NFI Group Announces Second Quarter 2020 Results and Reintroduces Guidance

August 6, 2020

NFI results dramatically impacted by the COVID-19 pandemic and related facility idling resulting in 2020 Q2 performance as follows:

- **Delivered 545 EUs in 2020 Q2, with total revenue of $333.3 million**
- **Net loss of ($74.1) million, or ($1.18) per Share and Adjusted EBITDA loss of ($24.2) million**
- **Adjusted Net Earnings (Loss) of ($60.6) million, or ($0.97) per Share, which is normalized for $12.1 million of one-time COVID-19 related adjustments**
- **NFI remains confident in its liquidity position ending the quarter with $436 million in available capacity. NFI declared dividends of C$13.3 million in the quarter**
- **NFI backlog position of 10,004 EUs (4,400 EUs Firm and 5,604 options) valued at $4.9 billion**
- **The Company launched "NFI Forward," a group-wide transformational initiative expected to generate more than $75 million in annualized cost savings (reducing overhead and SG&A by 8%-10%) by the end of 2022**
- **Fiscal 2020 Adjusted EBITDA guidance of $145 million to $155 million**

All figures quoted in US dollars unless otherwise noted.

WINNIPEG, August 6, 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 Q2. NFI Group reported $333.3 million in Q2 revenue, a 51.2% decline year-over-year that significantly impacted gross margin and net income as a result of the COVID-19 pandemic related facility idling and reduced output for the quarter.

Second quarter adjusted net earnings (loss) was ($60.6) million, a decrease of 335% compared to Q2 2019. Full reconciliation of net earnings (loss) to Adjusted Net Earnings (Loss) is available in the accompanying tables of this press release.

(unaudited, in millions except per Share amounts)	**2020 Q2**	**Year over Year Change(2)**	**2020 Q2 LTM**	**Year over Year Change(2)**
Deliveries (EUs)	545	(630)	5,060	821
IFRS Measures				
Revenue	$333.3	$(350.1)	$2,686.7	$169.0
Net earnings (loss)	(74.1)	(82.6)	(108.2)	(212.7)
Net earnings (loss) per Share	(1.18)	(1.32)	(1.73)	(3.41)
Non-IFRS Measures(1)				
Adjusted EBITDA	$(24.2)	$(105.3)	$212.6	$(78.9)
Adjusted Net Earnings (Loss)	(60.6)	(86.4)	(15.2)	(152.2)
Adjusted Net Earnings (Loss) per Share	(0.97)	(1.52)	(0.24)	(2.45)
Free Cash Flow	(43.1)	(84.5)	57.7	(87.3)
Liquidity	$436.4	$234.2	$436.4	$234.2

(1) Adjusted EBITDA, Adjusted Net Earnings, Adjusted Net Earnings 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.

(2) Results noted herein are for the 13-week period ("2020 Q2") and the 52-week period ("2020 Q2 LTM") ended June 28, 2020. The comparisons reported in this press release compare 2020 Q2 and Q2 2020 LTM to the 13-week period ("2019 Q2") and the 52-week period ended June 30, 2019 ("2019 Q2 LTM"). Comparisons and comments are also made to the 13-week period ("2019 Q4") ended December 29, 2019. Readers are advised to view the unaudited interim 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 sales for 2020 Q2 decreased by $334.5 million, or 57.4%, compared to 2019 Q2. The decrease is primarily driven by the impact of lower production volumes and deliveries as a result of the temporary idling of production facilities for much of the quarter due to the COVID-19 pandemic. 2020 Q2 Manufacturing Adjusted EBITDA decreased by $94.3 million, or 152.3% with margins impacted by reduced fixed cost absorption resulting from the sales decline.

Aftermarket segment sales in 2020 Q2 decreased by $15.5 million, or 15.6%, compared to 2019 Q2. The decline in revenue was primarily driven by lower parts volumes within both the NFI Parts and ADL parts businesses due to COVID-19. 2020 Q2 Aftermarket adjusted EBITDA decreased by $9.8 million, or 44.7%. The reduction was driven by lower revenue, decreased margins from NFI Parts product mix and consistent fixed SG&A costs on a lower revenue base.

