NFI Leading the ZEvolution™

# 2022 Q2 Results





**Paul Soubry**

President &
Chief Executive
Officer

**Brian Dewsnup**

President,
NFI Parts

**Pipasu Soni**

Chief Financial
Officer

**Stephen King**

Vice President
Strategy and
Investor
Relations


August 3, 2022


# Cautionary Statement

Certain statements in this presentation are “forward looking statements,” which reflect the expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. These forward-looking statements are made as of the date of this presentation and NFI assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws. See the Appendix to this presentation for more details about the forward-looking statements.

In addition, certain financial measures used in this presentation are not recognized earnings measures and do not have standardized meanings prescribed by International Financial Reporting Standards (“IFRS”). Therefore, they may not be comparable to similar measures presented by other issuers. See the Appendix to this presentation and the Company’s related Management Discussion & Analysis (“MD&A”) for more information and detailed reconciliation to the applicable IFRS measures.

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


# Key Terms

- Buses manufactured by New Flyer and ADL's single and double deck buses are classified as "**transit buses**". ARBOC manufactures body on-chassis or “**cutaway**” and "**medium-duty**" buses that service transit, paratransit, and shuttle applications. Collectively, transit buses, medium-duty buses and cutaways, are referred to as "**buses**".
- A “**motor coach**” or “**coach**” is a 35-foot to 45-foot over-the-highway bus typically used for intercity transportation and travel over longer distances than heavy-duty transit buses and is typically characterized by (i) high deck floor, (ii) baggage compartment under the floor, (iii) high-backed seats with a coach-style interior (often including a lavatory), and (iv) no room for standing passengers.
- **Zero-emission buses** ("**ZEBs**") consist of trolley-electric, hydrogen fuel cell-electric, and battery-electric buses and coaches.
- 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. An articulated transit bus is an extra-long transit bus (approximately 60-feet in length), composed of two passenger compartments connected by a joint mechanism. The joint mechanism allows the vehicle to bend when the bus turns a corner yet have a continuous interior.
- Many public customer contracts include options to purchase transit buses and motor coaches in the future, and a large portion of the Company’s order book is represented by “**options**” as opposed to “**firm orders**.”

# Who is NFI?

Leading the ZEvolution™

NFI is a leading global independent bus and motor coach solution provider leading the evolution to zero-emission mobility.

**Market and technology leader in each of our major markets.**

# We Exist to Move People

A better product.
A better workplace.
A better world.

## Vision

To enable the future of mobility with innovative and sustainable solutions.

## Mission

To design and deliver exceptional transportation solutions that are safe, accessible, efficient and reliable.

# Turnkey Mobility Solutions Provider

## Infrastructure Solutions

NFI Infrastructure Solutions™

## Connected Vehicles & Diagnostics

NFI Connect™

## Parts, Publications, Training & Service

nfi.parts®

AD24

VIC VEHICLE INNOVATION CENTER

## Buses & Coaches

NEW FLYER.

MCI

ARBOC SPECIALTY VEHICLES

ALEXANDER DENNIS

PLAXTON

## Financing

NFI Financial Solutions™

# Return of President & CEO following medical leave

## Paul Soubry

**President & Chief Executive Officer**

- Following a temporary medical leave, NFI President and Chief Executive Officer Paul Soubry has returned to his post, effective August 2, 2022
- Has been cleared by his healthcare team to return to work, with a plan in place to ensure continued wellbeing
- Paul is excited to be back in this time of transition as NFI prepares to scale up production and continue to lead the evolution to zero-emission transit

NFI's Board of Directors wishes to extend its sincere thanks and gratitude to Brian Dewsnup, President of NFI Parts, for his steadfast leadership and guidance as Acting President and Chief Executive Officer of NFI in Paul's absence.

# 2022 Q2 Financial Summary

→ Second quarter was a reflection of the Company's broader operating environment:

+ Significant increases in demand metrics:
  - → North American active public bid universe up 17% year-over-year; ZEBs now represent 51% of the total Bid Universe
  - → Year-over-year order growth of 20% with several major awards in 2022 Q2
  - → At 9,674 EUs ($5.5 billion[1]), ending total backlog up 9% from 2022 Q1
  - → 1,098 EUs in bid awards pending in the quarter, which will drive strong third quarter order activity

\- Offset by supply chain disruptions and heightened inflation on supply components and wages:
  - → Shortages of critical microprocessor modules resulted in lower-than-planned deliveries in 2022 Q2; deliveries anticipated to ramp up in 2022 Q3 and Q4 as modules are received and buses are prepared for delivery

→ NFI Forward, the Company's strategic cost reduction and sourcing initiative, realized Adjusted EBITDA[1] savings of $15 million in 2022 Q2 and a further $0.8 million of Free Cash Flow[1] savings in 2022 Q2; expect to achieve $67 million annualized run rate by end of 2022 (from 2019 levels), one-year ahead of plan

→ NFI is leading the ***ZE***volution to zero-emission mobility with 11% of 2022 Q2 deliveries being ZEBs, 20% of backlog ZEBs, over 70 million electric service miles completed, and over 280 EV chargers installed. Projects-in-progress with 28 customers, which will add 109 new chargers in the second half of 2022 and first quarter of 2023

→ NFI announced amendments to Credit Facility July 29, 2022; provides relief and additional flexibility as NFI ramps up production later this year and capitalizes on the growing backlog and order book to drive results in 2023 and beyond

1. Backlog and Liquidity represent supplemental financial measures. Adjusted EBITDA and Free Cash flow represent non-IFRS measures, meaning it is not a defined term under IFRS and does not have a standard meaning, so it may not be a reliable way to compare NFI to other companies See Non-IFRS and Other Financial Measures section of the MD&A available on SEDAR at www.sedar.com.

# Major Wins Strengthen 2023 – 2025 Expectations

## Toronto

- Firm order for 270 EUs
- Includes 134 40-foot hybrid and 68 60-foot vehicles (136 EUs)
- Two four-year contracts with options for an additional 463 EUs
- In total, NFI added 733 EUs to backlog from this contract

- Numerous small and mid-size EV orders announced in 2022 Q2

**NFI added 1,348 EUs in new orders in 2022 Q2, with 1,098 EUs in bid awards pending[1] at end of quarter; total of 766 EUs added to backlog, 9% increase from 2022 Q1**

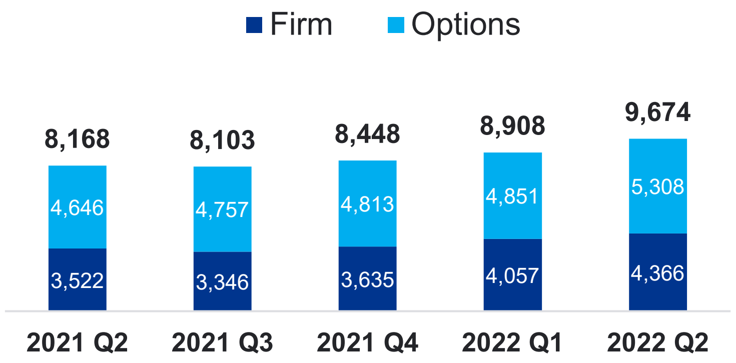


1. Bid award pending includes awards where NFI has received verbal or written award, but not a full purchase order and are therefore not included in our backlog

