NFI Group announces third quarter 2020 results and schedules 2021 Investor Day

November 11, 2020

Significantly improved results in the third quarter of 2020 as NFI manages through the ongoing COVID-19 pandemic. Performance as follows:

- **In 2020 Q3, NFI delivered 1,317 EUs with total revenue of $663.9 million, Adjusted EBITDA of $60.9 million and Free Cash Flow of $27.4 million, or C$0.58 per Share.**
- **Net loss of $24.9 million, or $(0.40) per Share in the quarter driven by restructuring charges associated with NFI Forward initiatives and a one-time, non-cash mark-to-market adjustment from the October 2020 sale of pre-owned motor coach assets, which generated approximately $19 million of cash.**
- **Adjusted Net Earnings of $5.7 million, or $0.09 per Share, normalized for $17.5 million of non-recurring restructuring charges and $16.8 million of COVID-19 related charges.**
- **NFI declared dividends of C$13.3 million in the quarter.**
- **Quarter ending Backlog position of 8,882 EUs (valued at $4.5 billion), consisting of both firm and option orders.**
- **Quarter ending liquidity position of $414 million. NFI remains focused on deleveraging balance sheet and is working closely with banking partners on an extended covenant relief package providing additional flexibility in 2021.**
- **Management reiterates Fiscal 2020 Adjusted EBITDA guidance of $145 million to $155 million. NFI Investor Day scheduled for January 11, 2021 to present business updates, NFI's industry leading zero-emission bus roadmap and provide the Company's financial outlook.**

All figures quoted in US dollars unless otherwise noted:

WINNIPEG, November 11, 2020 - (TSX:NFI) NFI Group Inc. ("NFI" or the "Company"), one of the world's leading independent bus manufacturers, today announced its financial results for 2020 Q3.

2020 Q3 Key financial metrics are highlighted below:

(unaudited, in millions except per Share amounts)	**2020 Q3**	**Change[3]**	**2020 Q3 LTM**	**Change[3]**
Deliveries (EUs) [1]	1,317	(75)	4,986	390
IFRS Measures				
Revenue	$663.9	$(61.5)	$2,625.3	$(12.3)
Net earnings (loss)	(24.9)	(23.9)	(132.1)	(198.5)
Net earnings (loss) per Share	(0.40)	(0.38)	(2.11)	(3.18)
Non-IFRS Measures[2]				
Adjusted EBITDA	$60.9	$(16.0)	$196.6	$(101.6)
Adjusted Net Earnings (Loss)	5.7	(9.3)	(24.5)	(140.2)
Adjusted Net Earnings (Loss) per Share	0.09	(0.15)	(0.39)	(2.26)
Free Cash Flow	27.4	(10.2)	47.5	(106.3)
Liquidity	$414.5	327.9	$414.5	327.9

1. EUs One equivalent unit (or "EU") represents one production slot, being one 30-foot, 35-foot, 40-foot, 45-foot heavy-duty transit bus, one double deck bus, one medium-duty bus, one cutaway bus or one motor coach, whereas one articulated transit bus represents two equivalent units
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.
3. Results noted herein are for the 13-week period ("2020 Q3") and the 52-week period ("2020 Q3 LTM") ended September

28, 2020. The comparisons reported in this press release compare 2020 Q3 and 2020 Q3 LTM to the 13-week period ("2019 Q3") and the 52-week period ended September 29, 2019 ("2019 Q3 LTM"). Comparisons and comments are also made to the 13-week period ("2019 Q4") ended December 29, 2019 and the 13-week period ended June 28, 2020 ("2020 Q2"). Readers are advised to view the unaudited interim condensed 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

Manufacturing segment revenue for 2020 Q3 decreased by $49.9 million, or 8.1%, compared to 2019 Q3, but increased by 127.8% from 2020 Q2**.** The year-over-year decrease is primarily driven by the impact of lower production and deliveries of transit buses and motor coaches all attributable to the economic impacts of the COVID-19 pandemic. 2020 Q3 Manufacturing Adjusted EBITDA decreased by $16.9 million, or 27.5%, compared to 2019 Q3 as the Company successfully lowered its variable production costs, but results were impacted by reduced fixed cost absorption due to lower sales. Manufacturing Adjusted EBITDA was up by $77.0 million from 2020 Q2.

At the end of 2020 Q3, the Company's total backlog (firm and options) was 8,882 EUs (valued at $4.5 billion) a decrease compared to 10,004 EUs (valued at $4.9 billion) at the end of 2020 Q2. The decrease was driven by deliveries in the quarter, delays in new awards within North American and UK transit operations, offset by some new orders.

