comparisons reported in this press release compare 2024 Q2 to the 13-week period ("2023 Q2") and 2024 Q2 LTM to the 53-week period ("2023 Q2 LTM") ended July 2, 2023. Comparisons and comments are also made to the 13-week period ("2024 Q1") ended December 31, 2023. The term "LTM" is an abbreviation for "Last Twelve Month Period".

2. Adjusted EBITDA, Adjusted Net Loss, and Free Cash Flow represent non-IFRS measures; Adjusted Net Loss per Share and Return on Invested Capital ("ROIC") are non-IFRS ratios; and Total Liquidity and Backlog are supplementary financial measures. Such measures and ratios are not defined terms under IFRS and do not have standard meanings, so they may not be a reliable way to compare NFI to other companies. Adjusted Net Loss per Share is based on the non-IFRS measure Adjusted Net Loss. ROIC is based on net operating profit after tax and average invested capital, both of which are non-IFRS measures. See "Non-IFRS Measures" and detailed reconciliations of IFRS Measures to non-IFRS Measures in the Appendices of this press release. Readers are advised to review the unaudited interim condensed consolidated financial statements (including notes) (the "Financial Statements") and the related Management's Discussion and Analysis (the "MD&A").

"The second quarter of 2024 delivered on our expectations with sequential and annual improvements in bus and coach deliveries, higher zero-emission bus deliveries, strong aftermarket performance and an increase in Adjusted EBITDA[2] that contributed to positive net earnings and Free Cash Flow[2]," said Paul Soubry, President and Chief Executive Officer, NFI.

“Manufacturing segment operations continued to see improvement with increases in new vehicle production rates driving margin improvements and improved fixed cost absorption. These improvements were somewhat offset by the delivery of legacy inflation impacted contracts, which have now all been materially completed. The aftermarket segment also saw another period of growth with record quarterly revenue.

“Our supply chain health has improved, although there are still certain areas where a few suppliers are experiencing delivery delays leading to inconsistent parts availability. We anticipate this will continue throughout 2024 as suppliers ramp-up their production to meet our increased demand. In addition, we will be producing more zero-emission buses, which have a more nascent supply base, and working to improve labour efficiency rates as we train new team members.

“Period ending liquidity [2] was stronger than anticipated, supported by positive quarterly Free Cash Flow[2] and our teams focus on working capital management. We continue to advance discussions with customers regarding proposed changes to U.S. contract structures, making efforts to include progress payments and milestone billing structures as standard wherever possible. Subsequent to the quarter, we made amendments to our Export Development Canada performance guarantee program that will support our liquidity and bonding flexibility going forward. We anticipate a decrease in liquidity in the third quarter as we continue to increase production of higher cost buses, but are confident that our current capacity, combined with our efforts to lower working capital investments, leave us well positioned.

"Our first half performance, including our first positive net earnings since the second quarter of 2021, has further strengthened our confidence in our ability to achieve our 2024 guidance and 2025 targets as we realize upon our nearly $12 billion backlog[2]. The second half of 2024 is expected to be a period of significant year-over-year growth as we deliver more vehicles, especially zero-emission buses, and benefit from improved margin performance," Soubry concluded.

Liquidity[2]

The Company's Total Liquidity[2] position, which combines cash on-hand plus available capacity under its senior first lien credit facilities (without consideration given to the minimum liquidity requirement of $50 million), was $179 million as at the end of 2024 Q2, up 7% from the end of 2024 Q1, and 119% from 2023 Q2. Total Liquidity[2] position was positively impacted by cash generated from operating activities, lower interest expenses and income tax recoveries, offset by investments in working capital, repayments on the Company's long-term debt facilities, capital expenditures and obligations under capital leases.

NFI invested $22 million in working capital in the second quarter, driven by increases in inventory balances for raw material and work-in-process, which remain elevated, reflecting higher input costs for ZEB components and higher carrying balances to support consistent supply. Offsetting increases in inventory and receivable balances were higher deferred revenue amounts, reflecting the Company’s efforts to improve payment terms with customers.

NFI remains focused on lowering its leverage, by increasing Adjusted EBITDA[2] and Free Cash Flow[2] to support debt repayment, while also investigating options to reposition certain debt balances to other debt instruments that will provide opportunities to lower overall interest expenses. Cash and liquidity management is a consistent priority, including efforts to accelerate deliveries and customer acceptances, accelerating customer payments through the pursuit of advance payments and deposits wherever possible, and improving supplier payment terms. NFI believes that its existing liquidity[2] supports the execution of the Company's operational and strategic goals, including planned increases in production rates and investments in zero-emission products and electric propulsion technology.

