NFI Group Announces Fourth Quarter and Full Year 2020 Results with Strong Electric Vehicle Momentum

March 4, 2021

NFI exceeded 2020 revised guidance and continued its electric vehicle leadership position in North America and the UK

All figures quoted in US dollars unless otherwise noted:

Performance as follows:

- **Fourth quarter sales of $711.5 million (1,230 equivalent units ("EUs") delivered). Full year sales of $2.4 billion (4,371 EUs delivered). Battery and fuel-cell electric vehicles (389 EUs) made up 9% of 2020 deliveries.**
- **Ending backlog position (both firm and options) of 8,504 EUs (valued at $4.3 billion) includes 632 EUs, or 6%, of battery and fuel-cell electric vehicles.**
- **Fourth quarter Adjusted EBITDA of $65.0 million; EPS of $0.14 and Adjusted EPS of $0.13. Full-year Adjusted EBITDA of $157.7 million; full year EPS of ($2.52) and Adjusted EPS of ($0.75).**
- **Year-end liquidity position of $233.5 million. Year-end 2020 position does not include gross proceeds of C$250 million from bought-deal equity financing completed on March 1, 2021.**
- **NFI Forward strategic cost reduction initiative on track, achieving $18.0 million in cost savings in 2020 with a clear path to reducing Overhead and SG&A by 8% to 10% by the end of 2023 (from 2019 levels).**
- **Reaffirmed Fiscal 2021 Adjusted EBITDA guidance of $220 million to $240 million, with potential for greater than 50% improvement from Fiscal 2020. Electric vehicle production is expected to more than double in Fiscal 2021, increasing to 20% to 25% of EUs delivered.**

Winnipeg, Manitoba, Canada - March 4, 2021: (TSX:NFI) NFI Group Inc. ("NFI" or the "Company"), a leader in zero-emission electric mobility, today announced its unaudited interim condensed financial results for 2020 Q4 and the audited consolidated financial results for Fiscal 2020.

Key financial metrics of the quarter are highlighted below:

(in millions except deliveries and per Share amounts)	**2020 Q4**	**Change(1)**	**Fiscal 2020**	**Change(1)**
Deliveries (EUs)	1,230	(615)	4,371	(944)
IFRS Measures				
Revenue	$711.5	$(206.2)	$2,419.2	$(474.2)
Net earnings (loss)	8.5	(25.6)	(157.7)	(215.4)
Net earnings (loss) per Share	0.14	(0.41)	(2.52)	(3.45)
Non-IFRS Measures(2)				
Adjusted EBITDA	$65.0	$(38.9)	$157.7	$(164.5)
Adjusted Net Earnings (Loss)	8.2	(22.7)	(47.2)	(148.9)
Adjusted Net Earnings (Loss) per Share	0.13	(0.36)	(0.75)	(2.40)
Free Cash Flow	29.0	(20.0)	27.5	(132.9)
Liquidity	$233.5	24.2	$233.5	24.2

(1) Results noted herein are for the 13-week period ("2020 Q4") and the 52-week period ("Fiscal 2020") ended December 27, 2020. The comparisons reported in this press release compare 2020 Q4 to the 13-week period ("2019 Q4") and Fiscal 2020 to the 52-week period ("Fiscal 2019") ended December 29, 2019. Comparisons and comments are also made to the 13-week period ("2020 Q3") ended September 27, 2020. Readers are advised to view the audited consolidated financial statements (the "Financial Statements") and the related Management's Discussion and Analysis (the "MD&A") that are available at the Company's website at: https://www.nfigroup.com/investor-relations/performance-reports/ and under the Company's profile on www.sedar.com

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

"NFI has successfully transitioned from a vehicle manufacturer to an electric mobility solutions provider with an offering that includes zero-emission vehicles, charging infrastructure installation, telematics, and full parts and service aftermarket support. This approach best positions us to serve our customers and drive growth as we lead the evolution, or ***ZE***volution™, to an electric future. In 2021, we will continue to be innovators, with the introduction of additional products and services to strengthen our battery-electric and fuel-cell electric vehicle offerings and improve top-line revenue and net earnings performance," said Paul Soubry, President and Chief Executive Officer, NFI.