Aftermarket segment revenue for 2020 Q3 decreased by $11.6 million, or 10.6%, compared to 2019 Q3, but increased by 15.3% from 2020 Q2. The year-over-year decline in revenue was primarily driven by lower parts sales for both the NFI Parts and the ADL Parts businesses. 2020 Q3 Aftermarket adjusted EBITDA increased by $0.3 million compared to 2019 Q3, or 1.8%, with lower volumes offset by lower operating costs at ADL. Aftermarket Adjusted EBITDA was up by $4.6 million from 2020 Q2.

Net Earnings and Adjusted Net Earnings

The third quarter of 2020 saw a net loss of $24.9 million, a decrease of $23.9 million from 2019 Q3, driven by lower revenues combined with higher general and administration ("SG&A") costs due to one-time restructuring charges, which were offset somewhat by income tax recoveries and unrealized foreign exchange gains. The net loss also included a one-time, non-cash $20.4 million charge related to an impairment of pre-owned motor coaches reflecting the value of the transaction whereby MCI sold its pre-owned coach pool to a third party subsequent to quarter-end for proceeds of approximately $19 million. Losses from operations were partially offset by government grants of $14.8 million received through the Canadian Emergency Wage Subsidy ("CEWS") and the UK Job Retention ("UK Furlough") program.

2020 Q3 Adjusted Net Earnings of $5.7 million was adjusted for $17.5 million in severance and restructuring costs, $16.1 million in inventory impairment, including the previously mentioned sale of pre-owned coach inventory and $0.8 million in other one-time costs relating to COVID-19. Full reconciliation of net earnings to Adjusted Net Earnings (Loss) is available in the accompanying tables of this press release.

Liquidity

NFI's liquidity position as at September 28, 2020 was $414.5 million which is an increase of $327.8 million from the same period in 2019. The improvement primarily relates to the Company entering into two new credit facilities during 2020 Q2: a $250 million unsecured, one-year sidecar credit facility, available for general corporate purposes as required; and a strategic £50 million unsecured facility to be used for ADL's international operations.

The Company had a covenant waiver in place for its Total Leverage Ratio ("TLR") (which measures total leverage against Adjusted EBITDA on a trailing four quarter basis) on all of its facilities until September 28, 2020, with covenants resuming at more relaxed levels based on a pro-rated calculation that excluded 2020 Q2 results. The Company now expects that the combination of lower trailing Adjusted EBITDA in 2020 combined with the Company's current debt profile and the ongoing uncertainty created by the COVID-19 pandemic, may impact compliance with the TLR covenant starting in the first quarter of 2021. Management is currently in detailed negotiations with its banking partners to obtain covenant relief into 2021. Management believes the Company's forecasted cash position and credit capacity under its existing credit facilities is currently sufficient to fund operations, meet financial obligations as they come due and provide the necessary funds for capital expenditures, dividend payments and other operational needs. Management continues to expect that it will not need to utilize the sidecar. Full details on covenant calculations can be found in the Company's MD&A.

Outlook

The third quarter of 2020 saw significant improvement over the second quarter, as the Company was able to resume production and delivery of buses and coaches in North America and international markets. While results improved in 2020 Q3, management expects the ongoing COVID-19 pandemic will impact NFI's results through 2021. Rising COVID-19 case rates combined with ongoing work from home mandates, decline in travel and delayed stimulus funds has continued to slow the announcement of new vehicle awards and delayed or deferred purchases.

In August 2020 NFI responded to the impacts of COVID-19 by launching a transformative cost reduction initiative entitled "NFI Forward", to significantly reduce manufacturing overhead and SG&A from 2019 levels. In addition to numerous cost savings projects aimed at reducing fixed costs, the Company also lowered weekly production rates to match firm backlog, expected option conversion and anticipated new awards for the remainder of 2020 and 2021. Year-to-date, the NFI Forward initiative has achieved approximately $13.5 million in savings. These savings appear in NFI's gross margins and Adjusted EBITDA, as a reduction to manufacturing overhead and direct material costs, and SG&A.

NFI's overall end markets recovery from COVID-19 are expected to be dependent on several factors, including government support, COVID-19 case rates and the length of the pandemic, and economic reopening activity. These factors will differ by product line and geography. The majority of NFI's vehicles are used for public transit, which remains a critical method of transportation for millions of users and is an economic enabler in cities around the world. Demand levels are expected to return, although the duration of the COVID-19 pandemic may delay new vehicles awards and delivery timing. Recent positive announcements on potential COVID-19 vaccines are encouraging as are the stated priorities of US President-elect Biden's infrastructure plan on investment in environmentally friendly public transit.