Segment Results

Manufacturing segment revenue for 2024 Q2 increased by $167 million, or 32%, compared to 2023 Q2, driven by higher new vehicle deliveries higher average sales prices per unit, and product mix, including higher ZEB deliveries. The Company continued to see improvement in supplier performance and on-time production in 2024 Q2, with delays in the receipt of components from a small number of suppliers.

Manufacturing operations experienced net earnings of $7.4 million in 2024 Q2 compared to a net loss of $24.0 million in 2023 Q2. The was the manufacturing segment’s first positive earnings since the second quarter of 2021 and was driven by significantly improved gross margins from higher overall deliveries, favourable sales mix, and improved production efficiency, and a lower number of legacy inflation impacted deliveries. Manufacturing Adjusted EBITDA[2] improved by $50 million, or 313%, compared to 2023 Q2, driven by the same items that improved net earnings. Manufacturing Adjusted EBITDA[2] as a percentage of revenue showed continued improvement, increasing from (3%) in 2023 Q2 to 4.9% in 2024 Q2.

At the end of 2024 Q2, the Company's total backlog[2] (firm and options) of 14,605 EUs (firm and options) decreased slightly from the end of 2024 Q1, and increased by 49% from the end of 2023 Q2. The slight quarterly decrease was driven by higher deliveries. The year-over-year increase in backlog was driven by NFI recording the highest number of quarterly awards in Company history in the first quarter of 2024. NFI added 1,114 EUs of new orders during the period, a 21.5% year-over-year improvement, supporting an LTM book-to-bill number of 107%, a decrease from the 124.5% recorded in 2023 Q2 LTM, stemming from higher bus and coach deliveries. Backlog[2] for 2024 Q2 has a total dollar value of $11.8 billion, and the average price of an EU in backlog[2] is now $0.81 million, a 77% increase from 2023 Q2.

Aftermarket segment delivered another quarter of record revenue of $162 million, an increase of $24 million, or 18%, compared to 2023 Q2, driven by increased volume in North American public and private markets, and the impacts of heightened inflation on parts pricing. 2024 Q2 Aftermarket segment net earnings increased by $5.1 million, or 20.4%, compared to 2023 Q2. The increase was primarily due to improved sales volume, pricing adjustments and favourable product. Aftermarket Adjusted EBITDA[2] was $35 million, an increase of $5 million, or 18%, year-over-year, primarily driven by the same items that improved net earnings. Aftermarket Adjusted EBITDA[2] as a percentage of revenue was strong at 22%.

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

In 2024 Q2, the Company achieved net earnings of $3 million increased by $51 million from 2023 Q2, improving by 105%, with improvements in vehicle deliveries, revenue, favourable sales mix, and unrealized foreign exchange gains offset somewhat by higher interest and financing costs.

Adjusted Net Earnings[2] for 2024 Q2 of $3 million improved from 2023 Q2 Adjusted Net Loss[2] of $35 million, driven by the same items that impacted net earnings, adjusted for unrealized fair market gains related to foreign exchange, the Company's interest rate swap and the prepayment option on second-lien debt, plus other normalization adjustments including non-recurring restructuring and past service and pension costs.

2024 Q2 ROIC[2] increased by 6% from 2023 Q2, primarily due to the increase in Adjusted EBITDA[2] and a slight decrease in the invested capital base. The decrease in invested capital[2] is primarily driven by a decrease in long-term debt balances as the Company completed a comprehensive refinancing plan during 2023 Q3. Also contributing are increases in cash balances as the Company generated cash from its operating activities.

Outlook

Management anticipates continued improvements to revenue, gross profit, net earnings, Adjusted EBITDA[2], Free Cash Flow[2], and ROIC[2] over the next 18 months, as the Company ramps up production, delivers on its backlog[2], delivers a higher number of zero-emission buses, and benefits from the growing demand for its buses, coaches, parts, and Infrastructure Solutions™ services.

Management believes market demand is evident through government commitments to fund public transportation in NFI's core markets combined with continued new order and bid activity. The Company's North American bid universe, including active bids of 6,762 EUs, and a five-year forecasted demand of 21,415 EUs reflect this heightened demand. In addition, demand within private coach and international transit markets has also seen strong growth driven by increasing ridership, travel and return to work initiatives. These demand factors are expected to drive additional new orders during the remainder of 2024 and into 2025.

NFI is working closely with its suppliers to monitor and improve supply chain performance, and, due to the Company's strong backlog[2], has been able to provide longer-term production visibility to its supply base for the remainder of 2024 and well into 2025. As part of NFI's supplier development program, the Company provides a risk rating to all its key suppliers based upon their on-time delivery performance and other factors. Throughout the first half of 2024, NFI saw a significant reduction in the number of high-risk suppliers, driven by a combination of overall improvements in global supply chain health and actions taken by NFI's supply and sourcing teams.