Liquidity

NFI's liquidity position as at June 28, 2020 was $436.2 million an increase from $146.6 million on March 29, 2020 and $209.3 million at Dec 31, 2019. The Company generated $100 million in positive working capital during the quarter through the completion and delivery of excess vehicles in work-in-progress inventory and a focused effort on collection of receivables. In addition, the Company entered into two new credit facilities; a new £50 million unsecured facility to be used for ADL's international operations, and a $250 million unsecured, one-year sidecar credit facility (the "Sidecar"), available for general corporate purposes. To resume operations, NFI invested $100 million in working capital to make supplier payments current and to purchase raw material inventory required for vehicle production.

Management obtained credit covenant relief on its $1.25 billion revolving credit facility as part of the negotiations in obtaining the Sidecar. The covenant waiver is in place until September 28, 2020, at which time the covenants will resume at more relaxed levels based on a pro-rated calculation that excludes 2020 Q2 results. Covenant calculations for the fourth quarter of 2020 and first three quarters of 2021 will all be based on this pro-rated LTM approach that excludes 2020 Q2 results. Full details on the covenant calculations can be found in the Company's MD&A.

While the additional credit capacity improves the Company's overall financial flexibility, management believes the credit capacity under its existing credit facility 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.

Outlook

After idling facilities for the majority of the second quarter, the Company restarted all manufacturing facilities in mid-May through June and has now begun the recovery from the impacts of COVID-19. Based on the Company's contractually obligated vehicle sales, updated production schedule, expected private market deliveries and anticipated aftermarket sales, management is now reintroducing Adjusted EBITDA guidance for Fiscal 2020. Management expects NFI will deliver Adjusted EBITDA of $145 million to $155 million for Fiscal 2020, which would represent $114 million to $124 million during the second half of 2020.

While operations have resumed production, levels are not yet at pre-COVID levels. With some Public customer orders having been deferred or delayed, manufacturing resumed at lower levels to match contracted orders and anticipated backlog option conversion for 2020 and 2021. Private segment production at both MCI and ADL are not expected to reach pre-COVID-19 levels until at least 2021.

The medium and long-term recovery of the Company's end markets from the COVID-19 pandemic are expected to be dependent on several factors, including; government support, COVID-19 case rates, travel restrictions and economic reopening activity. The Company has implemented a robust risk management process to ensure the health and safety of its team members and continued access to material supply inputs, but the ongoing nature of the pandemic may adversely impact NFI's results in the future.

NFI Forward

On July 27, NFI announced a transformational initiative, "NFI Forward", that is expected to generate more than $75 million in annualized cost savings by the end of fiscal 2022. The program is a combination of numerous projects that will drive $65.0 million in annual Adjusted EBITDA savings plus an additional $10.0 million in annualized Free Cash Flow savings. The annual impact from cost savings in Adjusted EBITDA will be recorded in the following categories:

- $20.0 million in business unit SG&A driven by organizational structure changes and efficiencies at the business unit level
- $5.0 million in centralized functional administration activities included in SG&A
- $20.0 million in manufacturing overhead (a component of cost of sales) reduction from facility closures and distribution center reductions
- $20.0 million in production material costs savings (a component of cost of sales)

In order to generate the significant cost saving reductions management estimates that it will incur one-time restructuring and facility closing costs ranging from $15 million to $20 million during Fiscal 2020 to Fiscal 2022.

Further details are included in the Company's 2020 Q2 MD&A and will be discussed during the August 6, 2020 Earnings call.

Management Remarks

"Following record deliveries in the fourth quarter of 2019, NFI started 2020 with a very strong outlook, a solid first quarter and an ambitious full year plan. Unfortunately, the COVID-19 pandemic has had a dramatic impact on global bus and coach ridership and operators cost structures" said Paul Soubry, President and CEO of NFI. "As the pandemic began, our priority focused on the safety of our team members, our customers and their essential service riders. Our response included implementing an intensified health and safety protocol, idling nearly all of our facilities, maintaining customer service and parts support, and quickly launching a family of Clean and Protect products to assist our operating customers."