"We started 2021 with the launch of the Xcelsior AV, North America's first fully operational heavy-duty Level 4 automated transit bus, and we unveiled the new MCI D45 Commuter Rapid Transit battery-electric motor coach and ARBOC's Equess battery-electric CHARGE shuttle bus to service the growing medium-duty market. NFI offers the industry's broadest range of electric buses and coaches and has the deepest customer relationships that will drive growth in 2021 and beyond," Soubry added.

Segment Results

Manufacturing segment revenue for 2020 Q4 decreased by $192.8 million, or 24.1%, compared to 2019 Q4. The decrease is primarily driven by lower deliveries of both transit buses and motor coaches, as the Company lowered production volumes in response to public customer order deferrals and private customer order delays, which were both attributable to the economic impacts of the COVID-19 pandemic. 2020 Q4 Manufacturing Adjusted EBITDA decreased by $31.4 million, or 36.6% as a result of the volume decrease year over year. The Company partially offset the volume change by lowering variable overhead, continuing to drive NFI Forward ($16.6 million of savings for this segment), and receiving government grants ($11.3 million).

During 2020, NFI delivered 389 battery-electric and fuel-cell electric vehicles, representing 9% of total deliveries, to customers in the U.S., Canada, the UK and New Zealand. This was a year-over-year improvement of 35% from 2019. In addition, NFI recorded $24.7 million in revenue from its Infrastructure Solutions business that leads the installation of electric charging infrastructure for transit agencies.

Aftermarket segment revenue for 2020 Q4 decreased by $13.4 million, or 11.4% compared to 2019 Q4. The decline in revenue was primarily driven by lower private sector parts volumes within both the NFI aftermarket and ADL aftermarket businesses. Offsetting some of this pressure was increased sales to public customers for Clean and Protect™ products aimed at improving vehicle safety and cleanliness. 2020 Q4 Aftermarket Adjusted EBITDA decreased by $1.3 million, or 7.1%. The decline was driven by lower volumes, offset by cost savings from headcount reductions, a favourable product mix, and NFI Forward savings of $0.4 million.

Net Earnings and Adjusted Net Earnings

2020 Q4 saw net earnings of $8.5 million, a decrease of $25.6 million from 2019 Q4, mainly driven by lower revenues and the same factors that impacted Adjusted EBITDA. Net earnings were also impacted by $4.7 million in extraordinary costs related to COVID-19 and certain one-time, non-recurring restructuring charges. The Company reported a net loss of $157.7 million in Fiscal 2020, driven by lower production volumes, extraordinary COVID-19 costs, non-recurring restructuring costs associated with production reductions and the NFI Forward initiative, plus a $50.8 million goodwill impairment within NFI's private motor coach business.

2020 Q4 Adjusted Net Earnings of $8.2 million was primarily driven by the same factors relating to net earnings, but adjusted for several normalizations, including $0.7 million in one-time, non-recurring restructuring charges and $3.7 million in COVID-19 related costs. Fiscal 2020 Adjusted Net Loss of $47.2 million is normalized for $19.0 million of one-time, non-recurring restructuring charges and $32.7 million of COVID-19 related costs, as well as the $50.8 million goodwill impairment and $12.2 million of tax affected mark-to-market losses on interest rate swaps.

Liquidity

NFI's liquidity position, which combines cash on-hand plus available capacity under credit facilities, as at December 27, 2020 was $233.5 million, up $24.2 million from 2019 Q4. On December 23, 2020, NFI amended its existing $1.25 billion senior revolving credit facility (the “Revolver”) and its £50 million revolving UK credit facility (the “UK Facility”). The amended facilities provide NFI with relaxed covenants as it recovers from the impacts of the COVID-19 pandemic.