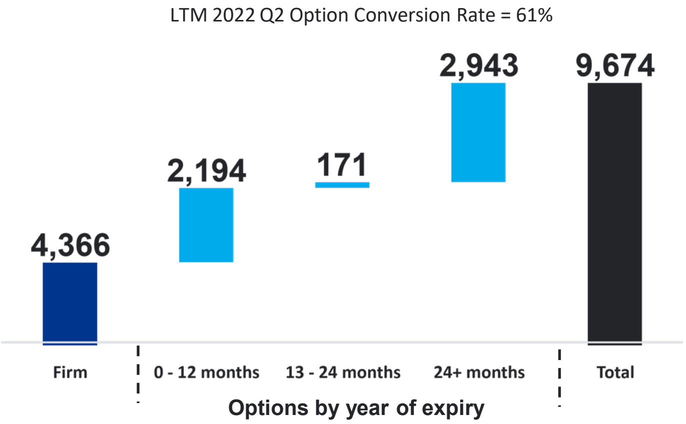
# Backlog and Deliveries 2022 Update

Backlog: 2022 Q2 EUs

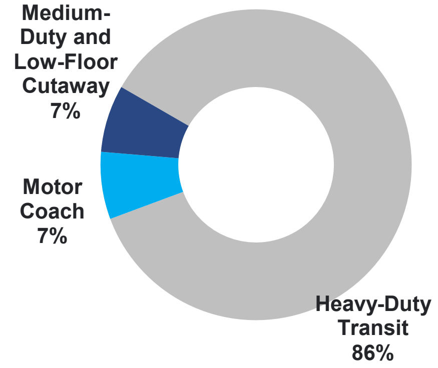
## Backlog – Firm and Option




## Backlog – Timing



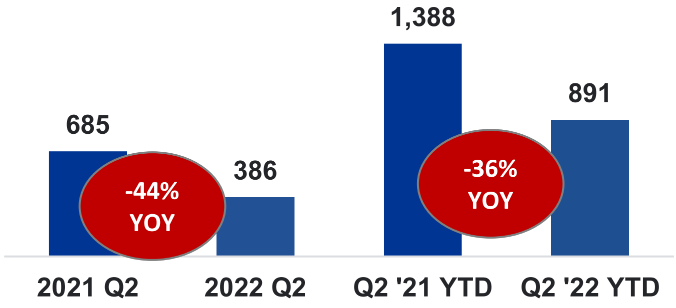

## Backlog – By Product



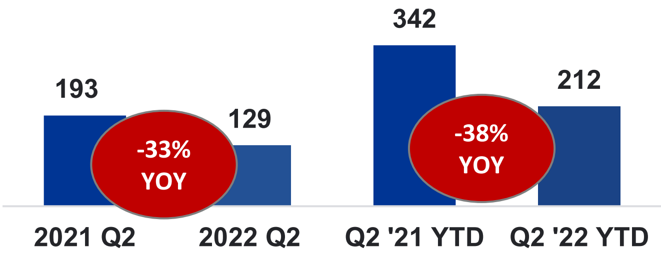

*(1) Options for ARBOC vehicles are held by dealers, rather than the operator, and are not included as an option in the NFI backlog.*

Deliveries: 2022 Q2 EUs

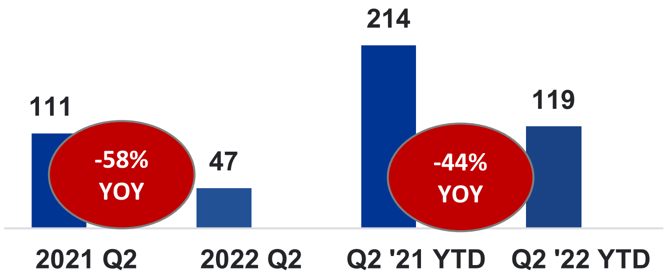
## Heavy-Duty Transit




## Coach




## Low-Floor Cutaway and Medium-Duty



# Inflationary Environment

**At the end of Q2 2022:**
**Firm Orders were 45% of backlog (some inflation exposure)**
**Option Orders were 55% of backlog (limited inflation exposure)**

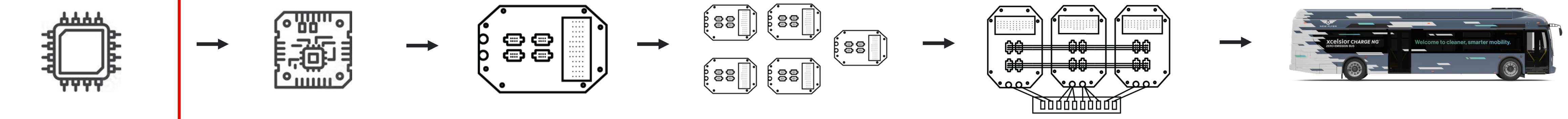
- In contracts, NFI makes estimates for inflation between the time of award and of manufacturing
- On some historic contracts (originally bid in 2020 and 2021) actual costs have exceeded Company estimates due to heightened inflation
- NFI has taken several actions in response:
  - New Flyer distributed customer letters requesting a pricing surcharge on 2022 and 2023 non-PPI (Purchase Price Index) pricing, to reflect higher costs of input components
  - Working with customers to secure prepayments and/or milestone deposits; response has been overall positive
  - Current bids now reflective of actual inflation
  - Increased inflation assumptions for future year builds
- Option orders are repriced at time of exercise; PPI adjustment applied at time of exercise, factoring in inflation

NFI realizing benefits of customer outreach regarding pricing surcharges and prepayments/deposits for contractually sold vehicles. Inflation primarily impacts 2022

# New Flyer Module Shortage Workaround

CONTEXT

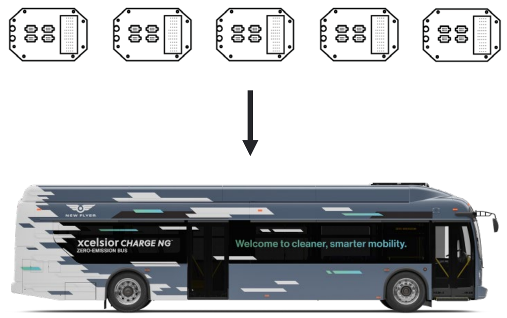
**Microprocessor** → **PCB Board** → **Multiplexing Control Module** → Each bus requires ~5 to 8 multiplexing control modules → **Bus PLC System** →

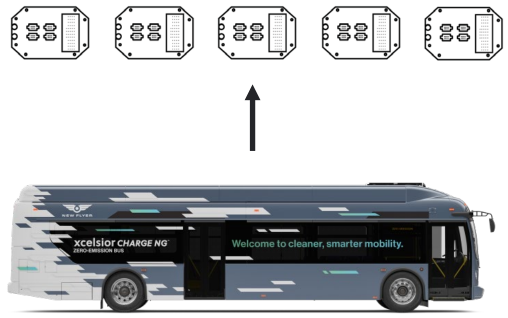


Shortage

## Build and Hold Plan

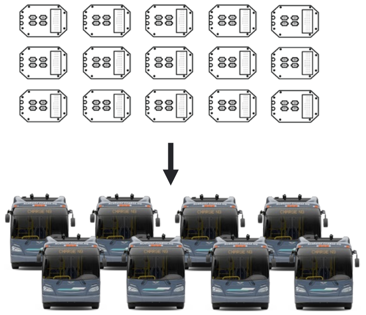
Bus produced with modules installed → Vehicle inspection completed at facility. Modules removed and put back into production → Vehicles parked awaiting modules → Modules installed on waiting vehicles, which are then shipped