"We then resumed operations carefully with a focus on liquidity, cash management and ensuring that all necessary safety protocols where in place. This approach was the right course for our business. The idling resulted in a negative impact on profitability in the second quarter, with lower sales and under absorption of overheads. To counter the financial impacts, management implemented several cost reduction and cash flow improvement measures, but looked to balance these actions to ensure NFI maintained the required structure to support the long-term success of our business."

"To mitigate the adverse impacts COVID-19 had on NFI's markets, we have accelerated and extended our transformational NFI Forward initiative to remove approximately 8% to 10% in both our overhead and general and administrative costs by Fiscal 2022." said Pipasu Soni, NFI Group Executive Vice President and Chief Financial Officer. "These cost reduction initiatives will come from a reduced number of business units, facility rationalization, reduced overhead and a more efficient and integrated company."

"NFI is the market leader for buses and coaches in all of our major markets including Canada, the United States and the United Kingdom. We have over 105,000 vehicles in service and the strongest offering in the industry. Our products are used by millions of people every day, primarily for public transit, which remains a critical method of mass transportation and an economic enabler for cities around the world. As the economy restarts, we expect orders will resume as customers who have relied on us for decades execute capital fleet investments and transition to zero-emission buses. We have seen delays in new vehicle awards, option conversion and delivery timing that will impact 2020 and 2021, but we expect a strong long-term recovery with NFI benefiting not only from market growth, but from an improved operating structure and a lower cost base." 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. The Company'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 that we live and work in, by focusing on using renewable power, reducing waste, purchasing supplies from disadvantaged business enterprises, promoting diversity and adhering to our detailed governance structure. NFI's 2019 Environmental Social Governance Report can be accessed on the Company's website.

Conference Call

A conference call for analysts and interested listeners will be held on Thursday, August 6, 2020 at 9:00 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 www.nfigroup.com/investor-relations.

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

https://produceredition.webcasts.com/starthere.jsp?ei=1344538&tp_key=2c0041894a

A replay of the call will be available from 12:30 p.m. (ET) on August 6, 2020 until 11:59 p.m. (ET) on September 6, 2020. To access the replay, call 855-859-2056 or 416-849-0833 and then enter pass code number 3272219. The replay will also be available on NFI's web site at www.nfigroup.com.

About NFI Group

With more than 9,000 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 International Financial Reporting Standards ("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.

See footnotes below.

<u>Reconciliation of Net Earnings to Adjusted Net Earnings</u>

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.

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.
4. The revaluation of ADL's inventory included an adjustment of $31.0 million in Fiscal 2019 after-tax value of $17.9 million. These revaluation adjustments relate to purchase accounting as a result of the related acquisitions.
5. The fair value adjustment of the total return swap is a non-cash (gain) loss that is deducted from the definition of Adjusted EBITDA.
6. A portion of the fair value adjustment of the total return swap is added to Adjusted EBITDA to match the equivalent portion of the related deferred compensation expense recognized.
7. 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.
8. In 2020 Q2, the Company has utilized a rate of 31% to tax effect the adjustments.
9. During 2018 Q4 purchase accounting provisions recorded during 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 Adjusted EBITDA.
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 on MCI's goodwill.
13. Normalized to exclude non-recurring COVID-19 related costs. These costs include but are not limited to the purchase of personal protective equipment, plant sanitation activities, incremental cleaning activities. This also includes write downs of various balance sheet items that occurred as a result of COVID-19. These write downs include but are not limited to the write down of accounts receivable and the write down of inventory. 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 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, release of provision related to purchase accounting, COVID-19 costs and impairment loss on goodwill.

"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, Release of provision related to purchase accounting, 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 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 or recovery, gain on release of provision related to purchase accounting, 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 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, results of operations, performance and business prospects, plans 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 and 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 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 and other benefits expected to be achieved and the costs 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 that can be generated or 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 the reduction of production or parts facilities may not achieve the efficiencies anticipated; and the impact of the global COVID-19 pandemic. There can be no assurance that the Company will be able to achieve the anticipated 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 (including to protect the health and safety of the Company's employees); production rates may be further decreased as a result of the pandemic; continuing and worsening 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 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 future 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. 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 FTA; absence of fixed term customer contracts, exercise of options and customer suspension or termination for convenience; local content bidding preferences in the United States may create a competitive disadvantage; 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.