Financial Outlook

With deliveries and financial results for the fourth quarter of 2020 continuing to be impacted by the pandemic, NFI results during that period will be lower than the same period in 2019. Management, however, reiterates its Adjusted EBITDA guidance of $145 million to $155 million for Fiscal 2020, suggesting $52M - $62M of Adjusted EBITDA in the fourth quarter of 2020.

Evaluating current market conditions and expected future demand, management expects that 2021 financial results will see significant improvement over fiscal 2020, but currently projects a transition period with the impacts of the COVID-19 pandemic. Management has certain visibility on components of its expected 2021 results, driven by its firm backlog, expected option conversion and anticipated new awards, but delays in public awards, stagnant private sector demand and uncertainty surrounding the timing and magnitude of government stimulus create risk to full year 2021 results. Management plans to release NFI's financial outlook in January 2021 at the Company's Virtual Investor Day.

Management Remarks

"The strength of our third quarter demonstrates NFI's resiliency, strong backlog position and ability to respond to the ongoing economic realities of the COVID-19 pandemic. During the quarter, our facilities successfully resumed production, with strong health and safety processes in place to protect employees, we delivered for our customers, and we made significant progress with our NFI Forward cost reduction initiatives," said Paul Soubry, President and CEO of NFI. "While our results were below pre-pandemic levels, we saw significant improvement from the historic lows of the second quarter of 2020."

"The full market recovery will take time as our customers manage through the challenges of COVID-19, with continued restrictions on travel and transportation and lower ridership levels," Soubry added. "There is no doubt, however, that buses and coaches are critical infrastructure in major cities around the world and play a key role in moving people and connecting communities. We are focused on supporting our customers during these difficult times while also preparing our business to capitalize on the expected economic recovery by right-sizing our operations and driving innovations and leading the evolution to zero-emission buses. We are confident that demand for buses and coaches will rebound as the global economy recovers and view recent announcements related to a potential vaccine as a positive step in that recovery."

"NFI was built on a foundation of market leading brands with over 450 years of combined bus and coach design and manufacturing experience. Our Company's core is innovation and advanced technology. We were the first to introduce low-floor and articulated buses in North America, led the introduction of natural gas, hybrid, electric and fuel cell propulsion systems, and most recently, expanded our offering to include full mobility solutions with the associated telematics and charging infrastructure. We continue to be market leaders with new products and services that will drive the transition to a zero-emission future with safer, cleaner and reliable vehicles. NFI has delivered the most zero-emission buses in North America and delivered more ZEBs than any UK competitor. We have also invested in extensive capacity to build zero-emission vehicles in nearly every facility. NFI supports the largest installed fleet of transit buses and motor coaches in numerous markets, and we have more than 105,000 vehicles currently in operation. We are extremely well positioned to play a key role in transitioning these vehicles from traditional propulsion systems to battery-electric and hydrogen fuel cell-electric," Soubry explained.

"In addition to advancing new products and services, we are also removing costs from our operations. The various NFI Forward initiatives will consolidate business units and are expected to reduce our footprint, maximize production capacity, streamline our administrative functions and reduce working capital. Overall, NFI Forward will assist us in deleveraging our balance sheet while delivering value over the long-term as NFI will have a significantly lower fixed cost base when markets recover. We look forward to talking about these initiatives and NFI's leadership in the transition to a zero-emission future at our Investor Day in January," Soubry concluded.

Corporate Social Responsibility

NFI's vision is to enable the future of mobility with innovative and sustainable solutions through the design and delivery of exceptional transportation solutions that are safe, accessible, efficient and reliable. NFI's end products are a key driver to enable cities to lower emissions, decrease congestion and drive economic opportunity for less-fortunate members of various communities. NFI is committed to employees, customers and shareholders, while also being responsible to the environment and the communities in which we live and work by focusing on using renewable power, reducing waste, purchasing supplies from disadvantaged business enterprises, promoting diversity, and adhering to our detailed governance structure.

In March 2020, New Flyer of America ("New Flyer") launched a Community Benefits Framework ("CBF") in partnership with the Transportation Diversity Council. The CBF creates the foundation for New Flyer's approach to employee engagement, effective management of a safe and respectful workplace, execution of leading health and safety practices, commitments to disadvantaged business enterprises, industry advocacy, and support for workforce development and inclusion. In September 2020, New Flyer launched the first local program under its CBF through the Anniston Workforce Development Program.