*Buses parked, essentially complete, awaiting modules*

**New modules**



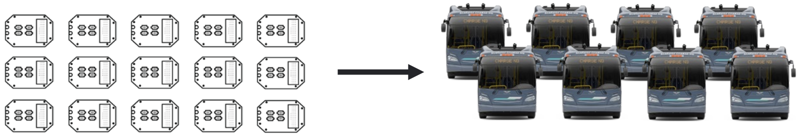
# Module Shortage Workaround: Update

*NFI buses parked in an indoor storage facility; essentially complete, awaiting modules*

- Module shortage workaround plan proceeding according to plan and schedule
- Currently ~117 EUs parked in secure locations, largely complete, awaiting module insertion; equates to approximately $57 million in WIP
- NFI has weekly check-ins with module supplier; team expects to receive modules in August 2022
- NFI has more than sufficient liquidity to execute on this plan

Modules installed on waiting vehicles, which are then shipped

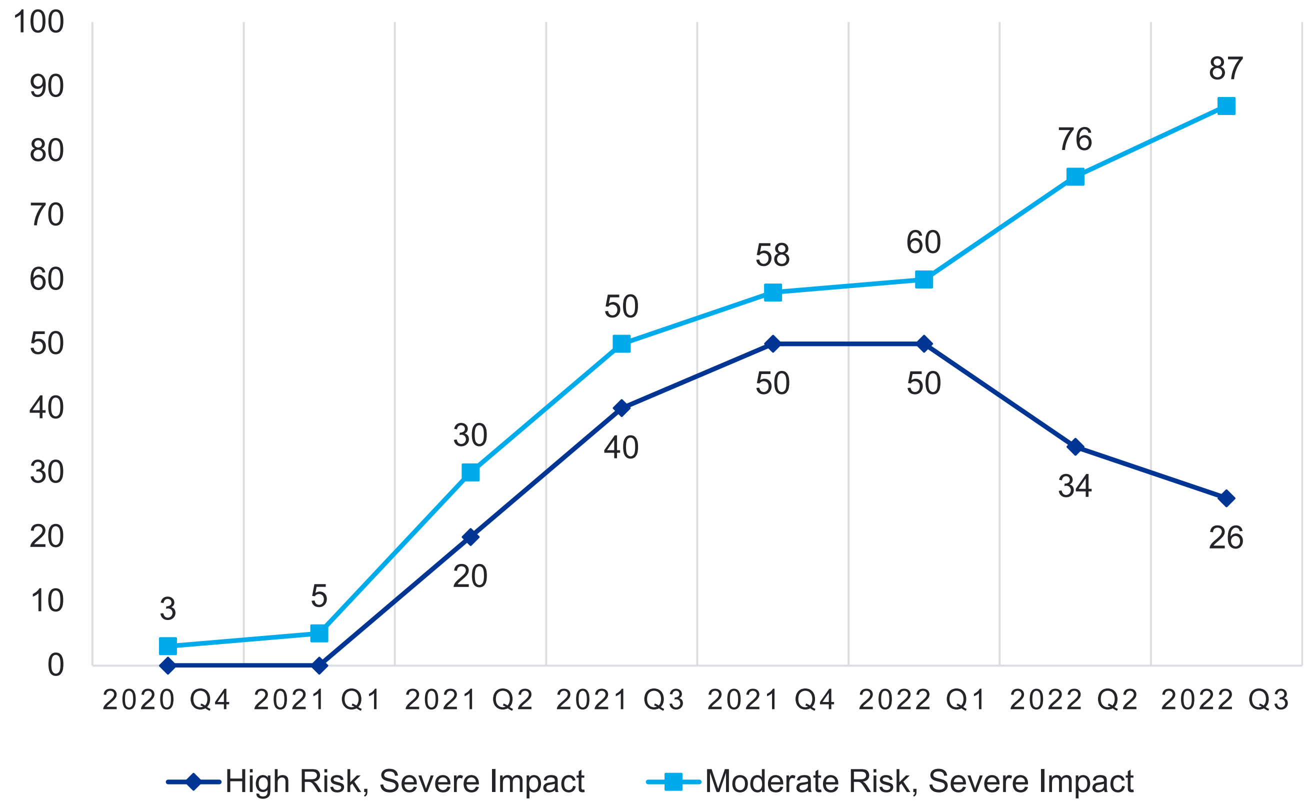
**New modules**



Anticipate that work-in-progress buses will start to flow to customers in August 2022, with nearly all being delivered by year end; some will push into 2023 Q1 due to customer delivery/acceptance timing

# Supply Chain Challenges

**NFI High and Moderate Risk Suppliers (2020 Q4 to 2022 Q3)**




- → NFI had zero high risk/severe impact suppliers to start 2021 with some moderate risk/impact suppliers
- → While there were some increases in 2021 Q2, a much more significant increase in high risk and severe impact suppliers occurred in the second half of 2021
- → Critical supply shortages escalated in 2021 Q3 and Q4, NFI lowered production line rates and idled facilities
- → 2022 Q1 fire at sub-supplier to NFI's primary North American battery supplier created disruption. Additional impact given delays delivery of higher dollar margin buses at both New Flyer and MCI
- → New Flyer's primary module supplier disruption became an issue in Q2 2022 – expected to alleviate in Q3 as chip supply strengthens
- → Current challenges are almost entirely related to electrical components primarily driven by microchip shortages
- → Quantity of high risk, severe impact suppliers is decreasing. Number of high and moderate risk suppliers remains elevated
- → Some initial signs that recessionary impacts in the broader economy may help lower demand and inflation
- → With current supply chain disruptions, NFI has purchased chips and components in the broker market at significantly higher costs to ensure production is not interrupted

# 2022 Q2: Income Statement and Balance Sheet

## 2022 Q2 Performance

| | 2022 Q2 | 2021 Q2 |
|---|---|---|
| Sales | $398.0M | $582.8M |

**Adjusted EBITDA ($M)**[1]


| | 2022 Q2 | 2021 Q2 |
|---|---|---|
| EPS (reported) | ($0.74) | $0.04 |
| EPS (Adjusted)[1] | ($0.64) | $0.12 |

| 2022 Q2 | Revenue | Adjusted EBITDA[1] |
|---|---|---|
| Manufacturing | $283.8M | ($42.4M) |
| Aftermarket | $114.2M | $22.3M |
| Corporate | – | ($1.2M) |