On March 1, 2021 NFI announced that it had closed a bought-deal equity offering (the "Offering") with a syndicate of underwriters (the "Underwriters") pursuant to which NFI issued 8,446,000 common shares at a price of C$29.60 per common share (a "Share") for gross proceeds to the Company of C$250 million. The Company immediately used the proceeds of the Offering to reduce the outstanding balances under its credit facilities, which is expected to strengthen NFI’s balance sheet, reduce leverage and interest expense, and significantly increase liquidity.

NFI believes that its existing liquidity combined with the additional financial flexibility provided from the Offering and the amendments to the credit facilities will permit it to pursue its operational and strategic objectives, which include investments in NFI’s zero-emission products and electric propulsion technology, investments required under the previously disclosed NFI Forward cost-reduction initiative, and investigating other potential growth opportunities, in addition to continuing to return capital to shareholders through dividends.

Outlook

Management anticipates that NFI’s end markets will continue to be impacted by COVID-19 in 2021; however, the Company expects improvement in its financial results as markets recover and the NFI Forward initiative delivers improvements to operating metrics. Management believes recent progress in COVID-19 vaccine distribution and resulting economic responses are positive for continued market recovery. NFI's end markets' recovery from COVID-19 will be dependent upon several factors, including government support, COVID-19 case rates, vaccine distribution, the length of the pandemic, mutations of the virus, travel restrictions, and economic reopening activity. These factors will differ by product line and geography.

At its 2021 Investor Day, NFI unveiled its vision to drive the increased adoption of zero-emission buses ("ZEBs"), what the Company is calling the ***ZE***volution™. NFI projects a growing adoption of zero-emission vehicles over the next 10 to 15 years as operators in North America, the UK, Europe and Asia Pacific markets transition their fleets to zero emission vehicles. NFI has the broadest offering of ZEBs, including battery-electric buses and coaches, hydrogen fuel-cell buses and electric trolleys. Management anticipates that based on the Company’s leadership position in core markets, broad product offering, historic experience and deep customer relationships, it is well positioned to capitalize on the long-term transition to ZEBs in both core and new markets. Based on the factors noted above and the assumptions set out below under the heading "Financial Outlook", management expects that 20% to 25% of NFI's 2021 production will be battery-electric and hydrogen fuel-cell buses, growing to 35% to 40% of production by 2025.

NFI continues to forge ahead with its transformative cost reduction initiative, "NFI Forward," launched in July 2020, which is expected to drive approximately $67.0 million in annual Adjusted EBITDA savings by the end of 2023 from 2019 levels, plus an additional $10.0 million in annualized Free Cash Flow generation. In Fiscal 2020, NFI Forward achieved approximately $17.0 million in Adjusted EBITDA savings, and a further $1.0 million in Free Cash Flow savings. These savings appear in NFI’s gross margins and Adjusted EBITDA, as a reduction to direct material costs, manufacturing overhead, and SG&A. See "Forward-Looking Statements" below.

Financial Outlook

As previously disclosed on January 11, 2021, management expects that NFI will deliver revenue of $2.8 billion to $2.9 billion and Adjusted EBITDA of $220 million to $240 million for Fiscal 2021. These expectations are based on the Company’s contractually obligated vehicle sales, current production schedule, expected private market deliveries, expected NFI Forward initiative savings, and anticipated aftermarket sales, and the other expectations and assumptions described in NFI's press release dated January 11, 2021.

This range could represent growth in Adjusted EBITDA of over 50% on a year-over-year basis when compared to Fiscal 2020 results. The Company also announced longer-term financial targets on January 11, 2021, that include $400 million to $450 million of Adjusted EBITDA in 2025, full details on the expectations that drive those longer-term goals can be found on the Company's website: https://www.nfigroup.com/site-content/uploads/2021/01/NFI-IR-Day-2021-Presentation-Slides.pdf

Management cautions readers that the consolidated annual results have an element of seasonality due to the nature of each unique market segment and the varied annual production and vacation schedule of each production facility. With the addition of ADL, this has become even more pronounced with the third and fourth quarters now being periods with higher delivery volumes. Management anticipates that on a year-over-year basis the first quarter of 2021 results will be lower than the same period in 2020, while the other three quarters of the year are expected to see improvement from 2020 results. Management also advises readers that NFI's first quarter, second and third quarters will be 13-week periods, while the fourth quarter will be a 14-week period for a total 53-week fiscal 2021 year.