The Company anticipates that there will continue to be delays in receiving certain components as suppliers recover their operations and as NFI increases production of ZEBs, where the supply chain is not as established as in traditional propulsion systems. NFI has implemented strategies to mitigate supply chain risk specifically related to ZEBs, including the utilization of multiple battery suppliers for specific regions, partnering with larger more established suppliers, including Accelera, Impact, BAE and Ballard, and providing increased lead time for component purchases for ZEBs. The Company may see quarterly fluctuations in the delivery of ZEBs based on supply availability and customer acceptance but remains confident in its annual targets to have 30% to 35% ZEB deliveries in 2024 and 40% in 2025.

In 2024 Q2, NFI continued increasing new vehicle production rates primarily driven by increases in labour efficiency as team members hired in 2023 and 2024 Q1 continued to develop their skill set and improve production time. NFI expects that it will need to hire additional team members in 2024 and into 2025 as it grows production rates in North America, but that hiring will be at lower levels than those seen in 2023. While NFI has experienced a significant positive improvement in total labour availability, the labour market within the United States and the UK remains challenging. NFI plans to continue to add personnel on a phased approach, with gradual headcount additions ensuring that the ramp-up is matched to consistent supply and labour availability. In addition, NFI anticipates that production efficiency may continue to be somewhat impacted as the Company ramps up its ZEB production throughout the second half of 2024 and into 2025.

Gross margins and other profitability metrics are expected to improve as production rates and bus and coach deliveries increase, and WIP is reduced. As NFI has delivered materially all of its inflation impacted legacy contracts, the Company anticipates significant improvement in manufacturing segment gross margins, reflecting appropriate, inflation-adjusted costing and pricing.

Financial Guidance and Targets

NFI reiterates its previously provided financial guidance for Fiscal 2024 and targets for 2025 as disclosed on January 17, 2024.

With YTD Adjusted EBITDA[2] of $93.2 million, NFI's first half delivered 33% to 38% of its annual expected Adjusted EBITDA[2] range of $240 million to $280 million of 2024. This first half performance is in-line with NFI's original expectations that it would deliver 35% of its annual Adjusted EBITDA[2] in the first half of the year and approximately 65% in the second half of 2024. These seasonality expectations are based on expected production ramp up, the timing of certain ZEB deliveries, impacts of legacy inflation-impacted contracts, and sales mix.

NFI's guidance and targets are subject to the risk of supply disruptions being extended and/or exacerbated and the risk of additional supply disruptions affecting key parts or components. In addition, the guidance and targets do not reflect potential escalated impact on supply chains or other factors arising directly or indirectly as a result of ongoing conflicts in Ukraine, Russia, Israel, Palestine, and the Middle East. Although NFI does not have direct suppliers in these regions, additional supply delays, possible shortages of critical components or increases in raw material costs may arise as the conflicts progress and if certain suppliers' operations and/or subcomponent supply from affected countries are disrupted further. In addition, there may also be further general industry-wide price increases for components and raw materials used in vehicle production as well as further increases in the cost of labour and potential difficulties in sourcing an increase in the supply of labour. See Appendix B Forward Looking Statements for risks and other factors and the Company's filings on SEDAR at www.sedarplus.ca.

Second Quarter 2024 Results Conference Call and Filing

A conference call for analysts and interested listeners will be held on Thursday, August 1, 2024, at 8:30 a.m. Eastern Time (ET). An accompanying results presentation will be available prior to market open on August 1, 2024, at www.nfigroup.com.

For attendees who wish to join by webcast, registration is not required; the event can be accessed at https://edge.media-server.com/mmc/p/ez549k3u/. NFI encourages attendees to join via webcast as a results presentation will be presented and users can also submit questions to management through the platform. The results presentation will be available at www.nfigroup.com.

Attendees who wish to join by phone must visit the following link and pre-register: https://register.vevent.com/register/BI15a284e28e8d49b88f31c92cef282b4b An email will be sent to the user's registered email address, which will provide the call-in details. Due to the possibility of emails being held up in spam filters, we highly recommend that attendees wishing to join via phone register ahead of time to ensure receipt of their access details.

A replay of the call will be accessible from about 12:00 p.m. ET on August 1, 2024, until 11:59 p.m. ET on August 1, 2025, at https://edge.media-server.com/mmc/p/ez549k3u/. The replay will also be available on NFI's website at: www.nfigroup.com.