## 2022 Q2 Cash Flow & Liquidity

### Cash Flow ($M)

| | 2022 Q2 | 2021 Q2 |
|---|---|---|
| Adjusted EBITDA[1] | ($21.3) | $51.9 |
| Interest Expense | ($18.6) | ($16.5) |
| Current Income Tax | $2.8 | ($7.8) |
| Cash Capital Expenditures plus Lease | ($10.3) | ($12.9) |
| Acquisition of Intangibles | ($2.2) | ($0.6) |
| Proceeds from disposition of property | $0.2 | $0.7 |
| **Free Cash Flow (USD)[2]** | **($49.3)** | **$14.8** |
| FX Rate | 1.2883 | 1.2294 |
| **Free Cash Flow (CAD)[2]** | **($63.6)** | **$18.2** |
| Dividends (CAD) | $4.1 | $15.1 |
| Payout Ratio | **(6.4%)** | **83.0%** |

### Liquidity[1] & Working Capital

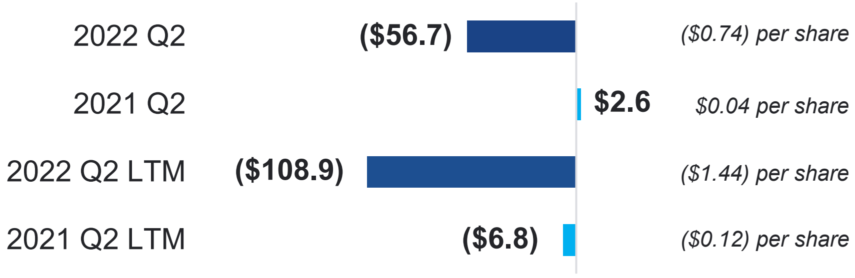
| | 2022 Q2 | 2021 Q2 |
|---|---|---|
| **Liquidity[3]** | $628.5 | $389.3 |
| **Working Capital $** | $330.9 | $397.9 |
| **Working Capital Days[3]** | 72 days | 62 days |

1. Represents a non-IFRS measure, meaning it is not a defined term under IFRS and does not have a standard meaning, so it may not be a reliable way to compare NFI to other companies.
2. Represents a non-IFRS ratio, meaning it is derived from a non-IFRS measure, which does not have a standard meaning, so it may not be a reliable way to compare NFI to other companies. The ratio is calculated using adjusted net income, which is a non-IFRS measure.
3. Represents a supplementary financial measure.

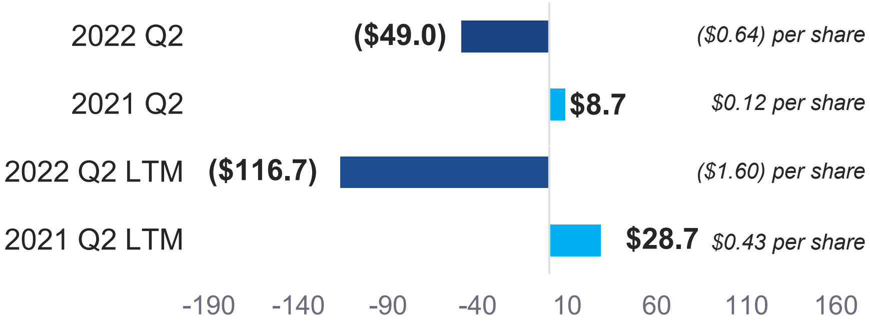
**See Non-IFRS and Other Financial Measures section of the MD&A available on SEDAR at [www.sedar.com](http://www.sedar.com).**

# Net Earnings and Adjusted Net Earnings

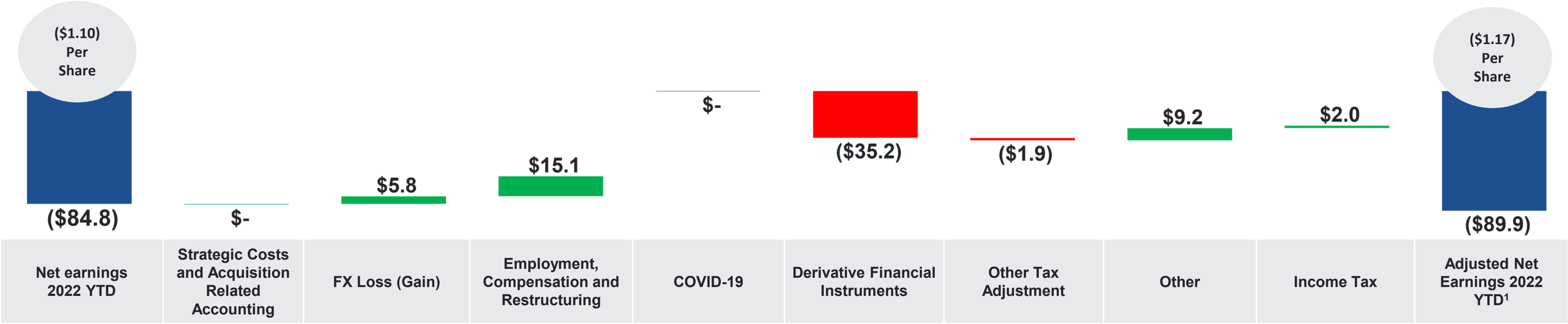
## Net Earnings (Loss) ($M)




## Adjusted Net Earnings (Loss) ($M)[1]




## Reconciliation – Net Loss to Adjusted Net (Loss) YTD 2022 ($M)[1]

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# Amendments to Credit Facilities Completed

- NFI has amended the Company's existing $1.25 billion senior revolving credit facility (the "Revolver") and its £50 million revolving UK credit facility (the "UK Facility") (collectively, the "Credit Facilities")
- The amended facilities provide NFI with relaxed covenants through 2023 as the Company navigates supply chain disruptions, heightened inflation, and other impacts of the COVID-19 pandemic
- Total Leverage Ratio ("TLR")[1] and Interest Coverage Ratio ("ICR")[2] have been relaxed for the remainder of 2022 and Fiscal 2023
- NFI needs to meet three additional covenants going forward: 1) minimum cumulative Adjusted EBITDA, 2) minimum liquidity, and 3) net debt to capitalization, within different time frames
- The need for covenant amendments was primarily driven by lower trailing Adjusted EBITDA, combined with the Company's anticipated financial performance and debt profile
- July 29, 2022, liquidity of ~$540 million; more than adequate to support the Company's operations as it works through the current supply chain disruption ($290 million higher than the minimum liquidity covenant)

## NFI TLR[1] and ICR[2] Covenants: 2022 Q2 to 2024 Q1

| Quarter | TLR[1] | ICR[2] | Total Net Debt to Capitalization[3] | Minimum Cumulative Adjusted EBITDA[4] | Minimum Liquidity[5] |
|---|---|---|---|---|---|
| 2022 Q2 | Waived | Waived | <0.70:1.00 | n/a | $300 million |
| 2022 Q3 | Waived | Waived | <0.60:1.00 | n/a | $250 million |
| 2022 Q4 | <5.00x | >1.50x | n/a | >$45 million | $250 million |
| 2023 Q1 | <5.00x | >1.50x | n/a | >$80 million | $250 million |
| 2023 Q2 | <5.00x | >1.50x | n/a | >$125 million | $250 million |
| 2023 Q3 | <4.50x | >2.00x | n/a | n/a | $250 million |
| 2023 Q4 | <4.00x | >2.50x | n/a | n/a | $250 million |
| 2024 Q1 and Thereafter | <3.75x | >3.00x | n/a | n/a | $50 million |