"Although the COVID-19 pandemic continues to impact our customers and NFI's operations, we are encouraged by improving transit ridership and the deployment of vaccines. There is optimism and a strong desire to safely get cities moving again," said Soubry. "Recognizing the critical infrastructure role buses and coaches play as connectors and economic enablers, governments around the world have made unprecedented commitments to building stronger transit infrastructure, and to assisting cities in making the transition to zero-emission, electric transportation. We look forward to helping drive this change and supporting our customers to deliver the best experience for all the users of our vehicles and solutions."

Corporate Social Responsibility

As one of the world's leading independent global bus and coach manufacturers, a robust environmental, social and governance ("ESG") strategy is integral to how the Company conducts business, and is crucial in the creation of long-term and sustainable value for all NFI stakeholders. We are committed to continuing to innovate in order to deliver smarter, safer, more sustainable, and more connected public transportation. NFI's end products are a key driver to enable cities to lower emissions, decrease congestion and enable economic opportunity. NFI is committed to employees, customers and shareholders, while also being responsible to the environment and the communities in which we live and work.

"ESG will continue to drive our decision making in 2021 and beyond, with NFI being extremely well positioned to capitalize on both our internal initiatives, including an increase in the diversity of our team and reduction of our carbon footprint, and through the environmental and social benefits created by our products," said Janice Harper, Executive Vice President, People & Culture. "NFI's vehicles and solutions will enable smart city development, reduce the harmful impacts of climate change, traffic congestion and noise pollution, and enable economic opportunity."

NFI's 2019 Environmental Social Governance Report can be accessed on NFI's website at www.nfigroup.com. NFI's 2020 Environmental Social Governance Report will be released in May 2021.

Fourth Quarter & Full-Year 2020 Results Conference Call

A conference call for analysts and interested listeners will be held on March 4, 2021 at 8:00 a.m. Eastern Time (ET). The call-in number for listeners is 888-231-8191 or 647-427-7450. An accompanying results presentation will be available prior to the call at: https://www.nfigroup.com/investor-relations/events-presentations/

A live webcast of the call and slides will also be available at: https://produceredition.webcasts.com/starthere.jsp?ei=1425813&tp_key=62306621ae

A replay of the call will be accessible from 11:00 a.m. ET on March 4, 2021 until 11:59 p.m. ET on April 4, 2021. To access the replay, call 855-859-2056 or 416-849-0833 and then enter passcode number 5763447. The replay will also be available on NFI's website at www.nfigroup.com.

Annual General Meeting of Shareholders

NFI's Annual General Meeting of Shareholders will be held on Thursday, May 6, 2021 at 1:00 p.m. (EST). Due to the restrictions imposed in connection with the COVID-19 pandemic and in consideration of the health and safety of our shareholders, team members and the broader community, the meeting will be held in a virtual meeting format only. Details on how to join the meeting will be posted on NFI's website.

About NFI Group

Leveraging 450 years of combined experience, NFI is leading the battery-electric transition 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.

NFI is a leading independent global bus manufacturer providing a comprehensive suite of mass transportation solutions in ten countries under brands: **New Flyer**® (heavy-duty transit buses), **Alexander Dennis Limited** (single and double-deck buses), **Plaxton** (motor coaches), **MCI**® (motor coaches), **ARBOC**® (low-floor cutaway and medium-duty buses), and **NFI Parts** ™. NFI vehicles incorporate the widest range of drive systems available, including: clean diesel, natural gas, diesel-electric hybrid, and zero-emission electric (trolley, battery, and fuel cell). In total, NFI now supports over 105,000 buses and coaches currently in service around the world.