NFI's 2019 Environmental Social Governance Report and details on the CBF can be accessed on the Company's website.

Third Quarter Results Conference Call

A conference call for analysts and interested listeners will be held on Wednesday, November 11, 2020 at 8:30 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 www.nfigroup.com/investor-relations.

A live audio feed of the call will also be available at:

https://produceredition.webcasts.com/starthere.jsp?ei=1382239&tp_key=ccf744a7cd

A replay of the call will be available from 11:00 a.m. (ET) on November 11, 2020 until 11:59 p.m. (ET) on December 11, 2020. To access the replay, call 855-859-2056 or 416-849-0833 and then enter pass code number 4369358. The replay will also be available on NFI's web site at www.nfigroup.com.

Virtual Investor Day 2021

NFI will host a virtual Investor Day on Monday, January 11, 2021 from 8:30a.m. ET to 11:30 am ET. During the event, members of the executive leadership team will provide an update on NFI's markets and businesses; strategic transformational initiative NFI Forward, the Company's zero-emission bus roadmap; environmental social governance performance; and future financial outlook.

To confirm your attendance for the event please RSVP by emailing investor@nfigroup.com. A link to the webcast along with the agenda for the event will be emailed to all participants and will also be posted on NFI Group's website closer to the event.

About NFI Group

With more than 8,000 team members operating from 50 facilities across ten countries, NFI is a leading independent global bus manufacturer providing a comprehensive suite of mass transportation solutions 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 common 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.arbocsv.com, www.nfi.parts, www.alexander-dennis.com, and www.carfaircomposites.com.

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Appendix - Reconciliation Tables

Reconciliation of Net Earnings 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, or 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 Adjusted EBITDA. The following table reconciles net earnings to Adjusted EBITDA based on the historical Financial Statements of the Company for the periods indicated.

(U.S. dollars in thousands)	**2020 Q3**	**2019 Q3**	**39-Weeks Ended September 27, 2020**	**39-Weeks Ended September 29, 2019**	**52-Weeks Ended September 27, 2020**	**52-Weeks Ended September 29, 2019**
Net earnings (loss)	$ (24,912)	$ (1,085)	$ (166,201)	23,571	$ (132,072)	$ 66,386
Addback[1]						
Income taxes	(3,014)	2,355	(11,343)	15,879	14,775	23,812
Interest expense	15,273	19,030	69,298	62,055	80,598	72,711
Amortization	26,374	32,055	84,660	73,435	115,795	91,452
Loss (gain) on disposition of property, plant and equipment	(191)	(93)	201	(98)	253	(106)
Fair value adjustment for total return swap[11]	7	1,432	1,702	676	1,975	6,305
Unrealized foreign exchange loss (gain) on non-current monetary items and forward foreign exchange contracts	(3,609)	4,993	(5,815)	1,700	(7,455)	3,011
Costs associated with assessing strategic and corporate initiatives[8]	—	342	1,231	13,685	615	13,685
Past service costs[13] and other pension costs (recovery)	—	(1,671)	(415)	(1,671)	(345)	(1,671)
Non-recurring costs (recoveries) relating to business acquisition	—	—	—	—	360	—
Fair value adjustment to acquired subsidiary company's inventory and deferred revenue[10]	—	20,158	—	28,848	2,156	28,848

Proportion of the total return swap realized[12]	303	(800)	(1,166)	(424)	(1,369)	(4,805)
Equity settled stock-based compensation	597	152	1,162	1,129	1,599	1,163
Recovery on currency transactions[15]	—	—	—	(4,287)	—	(4,287)
Prior year sales tax provision [16]	233	—	147	3,794	447	3,794
Release of provisions related to purchase accounting[14]	—	—	—	—	—	(2,138)
COVID-19 costs[17]	24,392	—	41,949	—	41,949	—
Impairment loss on goodwill[18]	—	—	50,790	—	50,790	—
Non-recurring restructuring costs[9]	25,429	—	26,527	—	26,527	—
Adjusted EBITDA[1]	$ 60,885	$ 76,868	$ 92,727	$ 218,292	$ 196,598	$ 298,160
Adjusted EBITDA is comprised of:						
Manufacturing	$ 44,615	$ 61,460	47,702	170,382	$ 133,413	$ 243,199
Aftermarket	16,650	16,374	49,646	56,159	68,059	73,498
Corporate	(380)	(966)	(4,618)	(8,249)	(4,871)	(18,537)

See footnotes below.