*Note: 2022 Q2 covenants were in place prior to the announced amendments*

1) TLR is calculated as borrowings on the Credit Facilities, not including the Company's 5.0% convertible debentures, less unrestricted cash and cash equivalents, divided by Adjusted EBITDA, typically calculated on a trailing twelve-month basis. When the TLR is reintroduced in 2022 Q4, Adjusted EBITDA will be annualized until a full rolling four quarters of results are available (i.e., period ending 2023 Q3); a detailed schedule for the Adjusted EBITDA calculation is below:
   a. 2022 Q4 compliance Adjusted EBITDA: 2022 Q4 * 4
   b. 2023 Q1 compliance Adjusted EBITDA: (2022 Q4 + 2023 Q1) * 2
   c. 2023 Q2 compliance Adjusted EBITDA: (2022 Q4 + 2023 Q1 + 2023 Q2) * 4/3
2) ICR is calculated as the same trailing twelve month Adjusted EBITDA as the TLR divided by trailing twelve month interest expense on the Credit Facilities, the Company's 5.0% convertible debentures and other interest and bank charges.
3) Total Net Debt to Capitalization is calculated as borrowings on the Credit Facilities, less unrestricted cash and cash equivalents, divided by Shareholder's Equity, as shown on the Company's balance sheet, plus borrowings on the Credit Facility.
4) Cumulative Adjusted EBITDA starting with 2022 Q4 results.
5) Liquidity is calculated as unrestricted cash and cash equivalents plus the aggregate amount of credit available under the Credit Facilities.

Adjusted EBITDA and Liquidity are Non-IFRS Measures. See notes on "Non-IFRS Measures" later in this press release for details.

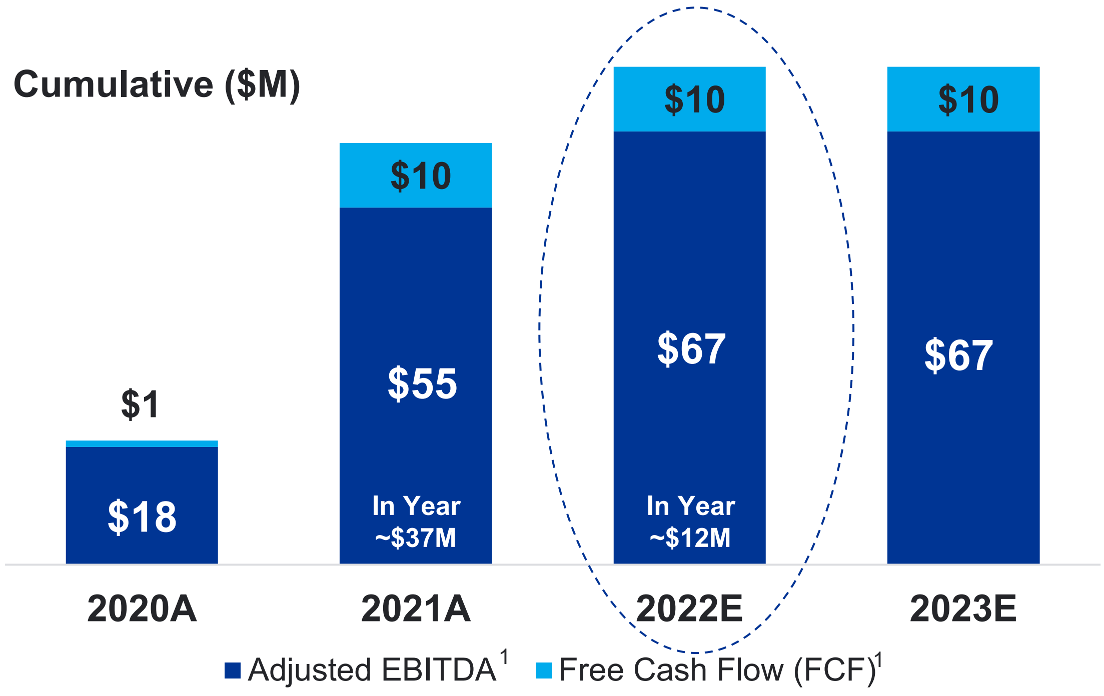
# NFI Forward Update

- Reduction of fixed overhead and SG&A expenses by 8% to 10% from 2019 levels will create drop through to Adjusted EBITDA and FCF as volumes recover
- Majority of NFI Forward initiatives related to overhead and SG&A reductions are complete or in the later stages of completion; focus is now on direct material cost savings, tied to volume attainment
- Since inception, the Company has invested $13.5 million of the proposed total investment of $15 million to $20 million into NFI Forward projects
- NFI Forward 2.0, series of smaller initiatives expected to generate $5 million to $8 million in annual savings from one-time investments of $8 million to $10 million, now underway

**Continued NFI Forward progress in 2022 Q2:**

- Adjusted EBITDA savings of approximately $15 million and $0.8 million of additional Free Cash Flow savings

**Timing of Annual NFI Forward Benefits (2020 – 2023)**

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**NFI now expects to achieve its target of $67 million in Adjusted EBITDA savings (from 2019 levels) by the end of 2022, a full year earlier than originally planned**

# 2022 Financial Guidance: *Cash Capex Updated*

## Revenue

**$2.3 billion to $2.6 billion**

***ZEBs expected to make up 20% to 25% of delivered units***

- Anticipate year-over-year revenue growth of up to 11% driven by a higher volume of ZEB sales (based on backlog and expected new orders from increased market demand) and product mix
- Reduced production rates as a result of supply chain challenges, including shortage of microprocessors and batteries
- NFI expects a significant ramp-up in both production and deliveries in 2023

## Adjusted EBITDA(1)

**$15 million to $45 million**

***Anticipate negative Adjusted EBITDA in the first three quarters with positive Adjusted EBITDA in the fourth quarter***

- No government grants in 2022, as compared to $56 million in 2021
- Adjusted EBITDA is expected to be depressed due to operational inefficiencies resulting from ongoing supply chain disruptions lowering production rates, with more pronounced impact in the first three quarters of 2022
- Ongoing inflationary pressures on components and raw materials, and lost time related to the ongoing global pandemic