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

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Appendix - Reconciliation Tables

Reconciliation of Net Earnings (Loss) to Adjusted EBITDA

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

(U.S. dollars in thousands)	**2020 Q4**	**2019 Q4**	**Fiscal 2020**	**Fiscal 2019**
Net earnings (loss)	$ 8,465	$ 34,127	$ (157,736)	$ 57,698
Addback[(1)]				
Income taxes	12,987	26,118	1,644	41,997

Interest expense	14,571	11,301	83,869	73,355
Amortization	26,126	31,134	110,784	104,570
Loss (gain) on disposition of property, plant and equipment	(257)	52	(56)	(46)
Fair value adjustment for total return swap(11)	(1,584)	273	118	949
Unrealized foreign exchange loss (gain) on non-current monetary items and forward foreign exchange contracts	(3,237)	(1,640)	(9,050)	60
Costs associated with assessing strategic and corporate initiatives(8)	165	(616)	1,396	13,069
Past service costs(13) and other pension costs (recovery)	7	70	(408)	(1,601)
Non-recurring restructuring costs (9)	—	364	—	365
Fair value adjustment to acquired subsidiary company's inventory and deferred revenue(10)	—	2,156	—	31,004
Proportion of the total return swap realized(12)	641	(203)	(525)	(626)
Equity settled stock-based compensation	608	437	1,770	1,566
Recovery on currency transactions(15)	—	—	—	(4,287)
Prior year sales tax provision (16)	37	300	184	4,094
COVID-19 costs(17)	5,413	—	47,362	—
Impairment loss on goodwill(18)	—	—	50,790	—
Adjusted EBITDA(1)	$ 64,956	$ 103,873	$ 157,683	$ 322,167
Adjusted EBITDA is comprised of:				
Manufacturing	$ 54,263	$ 85,715	$ 101,964	$ 256,097
Aftermarket	17,103	18,413	66,748	74,572
Corporate	(6,410)	(254)	(11,029)	(8,502)

(1) Adjusted EBITDA is not a recognized earnings measure and does not have standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See “Definitions of Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Net Earnings per Share” in Appendix A. Management believes that Adjusted EBITDA is a useful supplemental measure in evaluating performance of the Company.

(2) Free Cash Flow is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. Therefore, Free Cash Flow may not be comparable to similar measures presented by other issuers. See Appendix A for “Definitions of Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Earnings per Share”.

(3) U.S. exchange rate (C$ per US$) is the weighted average exchange rate applicable to dividends declared for the period.

(4) 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 incomes taxes paid.

(5) 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.

(6) Foreign exchange loss on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS; however, because it is a cash item, management believes it should be included in the calculation of Free Cash Flow.

(7) Per Share calculations for Free Cash Flow (C$) are determined by dividing Free Cash Flow by the total number of all issued and outstanding Shares using the weighted average over the period. The weighted average number of Shares outstanding for 2020 Q4 was 62,524,842 and 62,434,520 for 2019 Q4. The weighted average number of Shares outstanding for Fiscal 2020 and Fiscal 2019 are 62,510,544 and 61,809,479, respectively. Per Share calculations for declared dividends (C$) are determined by dividing the amount of declared dividends by the number of outstanding Shares at the respective period end date.

(8) Normalized to exclude non-recurring expenses and recoveries related to the costs of assessing strategic and corporate initiatives.

(9) Normalized to exclude non-recurring restructuring costs. Free Cash Flow reconciling item is net of right-of-use asset and property, plant and equipment impairments. Fourth quarter costs relate to production reductions and the NFI Forward initiative and include severance costs of $0.4 million (Fiscal 2020 - $19.8 million) and right-of-use asset impairments of $0.6 million (Fiscal 2020 - $3.6 million). Fiscal 2020 costs also include severance expense of $19.8 million, right-of-use asset impairments of $3.6 million, inventory impairments of $1.8 million, property, plant and equipment impairments of $1.7 million and other miscellaneous costs of $0.6 million.

(10) The revaluation of ADL's inventory included an adjustment of $31.0 million in Fiscal 2019. These revaluation adjustments relate to purchase accounting as a result of the related acquisition.