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. 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 Q3 was 62,511,734 and 62,391,178 for 2019 Q3. The weighted average number of Shares outstanding for 2020 Q3 YTD and 2019 Q3 YTD are 62,505,778 and 61,601,132, respectively. The weighted average number of Shares outstanding for the 52-weeks ended September 27, 2020 and September 29, 2019 are 62,487,963 and 61,749,622, 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 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 impairments. Third quarter costs relate to production reductions and the NFI Forward initiative and include severance costs of $18.3 million, right-of-use asset impairments of $3.0 million, inventory impairments of $1.8 million and property, plant and equipment impairments of $1.7 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 $0.5 million was received in 2020 Q1.

14. During the fourth quarter of 2018, purchase accounting provisions recorded in respect of the acquisition of MCI were deemed to be no longer needed and were released resulting in an increase to net earnings. The amounts released have been deducted in the calculation of Free Cash Flow.
15. Recovery of prior period banking fees related to foreign exchange transactions.
16. Provision for sales taxes as a result of an ongoing state tax review.
17. Normalized to exclude non-recurring COVID-19 related costs. COVID-19 costs include asset impairments of $23.3 million in 2020 Q3 (2020 Q3 YTD - $39.0 million). These write downs include but are not limited to the write down of accounts receivable and the write down of inventory. Also included are other operating costs of $1.1 million 2020 Q3 and $2.9 million 2020 Q3 YTD 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.
18. Impairment charge with respect to MCI's goodwill.

Reconciliation of Net Earnings to Adjusted Net Earnings

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 Q3**	**2019 Q3**	**39-Weeks Ended September 27, 2020**	**39-Weeks Ended September 29, 2019**	**52-Weeks Ended September 27, 2020**	**52-Weeks Ended September 29, 2019**
Net earnings (loss)	(24,912)	(1,085)	(166,201)	23,571	(132,074)	66,386
Adjustments, net of tax (1) (8)						
Fair value adjustments of total return swap(5)	4	892	1,174	404	1,319	4,678
Unrealized foreign exchange (gain) loss	(2,489)	3,143	(4,012)	1,016	(4,993)	2,011
Unrealized loss on interest rate swap	(1,902)	1,571	14,476	15,836	11,361	17,518
Impairment loss on goodwill(12)	—	—	50,790	—	50,790	—
Portion of the total return swap realized(6)	209	(496)	(805)	(253)	(914)	(3,578)
Costs associated with assessing strategic and corporate initiatives(2)	—	342	1,231	13,685	615	13,685
Fair value adjustment to acquired subsidiary company's inventory and deferred revenue(4)	—	11,624	—	17,236	707	17,236
Equity settled stock-based compensation	412	44	802	675	1,033	701
Gain on disposition of property, plant and equipment	(131)	(56)	139	(59)	171	(65)
Past service costs(7) and other pension costs (recovery)	—	(998)	(286)	(998)	(215)	(998)
Gain on release of provision related to purchase accounting (9)	—	—	—	—	—	(1,623)
Recovery on currency transactions(10)	—	207	—	(2,561)	80	(2,561)
Prior year sales tax provision (11)	160	(183)	101	2,267	203	2,267
COVID-19 costs (13)	16,831	—	28,945	—	28,945	—
Non-recurring restructuring costs (3)	17,546	—	18,303	—	18,514	—
Adjusted Net Earnings (Loss)	$ 5,728	15,005	(55,343)	70,819	$ (24,458)	115,657
Earnings (Loss) per Share (basic)	$ (0.40)	$ (0.02)	$ (2.66)	$ 0.38	$ (2.11)	$ 1.08
Earnings (Loss) per Share (fully diluted)	$ (0.40)	$ (0.02)	$ (2.66)	$ 0.38	$ (2.11)	$ 1.07

Adjusted Earnings (Loss) per Share (basic)	$ 0.09	$ 0.24	$ (0.89)	$ 1.15	$ (0.39)	$ 1.87
Adjusted Earnings (Loss) per Share (fully diluted)	$ 0.09	$ 0.24	$ (0.89)	$ 1.15	$ (0.39)	$ 1.87