## Cash Capex

***$35 million to $45 million***

***~80% allocated to maintenance and R&D; ~20% allocated to NFI Forward projects***

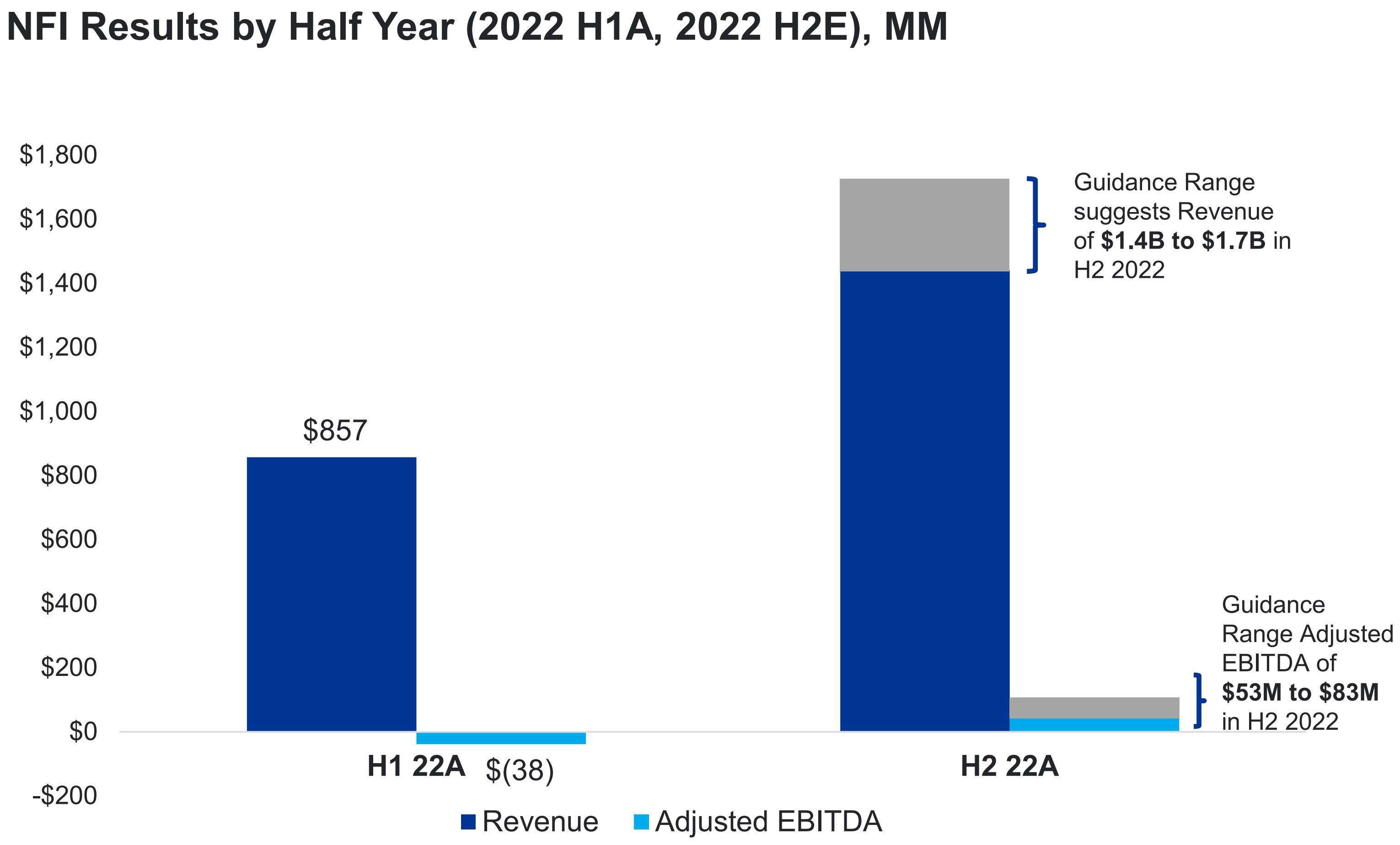
- *Electric innovation projects underway for ADL international and North American EV growth projects*
- Continue advancing NFI Forward projects
- Allocate resources based on priority
  - Maintain production run rates
  - Invest in strategic R&D projects

*The conflict in Ukraine has not materially impacted NFI's production or operations to date; NFI's outlook for 2022 and beyond does not reflect any potential escalated impact on supply or other factors rising directly or indirectly as a result of the Russian invasion of Ukraine.*



1. Non-IFRS Measure.

# The Path to Achieving 2022 FY Guidance



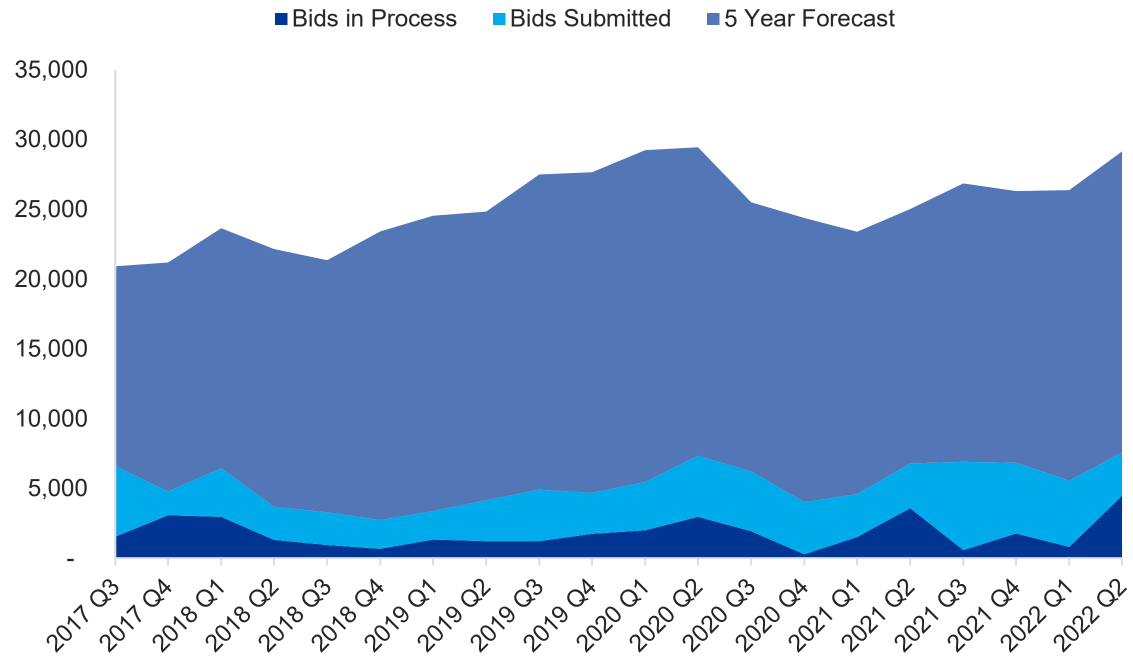

- Midranges of FY 2022 guidance of $2.45B of revenue and $30M of Adjusted EBITDA implies H2 2022 results of $1.6B of revenue and $68M of Adjusted EBITDA
- Range of $1.4B to $1.7B in revenue and $53M to $83M in Adj. EBITDA
- 2022 Q2 closing inventory of >$700M and typically strong fourth quarter demand from private customers at ADL and MCI place NFI in position to achieve FY 2022 guidance
- Production scaling up at New Flyer in H2 2022
- Firm order backlog of 4,366 EUs (value of $2.4B) supports H2 2022 activity

**2022 Q2 closing inventory of >$700M and track record of revenue and Adjusted EBITDA realization supports NFI's ability to achieve H2 2022 guidance**