(11) The fair value adjustment of the total return swap is a non-cash (gain) loss that is deducted from the definition of Adjusted EBITDA.

(12) 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.

(13) In 2019 Q3, the Company received $1.6 million recovery related to the closing of one of its pension plans. An additional amount of $0.4 million was received in 2020 Q1.

(14) Recovery of prior period banking fees related to foreign exchange transactions.

(15) Provision for sales taxes as a result of an ongoing state sales tax review.

(16) Normalized to exclude non-recurring COVID-19 related costs. COVID-19 costs include asset impairments of $4.6 million in 2020 Q4 (Fiscal 2020 - $43.6 million). Fourth quarter asset impairments included a parts inventory impairment of $1.9 million, an ADL private coach impairment of $1.7 million and an ADL pre-owned coach impairment of $1.0 million. Fiscal 2020 asset impairments include pre-owned coach write-downs of $36.6 million. Also included in COVID-19 costs are other operating costs of $0.8 million in 2020 Q4 and $3.8 million in Fiscal 2020 that include but are not limited to the purchase of personal protective equipment and plant sanitation activities. Management will continue to assess the costs for COVID-19 and will make an assessment of whether they are deemed in fact to be one time and non-recurring. As more information becomes available, management may change its assessment.

(17) Impairment charge with respect to MCI's goodwill.

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

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

(U.S. dollars in thousands, except per Share figures)	**2020 Q4**	**2019 Q4**	**Fiscal 2020**	**Fiscal 2019**
Net earnings (loss)	8,465	34,127	(157,736)	57,698
Adjustments, net of tax (1) (8)				
Fair value adjustments of total return swap(5)	(1,093)	145	81	549
Unrealized foreign exchange (gain) loss	(2,233)	(981)	(6,245)	35
Unrealized loss on interest rate swap	(2,277)	(3,115)	12,199	12,721
Impairment loss on goodwill(12)	—	—	50,790	—
Portion of the total return swap realized(6)	443	(109)	(362)	(362)
Costs associated with assessing strategic and corporate initiatives(2)	165	(616)	1,396	13,069
Fair value adjustment to acquired subsidiary company's inventory and deferred revenue(4)	—	707	—	17,943
Equity settled stock-based compensation	419	231	1,221	906
Gain on disposition of property, plant and equipment	(178)	32	(39)	(27)
Past service costs(7) and other pension costs (recovery)	4	71	(282)	(927)
Recovery on currency transactions(10)	—	80	—	(2,481)
Prior year sales tax provision (11)	26	102	127	2,369
COVID-19 costs (13)	3,735	—	32,680	—
Non-recurring restructuring costs (3)	700	—	19,003	—
Adjusted Net Earnings (Loss)	$ 8,176	30,885	$ (47,167)	101,704
Earnings (Loss) per Share (basic)	$ 0.14	$ 0.55	$ (2.52)	$ 0.93
Earnings (Loss) per Share (fully diluted)	$ 0.14	$ 0.55	$ (2.52)	$ 0.93
Adjusted Earnings (Loss) per Share (basic)	$ 0.13	$ 0.49	$ (0.75)	$ 1.65
Adjusted Earnings (Loss) per Share (fully diluted)	$ 0.13	$ 0.49	$ (0.75)	$ 1.64

(1) Addback items are derived from the historical Financial Statements of the Company.

(2) Normalized to exclude non-recurring expenses related to the costs of assessing strategic and corporate initiatives.

(3) Normalized to exclude non-recurring restructuring costs. Fourth quarter costs relate to production reductions and the NFI Forward initiative and include severance costs of $0.3 million and right-of-use asset impairments of $0.4 million.

(4) The revaluation of ADL's inventory included an adjustment of $31.0 million in Fiscal 2019. The after-tax value of the adjustment was $17.9 million. These revaluation adjustments relate to purchase accounting as a result of the related acquisition.

(5) 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).

(6) 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.