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. Third quarter costs relate to production reductions and the NFI Forward initiative and include severance costs of $12.6 million, right-of-use asset impairments of $2.1 million, inventory impairments of $1.2 million and property, plant and equipment impairments of $1.2 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. In 2020 Q3, the Company has utilized a rate of 31% to tax effect the adjustments.
9. During 2018 Q4 purchase accounting provisions recorded in respect of the acquisition of MCI were deemed to be no longer needed and were released resulting in an increase to net earnings. The amounts released have been excluded from the calculation of Adjusted Net Earnings (Loss).
10. Recovery of prior period banking fees related to foreign exchange transactions.
11. Provision for sales taxes as a result of an ongoing state tax review.
12. Impairment charge with respect to MCI's goodwill.
13. Normalized to exclude non-recurring COVID-19 related costs. COVID-19 costs include asset impairments of $16.1 million in 2020 Q3 (2020 Q3 YTD - $26.8 million). These write downs include but are not limited to the write down of accounts receivable and the write down of inventory. Also included are other operating costs of $0.8 million 2020 Q3 and $2.0 million 2020 Q3 YTD 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, non-recurring restructuring costs, 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, impairment loss on goodwill, and release of provision related to purchase accounting.

“Free Cash Flow” means net cash generated by 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, proportion of total return swap, recovery on currency transactions, prior year sales tax provision, non-recurring restructuring costs, gain on release of provision related to purchase accounting, foreign exchange gain (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 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, 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, gain on release of provision related to purchase accounting, recovery on currency transactions, prior year sales tax provision, and non-recurring restructuring costs .

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

Management believes Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings (Loss) and Adjusted 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 measures under IFRS and do not have standardized meanings prescribed by IFRS. Readers of this MD&A 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 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 (Loss) is provided under the heading "Reconciliation of Net Earnings to Adjusted Net Earnings (Loss)".

NFI's method of calculating Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings (Loss) 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.

Forward-Looking Statements

Certain statements in this press release are "forward-looking statements", which reflect the expectations of management regarding the Company's future growth, liquidity, financial performance and results of operations and the Company's plans, business prospects and opportunities. The words "believes", "anticipates", "plans", "expects", "intends", "projects", "forecasts", "estimates", "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 return of the Company's markets) 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. Actual results may differ materially and adversely from management expectations set forth in forward-looking statements for a variety of reasons and due to a number of factors, including, but not limited to those described below.

With respect to forward-looking statements relating to the Company's "NFI Forward" initiative, including the costs savings, cash flow improvement, reduction in working capital, deleveraging of the Company's balance sheet, reduction in the number of the Company's facilities, maximizing production capacity and the other benefits expected to be achieved and the costs and resources expected to be expended in implementing the initiative, such factors 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.

With respect to all forward-looking statements, such factors relating to the global COVID-19 pandemic include: the magnitude and length 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 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 return of the Company's markets at some future date 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; 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 fund dividends. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period, obtain satisfactory covenant relief under its credit facilities or access to additional capital or access to government financial support or as to when production operations will return to previous production rates. There is also no assurance that governments will provide stimulus funding 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 and financial condition and any material adverse effects could very well be rapid, unexpected and may continue for an extended and unknown period of time.

A number of other factors that may cause actual results to differ materially from the results discussed in the forward-looking statements include: 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 Share price and trading volume could decline; in addition, if securities or industry analysts publish inaccurate or unfavorable research about the Company or its business, the Share price and trading volume of the Shares could decline; competition in the industry and entrance of new competitors; current requirements under "Buy America" regulations may change and/or become more onerous or suppliers' "Buy America" content may change; failure of the Company to comply with the U.S. Disadvantaged Business Enterprise ("DBE") program requirements or the failure to have its DBE goals approved by the U.S. Federal Transit Administration; absence of fixed term customer contracts, exercise of options and customer suspension or termination for convenience; local content bidding preferences in the United States may create a competitive disadvantage; uncertainty resulting from the exit of the UK from the European Union; requirements under Canadian content policies may change and/or become more onerous; operational risk resulting from inadequate or failed internal processes, people and/or systems or from external events, including fiduciary breaches, regulatory compliance failures, legal disputes, business disruption, pandemics, floods, technology failures, processing errors, business integration, damage to physical assets, employee safety and insurance coverage; international operations subject the Company to additional risks and costs and may cause profitability to decline; dependence on limited sources or unique 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 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 NF Holdings 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.

NFI cautions that the foregoing factors are not exhaustive of all potential risks. These factors and other risks and uncertainties are discussed in NFI's press releases, Annual Information Form and materials filed with the Canadian securities regulatory authorities which are available on SEDAR at www.sedar.com. Due to the potential impact of these and other factors, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.