# Strong Public Market Bid Universe

**Canada and U.S. Public Market Bid Universe**

*Avg. timeline from bid release to production = 12 to 18 months*




**4,477 EUs**
Bids in Process

**3,105 EUs**
Bids Submitted

**21,565 EUs**
Five-Year Procurement Outlook compiled from Customer Fleet replacements plans

**+11%**
Active Bids increase from 2021 Q2

**The Public Bid Universe does not include Purchasing Schedules:**

**20+**
Purchasing Schedules with NFI named

**950+**
Vehicle awards from Purchasing Schedules[1]

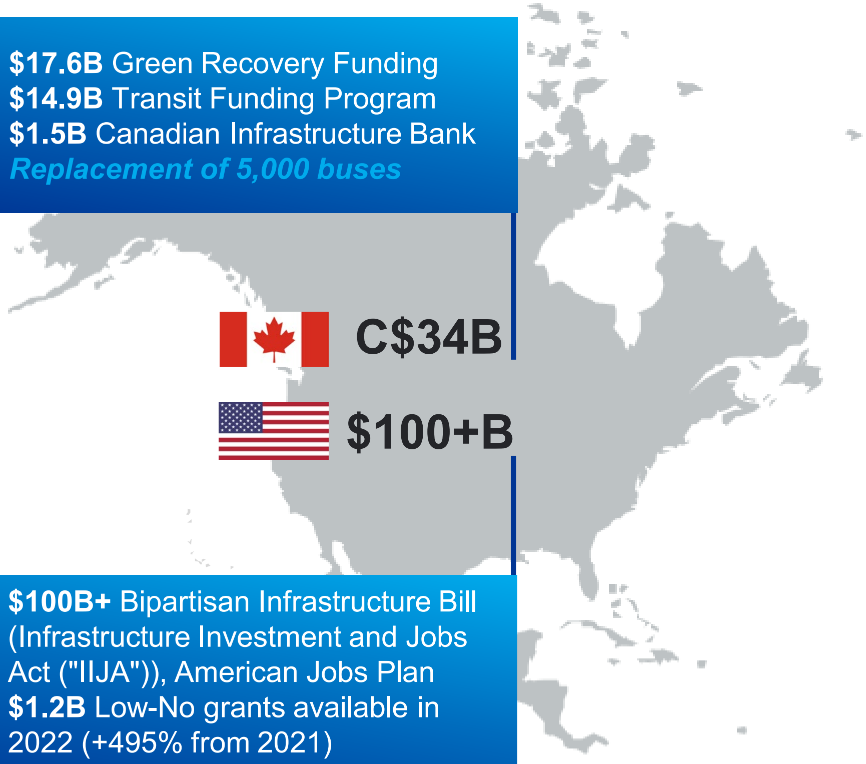
Since inception, **NFI Infrastructure Solutions™** has been responsible for the installation of **247** plug-in and **36** on-route charger projects for **46** different customers, with projects-in progress with **28** customers.



1. Since 2018

# Continued Public Transit Funding and Financing for ZEBs

**$17.6B** Green Recovery Funding
**$14.9B** Transit Funding Program
**$1.5B** Canadian Infrastructure Bank
***Replacement of 5,000 buses***




**$100B+** Bipartisan Infrastructure Bill (Infrastructure Investment and Jobs Act ("IIJA")), American Jobs Plan
**$1.2B** Low-No grants available in 2022 (+495% from 2021)
***Replacement of 50,000 buses***

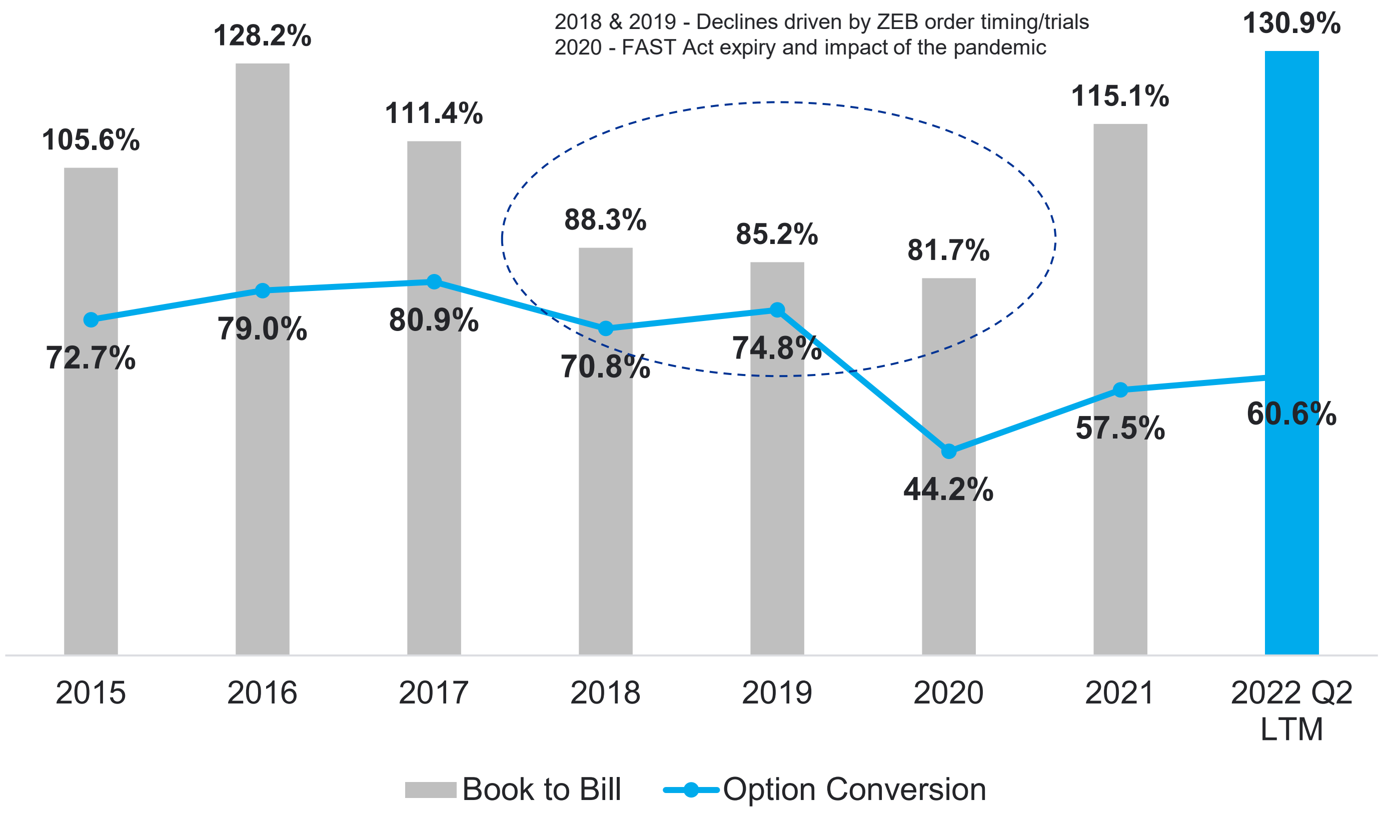
**£5.0B** transit and cycling program
**£90M** SULEBS Rounds 1 and 2
**£62M** ScotZEB Round 1
***Replacement of 4,000 buses***


**NZD50M** to fully decarbonize public transit fleet by 2035
***Replacement of 6,000 buses***

# Book-to-Bill Recovery to Greater than 100%

Book-to-Bill recovered to over 100% in 2021 and 2022 Q1, and to over 150% in 2022 Q2, driven by increased bid and award activity in H2 2021, in combination with lower delivery volumes. Book-to-Bill is anticipated to remain above 100% throughout 2022 and 2023.