(7) In 2019 Q3, the Company received $1.0 million recovery related to the closing of one of its pension plans. An additional amount of $0.3 million was received in

2020 Q1.

(8) For 2020 Q4 and Fiscal 2020, the Company has utilized a rate of 31% to tax effect the adjustments.

(9) Recovery of prior period banking fees related to foreign exchange transactions.

(10) Provision for sales taxes as a result of an ongoing state tax review.

(11) Impairment charge with respect to MCI's goodwill.

(12) Normalized to exclude non-recurring COVID-19 related costs. COVID-19 costs include asset impairments of $3.2 million in 2020 Q4 (Fiscal 2020 - $30.1 million). Fourth quarter asset impairments included a parts inventory impairment of $1.3 million, an ADL private coach impairment of $1.2 million and an ADL pre-owned coach impairment of $0.7 million. Fiscal 2020 asset impairments include pre-owned coach write-downs of $25.1 million. Also included in COVID-19 costs are other operating costs of $0.6 million in 2020 Q4 and $2.6 million in Fiscal 2020 that include but are not limited to the purchase of personal protective equipment and plant sanitation activities. Management will continue to assess the costs for COVID-19 and will make an assessment of whether they are deemed in fact to be one time and non-recurring. As more information becomes available, management may change its assessment.

Appendix - Non-IFRS Measures

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

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

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

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

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

Management believes Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Earnings per Share are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Earnings per Share are not recognized earnings 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 Free Cash Flow to cash flows from operations is provided under the heading “Summary of Free Cash Flow”. A reconciliation of net earnings to Adjusted Net Earnings is provided under the heading “Reconciliation of Net Earnings (Loss) to Adjusted Net Earnings (Loss)”.