About NFI Group

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

With over 8,750 team members in ten countries, NFI is a leading global bus manufacturer of mass mobility solutions under the brands **New Flyer**® (heavy-duty transit buses), **MCI**® (motor coaches), **Alexander Dennis Limited** (single and double-deck buses), **Plaxton** (motor coaches), **ARBOC**® (low-floor cutaway and medium-duty buses), and **NFI Parts** ™. NFI currently offers the widest range of sustainable drive systems available, including zero-emission electric (trolley, battery, and fuel cell), natural gas, electric hybrid, and clean diesel. In total, NFI supports its installed base of over 100,000 buses and coaches around the world. NFI's common shares ("Shares") trade on the Toronto Stock Exchange ("TSX") under the symbol NFI and its convertible unsecured debentures ("Debentures") trade on the TSX under the symbol NFI.DB. News and information is available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, nfi.parts, www.alexander-dennis.com, arbocsv.com, and carfaircomposites.com.

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Appendix A - Reconciliation Tables

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

Non-IFRS measures in the appendices of this press release have been denoted with an "NG". Please see the "Non-IFRS and Other Financial Measures" section.

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

($ thousands)	2024 Q2	2023 Q2	2024 Q2 LTM	2023 Q2 LTM
Net earnings (loss)	2,547	(48,101)	(49,122)	(286,637)
Addback				
Income taxes	2,217	(8,606)	(20,550)	(37,249)
Interest expense[10]	33,935	39,970	144,799	109,189
Amortization	20,611	18,731	82,996	84,494
Loss (gain) on disposition of property, plant and equipment and right of use assets	54	969	(206)	818
Gain on debt modification[15]	-	-	(8,908)	-
Loss on debt extinguishment[16]	234	-	234	-
Unrealized foreign exchange (gain) loss on non-current monetary items and forward foreign exchange contracts	(2,625)	4,471	(8,467)	(2,363)
Past service costs and other pension costs[7]	-	-	(7,000)	4,764
Equity settled stock-based compensation	877	831	2,643	2,058
Unrecoverable insurance costs and other[8]	(28)	-	1,009	164
Expenses incurred outside of normal operations[12]	-	480	440	5,487
Prior year sales tax provision[9]	-	-	101	-
Out of period costs[11]	-	-	-	(1,597)
Impairment loss on goodwill[13]	-	-	-	103,900
Impairment loss on intangible assets[14]	-	-	1,028	-
Restructuring costs[6]	1,589	3,433	3,972	16,183
Adjusted EBITDA	59,411	12,178	142,969	(790)

Depreciation of property, plant and equipment and right of use assets	(12,502)	(10,896)	(50,996)	(53,387)
Tax at 31%	(14,542)	(397)	(28,512)	16,795
NOPAT	32,367	885	63,461	(37,382)
Adjusted EBITDA is comprised of:				
Manufacturing	33,873	(15,912)	28,586	(106,330)
Aftermarket	34,981	29,567	133,596	100,093
Corporate	(9,443)	(1,477)	(19,213)	5,447

Free Cash Flow and Free Cash Flow per Share

Management uses Free Cash Flow[NG] and Free Cash Flow per Share[NG] 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[NG] and Free Cash Flow per Share[NG] are not recognized earnings measures under IFRS and do not have standardized meanings prescribed by IFRS. Accordingly, Free Cash Flow[NG] 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[NG] 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[NG]. The following table reconciles net cash generated by operating activities to Free Cash Flow[NG].

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

($ thousands, except per Share figures)	**2024 Q2**	**2023 Q2**	**2024 Q2 LTM**	**2023 Q2 LTM**
Net cash generated by (used in) operating activities	29,733	(13,775)	59,429	(197,614)
Changes in non-cash working capital items[2]	22,111	11,284	4,472	109,902
Interest paid[2]	11,919	27,957	97,286	88,052
Interest expense[2]	(29,611)	(30,112)	(131,457)	(99,011)
Income taxes recovered[2]	(6,519)	(19,509)	(17,952)	(24,388)
Current income tax (expense) recovery[2]	(12,157)	53	(4,294)	13,452
Repayment of obligations under lease	(6,002)	(5,283)	(23,862)	(24,025)
Cash capital expenditures	(6,271)	(5,089)	(33,121)	(19,007)
Acquisition of intangible assets	(4,375)	(2,583)	(13,461)	(10,727)
Proceeds from disposition of property, plant and equipment	137	66	2,421	579
Defined benefit funding[3]	674	454	3,414	3,240
Defined benefit expense[3]	(649)	(779)	(2,979)	(2,335)
Past service costs and other pension costs[7]	-	-	(7,000)	-
Expenses incurred outside of normal operations[12]	-	480	440	5,487
Equity hedge	-	229	2,844	42
Unrecoverable insurance costs and other[8]	(28)	-	1,009	164
Out of period costs[11]	-	-	-	(1,597)
Prior year sales tax provision[8]	-	-	101	-
Restructuring costs[6]	1,589	3,433	6,526	16,183
Foreign exchange gain (loss) on cash held in foreign currency[4]	580	2,405	(4,626)	4,915
Free Cash Flow	1,131	(30,769)	(60,810)	(136,687)
U.S. exchange rate[1]	1.3680	1.3245	1.3550	1.3590
Free Cash Flow (C$)	1,547	(40,754)	(82,575)	(185,656)
Free Cash Flow per Share (C$)[5]	0.0130	(0.5281)	(0.7322)	(2.4061)
Declared dividends on Shares (C$)	-	-	-	4,096
Declared dividends per Share (C$)[5]	-	-	-	0.0537