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

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

Forward-Looking Statements

This press release contains “forward-looking information” and “forward-looking statements”, within the meaning of applicable Canadian securities laws, which reflect the expectations of management regarding the Company’s future growth, financial performance and financial position and the Company’s strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic. The words “believes”, “views”, “anticipates”, “plans”, “expects”, “intends”, “projects”, “forecasts”, “estimates”, “guidance” and “targets”, “may”, “will” and similar expressions are intended to identify forward looking statements. These forward-looking statements reflect management’s current expectations regarding future events (including the recovery of the Company’s markets and the expected benefits to be obtained through its “NFI Forward” initiative) and the Company’s financial and operating performance and speak only as of the date of this press release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will 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 anticipated use of proceeds of the Offering; the Company may not be able to achieve its targets for sales growth; 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 could have an adverse effect on the for the Company’s products and the results of its operations; currency fluctuations could adversely affect the Company’s financial results or competitive position; interest rates could change substantially, materially impacting the Company’s revenue and profitability; an active, liquid trading market for the Shares may cease to exist, which may limit the ability of shareholders to trade Shares; the market price for the Shares may be volatile; if securities or industry analysts do not publish research or reports about the Company and its business, if they adversely change their recommendations regarding the Shares or if the Company’s results of operations do not meet their expectations, the common 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 common share price and trading volume of the Shares could decline; competition in the industry and entrance of new competitors; current requirements under "Buy America" regulations may change and/or become more onerous or suppliers’ “Buy America” content may change; failure of the Company to comply with the U.S. Disadvantaged Business Enterprise (“**DBE**”) program requirements or the failure to have its DBE goals approved by the U.S. Federal Transit Administration; absence of fixed term customer contracts, exercise of options and customer suspension or termination for convenience; local content bidding preferences in the United States may create a competitive disadvantage; uncertainty resulting from the exit of the UK from the European Union; requirements under Canadian content policies may change and/or become more onerous; operational risk resulting from inadequate or failed internal processes, people and/or systems or from external events, including fiduciary breaches, regulatory compliance failures, legal disputes, business disruption, pandemics, floods, technology failures, processing errors, business integration, damage to physical assets, employee safety and insurance coverage; international operations subject the Company to additional risks and costs and may cause profitability to decline; compliance with international trade regulations, tariffs and duties; dependence on limited sources or unique sources of supply; a disruption of the supply of components containing microprocessors and other computer chips could materially adversely affect the production and sale of the Company's vehicles and certain other products; dependence on supply of engines that comply with emission regulations; a disruption, termination or alteration of the supply of vehicle chassis or other critical components from third-party suppliers could materially adversely affect the sales of certain of the Company’s products; the Company's profitability can be adversely affected by increases in raw material and component costs; the Company may incur material losses and costs as a result of product warranty costs, recalls and remediation of transit buses and motor coaches; production delays may result in liquidated damages under the Company's contracts with its customers; catastrophic events may lead to production curtailments or shutdowns; the Company may not be able to successfully renegotiate collective bargaining agreements when they expire and may be adversely affected by labour disruptions and shortages of labour; the Company's operations are subject to risks and hazards that may result in monetary losses and liabilities not covered by insurance or which exceed its insurance coverage; the Company may be adversely affected by rising insurance costs; the Company may not be able to maintain performance bonds or letters of credit required by its contracts or obtain performance bonds and letters of credit required for new contracts; the Company is subject to litigation in the ordinary course of business and may incur material losses and costs as a result of product liability claims; the Company may have difficulty selling pre-owned coaches and realizing expected resale values; the Company may incur costs in connection with regulations relating to axle weight restrictions and vehicle lengths; the Company may be subject to claims and liabilities under environmental, health and safety laws; dependence on management information systems and cyber security risks; the Company's ability to execute its strategy and conduct operations is dependent upon its ability to attract, train and retain qualified personnel, including its ability to retain and attract executives, senior management and key employees; the Company may be exposed to liabilities under applicable anti-corruption laws and any determination that it violated these laws could have a material adverse effect on its business; the Company's risk management policies and procedures may not be fully effective in achieving their intended purposes; internal controls over financial reporting, no matter how well designed, have inherent limitations; there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures; ability to successfully execute strategic plans and maintain profitability; development of competitive or disruptive products, services or technology; development and testing of new products or model variants; acquisition risk; reliance on third party manufacturers; third-party distribution/dealer agreements; availability to the Company of future financing; the Company may not be able to generate the necessary amount of cash to service its existing debt, which may require the Company to refinance its debt; the restrictive covenants in the 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; future sales or the possibility of future sales of a substantial number of Shares may impact the price of the Shares and could result in dilution; if the Company is required to write down goodwill or other intangible assets, its financial condition and operating results would be negatively affected; income tax risk due to the Company's operations being complex and income tax interpretations, regulations and legislation that pertain to its activities are subject to continual change; investment eligibility and Canadian federal income tax risks; certain U.S. tax rules may limit the ability of New Flyer Holdings, Inc. and its U.S. subsidiaries (the "NF Group") to deduct interest expense for U.S. federal income tax purposes and may increase the NF Group's tax liability and certain financing transactions could be characterized as "hybrid transactions" for U.S. tax purposes, which could increase the NF Group's tax liability.

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

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

Factors relating to the Company’s January 11, 2021 financial guidance (the "Guidance") include the degree to which actual future events accord with, or vary from, the expectations of, and assumptions used by, NFI’s management in preparing the Guidance and the Company’s ability to successfully execute the “NFI Forward” initiative and to generate the planned savings in the expected time frame or at all. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the Guidance, there may be other factors that could cause actions, events or results not to be as anticipated, estimated or intended. Specific reference is made to “*Risk Factors*” in the Annual Information Form ("AIF") 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 any of the underlying assumptions used by the Company in preparing any of the forward-looking statements and information contained in the Guidance prove incorrect, NFI’s actual results may vary and any such variations may be material. The Company disclaims any intent or obligation to update any such forward-looking statements or information except as required by law. The Company provides no assurance that forward-looking statements and information contained in the Guidance will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on such forward-looking statements and information.

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. Specific reference is made to "*Risk Factors*" in the AIF 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 the Company disclaims any intent or obligation to update forward-looking statements or information except as required by law. 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, investors should not place undue reliance on forward-looking statements and information.