1. U.S. exchange rate (C$ per US$) is the average exchange rate for the period.
2. Changes in non-cash working capital are excluded from the calculation of Free Cash Flow[NG] as these temporary fluctuations are managed through the Company's secured senior 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 unaudited interim condensed consolidated statements of cash flows net of interest and income taxes paid.
3. The cash effect of the difference between the defined benefit expense and funding is included in the determination of cash from operating activities. This cash effect is excluded in the determination of Free Cash Flow[NG] as management believes

that the defined benefit expense amount provides a more appropriate measure, as the defined benefit funding can be impacted by special payments to reduce the unfunded pension liability.

4. Foreign exchange gain (loss) on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS; however, because it is a cash item, management believes it should be included in the calculation of Free Cash Flow[NG].
5. Per Share calculations for Free Cash Flow[NG] (C$) are determined by dividing Free Cash Flow[NG] by the total number of all issued and outstanding Shares using the weighted average over the period. The weighted average number of Shares outstanding for 2024 Q2 was 118,997,650 and 77,147,517 for 2023 Q2. The weighted average number of Shares outstanding for 2024 Q2 LTM and 2023 Q2 LTM was 112,775,058 and 76,584,617, respectively. Per Share calculations for declared dividends (C$) are determined by dividing the amount of declared dividends by the number of outstanding Shares at the respective period end date.
6. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with restructuring initiatives. Free Cash Flow[NG] reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.
7. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. 2022 Q2 includes $7.0 million for the liability related to the closure of MCI's Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2. Also included in Adjusted EBITDA[NG] is $4.8 million of pension past service costs incurred during 2023 Q1.
8. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
9. Provision for sales taxes as a result of a previous state sales tax review.
10. Includes fair market value adjustments to interest rate swaps, cash conversion option on the Company's 5.0% convertible debentures, and to the prepayment option on the Company's second lien debt. 2024 Q2 includes a gain of $0.2 million and 2023 Q2 includes a loss of $2.0 million for the interest rate swaps. 2024 Q2 includes a gain of $0.1 million and 2023 Q2 includes a loss of $4.5 million on the cash conversion option. The prepayment option had a gain of $0.6 million in 2024 Q2.
11. Includes adjustments made related to expenses that pertain to prior years. 2022 Q3 and 2022 Q4 includes expenses related to amounts that should have been capitalized from prior years.
12. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. Also included is the additional labour costs associated with the shortage of the specified item.
13. Includes 2022 Q4 impairment charges with respect to ARBOC's goodwill of $23.2 million and the Alexander Dennis manufacturing cash generating unit ("CGU")'s goodwill of $80.7 million.
14. In 2024 Q1, the Company recognized an impairment loss on a New Product Development ("NPD") project for $1.0 million.
15. As a result of the Company's comprehensive refinancing, the Company had recognized an accounting gain in 2023 Q3 stemming from the modification made to its senior secured credit facilities. In 2023 Q4, an accounting loss was recorded to adjust the gain on debt modification.
16. In 2024 Q2, the Company had recognized an accounting loss on the debt extinguishment of the amendments made to the Manitoba Development Corporation senior unsecured debt facility ("MDC Senior Unsecured Facility").

Reconciliation of Net Loss to Adjusted Net Loss

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

($ thousands, except per Share figures)	**2024 Q2**	**2023 Q2**	**2024 Q2 LTM**	**2023 Q2 LTM**
Net earnings (loss)	2,547	(48,101)	(49,122)	(286,637)
Adjustments, net of tax[1, 2]				
Unrealized foreign exchange (gain) loss	(1,811)	3,085	(5,842)	(1,630)
Unrealized (gain) loss on interest rate swap	(118)	1,386	171	(1,263)

Unrealized (gain) loss on Cash Conversion Option	(80)	3,113	(1,409)	(2,294)
Unrealized gain on prepayment option of second lien debt[3]	(380)	-	(2,578)	-
Accretion in carrying value of long-term debt associated with debt modification[4]	-	-	1,014	-
Gain on debt modification[5]	-	-	(6,146)	-
Accretion associated to gain on debt modification	(336)	-	(1,113)	-
Loss on debt extinguishment[6]	161	-	161	-
Equity swap settlement fee[7]	-	-	2,428	-
Equity settled stock-based compensation	605	574	1,823	1,421
Loss (gain) on disposition of property, plant and equipment	37	668	(143)	564
Past service costs and other pension costs[8]	-	-	(4,830)	3,287
Unrecoverable insurance costs and other[9]	(19)	-	696	113
Expenses incurred outside of normal operations[10]	-	331	(978)	3,786
Other tax adjustments[11]	-	45	201	20,663
Out of period costs[12]	-	-	-	(2,366)
Accretion in carrying value of convertible debt and cash conversion option	1,388	1,288	5,410	5,220
Prior year sales provision[13]	-	-	70	-
Impairment loss on goodwill[14]	-	-	-	103,900
Impairment loss on intangible assets[15]	-	-	709	-
Restructuring costs[16]	1,096	2,369	2,740	11,166
Adjusted Net Earnings (Loss)	3,090	(35,242)	(56,738)	(144,072)
Earnings (Loss) per Share (basic)	0.02	(0.62)	(0.44)	(3.71)
Earnings (Loss) per Share (fully diluted)	0.02	(0.62)	(0.44)	(3.71)
Adjusted Net Earnings (Loss) per Share (basic)	0.03	(0.46)	(0.50)	(1.87)
Adjusted Net Earnings (Loss) per Share (fully diluted)	0.03	(0.46)	(0.50)	(1.87)

1. Addback items are derived from the historical financial statements of the Company.
2. The Company has utilized a rate of 31.0% to tax effect the adjustments for the periods above.
3. The unrealized gain on the prepayment option is related to the Company's second lien debt instrument. The gain is the result of an increase in the options fair value between March 31, 2024 and June 30, 2024.
4. Normalized to exclude the over accretion of transaction costs relating to the Company's senior secured credit facilities.
5. As a result of the Company's comprehensive refinancing, the Company has recognized an accounting gain stemming from the modification made to its senior secured credit facilities.
6. In 2024 Q2, the Company had recognized an accounting loss on the debt extinguishment of the amendments made to the MDC Senior Unsecured Facility.
7. During the year the Company settled its equity swaps which were used to hedge the exposure associated with changes in value of its Shares with respect to outstanding management restricted units and a portion of the outstanding performance share units, and deferred share units.
8. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. 2022 Q2 includes $7.0 million for the liability related to the anticipated closure of MCI’s Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2. Also included is $4.8 million of pension past service costs incurred during 2023 Q1.
9. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
10. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. Also included is the additional labour costs associated with the shortage of the specified item.
11. Includes the impact of changes in deferred tax balances as a result of substantively enacted tax rate changes. The 2022 amounts include the impact of the revaluation of deferred tax balances due to the enacted increase in the UK corporate tax rate from 19% to 25% in 2021 Q3. Also included in 2022 Q4 is the impact of the reduction of deferred tax assets related to the derecognition of loss carry forwards in Canada, and restricted interest in the UK.
12. Includes adjustments made related to expenses that pertain to prior years. 2022 Q3 and 2022 Q4 includes expenses related to amounts that should have been capitalized from prior years.
13. Provision for sales taxes as a result of a previous state sales tax review.

14. Includes 2022 Q4 impairment charges with respect to ARBOC's goodwill of $23.2 million and the Alexander Dennis manufacturing CGU's goodwill of $80.7 million.
15. In 2024 Q1, the Company recognized an impairment loss on a NPD project for $1.0 million.
16. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with other restructuring initiatives. Free Cash Flow[NG] reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.

Reconciliation of Shareholders' Equity to Invested Capital

The following table reconciles Shareholders' Equity to Invested Capital. The average invested capital for the last twelve months is used in the calculation of ROIC[NG]. ROIC[NG] 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[NG].

($ thousands)	2024 Q2	2024 Q1	2023 Q4	2023 Q3
Shareholders' Equity	704,031	697,580	702,913	706,177
Addback				
Long term debt	576,145	562,324	536,037	583,948
Second lien debt	172,910	172,568	172,396	172,975
Obligation under lease	131,382	135,959	138,003	130,102
Convertible Debentures	225,628	225,972	228,985	221,427
Senior unsecured debt	54,997	61,081	61,796	60,838
Derivatives	(2,740)	(1,783)	8,010	6,814
Cash	(77,445)	(68,491)	(49,615)	(75,498)
Bank indebtedness	-	-	-	-
Invested Capital	1,784,908	1,785,210	1,798,525	1,806,783
Average of invested capital over the quarter	1,785,059	1,791,868	1,802,654	1,803,734

	2023 Q2	2023 Q1	2022 Q4	2022 Q3
Shareholders' Equity	495,140	533,756	577,575	710,984
Addback				
Long term debt	935,605	911,203	896,626	859,297
Second lien debt	-	-	-	-
Capital leases	124,405	127,247	131,625	122,666
Convertible Debentures	225,081	218,719	217,516	211,281
Senior unsecured debt	87,363	86,431	-	-
Derivatives	(9,422)	(17,164)	(21,620)	(18,904)
Cash	(57,488)	(59,375)	(49,987)	(39,832)
Bank indebtedness	-	-	-	-
Invested Capital	1,800,684	1,800,817	1,751,735	1,845,492
Average of invested capital over the quarter	1,800,751	1,776,276	1,798,614	1,822,554

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

Non-IFRS Measures

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

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

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

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

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

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

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

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

"Total Liquidity" is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. The Company defines liquidity as cash on-hand plus available capacity under its credit facilities without consideration given to the $50 minimum liquidity requirement under the Company's senior credit facilities.

The value of the Company's "backlog" 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; and "Asia Pacific" or "APAC" refers to Hong Kong, Malaysia, Singapore, Australia, and New Zealand.

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 impact of and recovery from the COVID-19 pandemic, supply chain disruptions and plans to address them. The words "believes", "views", "anticipates", "plans", "expects", "intends", "projects", "forecasts", "estimates", "guidance", "goals", "objectives", "targets" and similar words or expressions of future events or conditional verbs such as "may", "will", "should", "could", "would" are intended to identify forward-looking statements. These forward-looking statements reflect management's current expectations regarding future events (including the temporary nature of the supply chain disruptions and operational challenges, production improvement, labour supply shortages and labour rates, the recovery of the Company's markets and the expected benefits to be obtained through its "NFI Forward" initiatives) and the Company's financial and operating performance and speak only as of the date of this press release. By their very nature, forward-looking statements require management to make assumptions and involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and give rise to the possibility that management's predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the assumptions may not be correct and that the Company's future growth, financial condition, ability to generate sufficient cash flow and maintain adequate liquidity, and the Company's strategic initiatives, objectives, plans, business prospects and opportunities, including the Company's plans and expectations relating to the impact of and recovery from the COVID-19 pandemic, supply chain disruptions, operational challenges, labour supply shortages and inflationary and labour rate pressures, will not occur or be achieved.

A number of factors that may cause actual results to differ materially from the results discussed in the forward-looking statements include: the Company's business, operating results, financial condition and liquidity may be materially adversely impacted by the aftermath and ongoing impacts of the global COVID-19 pandemic and related supply chain and operational challenges, inflationary effects, and labour supply challenges; while the Company is closely managing its liquidity, it is possible that various events (such as delayed deliveries and customer acceptances, delayed customer payments, supply chain issues, product recalls and warranty claims) could significantly impair the Company's liquidity and there can be no assurance that the Company would be able to obtain additional liquidity when required in such circumstances; the Company's business, operating results, financial condition and liquidity may be materially adversely impacted by ongoing conflicts in Ukraine, Russia, Israel and Palestine, due to factors including but not limited to further supply chain disruptions, inflationary pressures and tariffs on certain raw materials and components that may be necessary for the Company's operations; funding may not continue to be available to the Company's customers at current levels or at all; the Company's business is affected by economic factors and adverse developments in economic conditions which could have an adverse effect on the demand for the Company's products and the results of its operations; currency fluctuations could adversely affect the Company's financial results or competitive position; interest rates could change substantially, materially impacting the Company's revenue and profitability; an active, liquid trading market for the Shares and/or the Debentures may cease to exist, which may limit the ability of 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. FTA; absence of fixed term customer contracts, exercise of options and customer suspension or termination for convenience; local content bidding preferences in the United States may create a competitive disadvantage; requirements under Canadian content policies may change and/or become more onerous; the Company’s business may be materially impacted by climate change matters, including risks related to the transition to a lower-carbon economy; operational risk resulting from inadequate or failed internal processes, people and/or systems or from external events, including fiduciary breaches, regulatory compliance failures, legal disputes, business disruption, pandemics, floods, technology failures, processing errors, business integration, damage to physical assets, employee safety and insurance coverage; 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; 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; 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, failure to comply with motor vehicle manufacturing regulations and standards and the remediation of transit buses and motor coaches; production delays may result in liquidated damages under the Company’s contracts with its customers; catastrophic events, including those related to impacts of climate change, may lead to production curtailments or shutdowns; the Company may not be able to successfully renegotiate collective bargaining agreements when they expire and may be adversely affected by labour disruptions and shortages of labour; the Company’s operations are subject to risks and hazards that may result in monetary losses and liabilities not covered by insurance or which exceed its insurance coverage; the Company may be adversely affected by rising insurance costs; the Company is subject to litigation in the ordinary course of business and may incur material losses and costs as a result of product liability and other claims; the Company may have difficulty selling pre-owned coaches and realizing expected resale values; the Company may incur costs in connection with regulations relating to axle weight restrictions and vehicle lengths; the Company may be subject to claims and liabilities under environmental, health and safety laws; dependence on management information systems and cyber security risks; the Company's ability to execute its strategy and conduct operations is dependent upon its ability to attract, train and retain qualified personnel, including its ability to retain and attract executives, senior management and key employees; the Company may be exposed to liabilities under applicable anti-corruption laws and any determination that it violated these laws could have a material adverse effect on its business; the Company’s risk management policies and procedures may not be fully effective in achieving their intended purposes; internal controls over financial reporting, no matter how well designed, have inherent limitations; there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures; ability to successfully execute strategic plans and maintain profitability; development of competitive or disruptive products, services or technology; development and testing of new products or model variants; acquisition risk; reliance on third-party manufacturers; third-party distribution/dealer agreements; availability to the Company of future financing; the Company may not be able to generate the necessary amount of cash to service its existing debt, which may require the Company to refinance its debt; the Company’s substantial consolidated indebtedness could negatively impact the business; the restrictive covenants in the Company’s credit facilities could impact the Company’s business and affect its ability to pursue its business strategies; in December 2022, the Board made the decision to suspend the payment of dividends given credit agreement constraints and to support the Company’s focus on improving its liquidity and financial position and the resumption of dividends is not assured or guaranteed; a significant amount of the Company’s cash may be distributed, which may restrict potential growth; the Company is dependent on its subsidiaries for all cash available for distributions; Coliseum has a significant influence over the Company and its interests may not align with those of the Company’s other securityholders; the Company may not be able to make principal payments on the Debentures; redemption by the Company of the Debentures for Shares will result in dilution to holders of Shares; Debentures may be redeemed by the Company prior to maturity; the Company may not be able to repurchase the Debentures upon a change of control as required by the trust indenture under which the Debentures were issued (the “Indenture”); conversion of the Debentures following certain transactions could lessen or eliminate the value of the conversion privilege associated with the Debentures; future sales or the possibility of future sales of a substantial number of Shares or Debentures may impact the price of the Shares and/or the Debentures and could result in dilution; payments to holders of the Debentures are subordinated in right of payment to existing and future Senior Indebtedness (as described under the Indenture) and will depend on the financial health of the Company and its creditworthiness; if the Company is required to write down goodwill or other intangible assets, its financial condition and operating results would be negatively affected; and income and other tax risk resulting from the complexity of the Company’s businesses and operations and the income and other tax interpretations, legislation and regulations pertaining to the Company’s activities being subject to continual change.

Factors relating to the aftermath and ongoing effects of the global COVID-19 pandemic include: ongoing economic and social disruptions; production rates may not increase as planned and may decrease; ongoing and future supply delays and shortages of parts and components, and shipping and freight delays, and disruption to or shortage of labour supply may continue or worsen; the pandemic has adversely affected operations of suppliers and customers and those effects may continue or worsen; the increase in customers' purchase of Company's products may not continue and may reverse; the supply of parts and components by suppliers continues to be challenged and may deteriorate; the recovery of the Company’s markets in the future may not continue and demand may be lower than expected; the Company’s ability to obtain access to additional capital if required may be impaired; and the Company’s financial performance and condition, obligations, cash flow and liquidity and its ability to maintain compliance with the covenants under its credit facilities may be impaired. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period or have access to additional capital or government financial support; and there can be no assurance as to if or when production operations will return to pre-pandemic production rates. There is also no assurance that governments will provide continued or adequate stimulus funding for public transit agencies to purchase transit vehicles or that public or private demand for the Company's vehicles will return to pre-pandemic levels on a sustained basis in the anticipated period of time.

The Company cautions that the COVID-19 pandemic may return or worsen or other pandemics or similar events may arise. Such events are inherently unpredictable and may have severe and far-reaching impacts on the Company's operations, markets, and prospects.

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

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

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