## Book-to-Bill and Option Conversion (2015 – 2022 Q2)




- Bid volume driving order increase
- Book-to-Bill expected to be above 100% throughout 2022
- Some historic ICE options will not convert from backlog
- Overall conversion rate should improve in 2023 through 2025 with more ZEB orders

# 2025 Financial Targets

## Revenue

**$3.9 billion to $4.1 billion**

***ZEBs expected to make up 40% of manufacturing revenue***

→ Driven by market recovery in North American Bus and Coach and UK transit

→ Continued growth of ARBOC in cutaway and medium-duty markets

→ ADL's international expansion in Europe and APAC

→ More than doubles ZEB percentage of sales from 2021 levels

## Adjusted EBITDA[1]

**$400 million to $450 million**

→ Increased volume of higher dollar margin ZEB sales

→ Private markets begin to return to pre-COVID levels in 2023

→ Significant volume drop-through with cost base reductions generated from NFI Forward initiative

→ Viewed as conservative target

## ROIC[2]

**>12%**

→ Adj. EBITDA performance combined with realizing upon benefits of investments made in facilities, products, acquisitions

→ Potential tax upside may drive higher ROIC

1. Non-IFRS Measure.
2. Represents a non-IFRS ratio, meaning it is derived from a non-IFRS measures, which does not have a standard meaning, so it may not be a reliable way to compare NFI to other companies. The ratio is calculated using net operating profit after tax and average invested capital both of which are non-IFRS measures. See Non-IFRS and Other Financial Measures section of the MD&A available on SEDAR at www.sedar.com.

# Why Invest in NFI?

## Market Leader with Unprecedented Demand

- NFI holds leadership positions in North American heavy-duty transit, motor coach, low-floor cutaway and aftermarket parts
- NFI is the market leader in the UK and the leading seller of double-deck buses in the world
- Historic funding announcements in all core markets including:
  - $100B+ investment in US public transit through the Infrastructure Investment and Jobs Act
  - $30B+ investment in Canadian public transit through dedicated Transit Funding Program and other initiatives
  - £5B investment in UK public transit and cycling
  - Planned replacement of over 35,000 buses from ICE to zero-emission

## Key Competitive Advantages

- Full suite of mobility solutions including vehicles, infrastructure, smart connected technology, diagnostics and aftermarket, warranty and service
- Decades of investment, innovation and product development
- Largest manufacturing capacity with the ability to manufacture over 9,000 vehicles annually of which 8,000 can be battery or fuel-cell electric
- Deep customer relationships forged through decades of performance and reliability
- Unparalleled aftermarket support and the largest service networks
- LEAN manufacturing capabilities and Hoshin Kanri execution
- Internal fabrication capabilities with significant insourcing

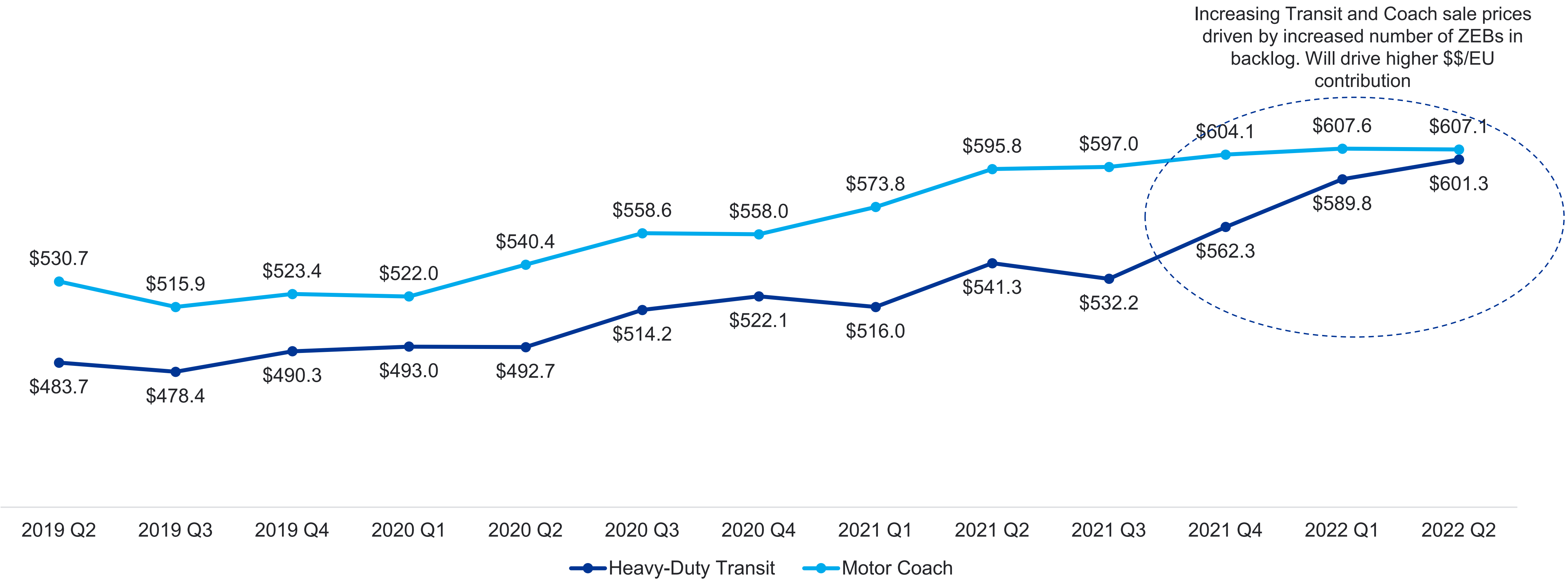
## Compelling Financial Profile

- History of double digit ROIC[1] with expectations for 12%+ by 2025
- Quarterly dividends paid consistently since 2012
- 2025 Growth Targets for $400M to $450M of Adjusted EBITDA with approximately 40% of production from zero-emission buses
- Low capital intensity
- Strong Free Cash Flow generation with historic 50%+ conversion rate prior to the pandemic
- Diversified debt profile with senior revolving credit facility and subordinated convertible debentures
- Liquidity of greater than $600M

1. Represents a Non-IFRS ratio, which is derived from a non-IFRS measure, which does not have a standard meaning, so they may not be a reliable way to compare NFI to other companies. See Non-IFRS and Other Financial Measures section of the MD&A available on SEDAR at www.sedar.com.

# Appendix

# NFI Backlog Average Sales Price per EU (2019 to 2022)




ZEBs, on average, command a price premium to ICE vehicles and a dollar margin uplift.
ZEB backlog growth positions NFI on its path to achieve 2025 targets.

# Appendix: Financial Highlights

| $ M (except EU and EPS) | Q2 | | | YTD | | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| **Deliveries (EUs)** | **562** | **989** | *(43.2%)* | **1,222** | **1,944** | *(37.1%)* |
| **Revenue** | **$398.0** | **$582.8** | *(31.7%)* | **$857.3** | **$1,156.9** | *(25.9%)* |
| **Gross Profit** | **$2.4** | **$69.5** | *(96.6%)* | **$20.4** | **$155.3** | *(87.0%)* |
| ***Gross Profit %*** | ***0.6%*** | ***11.9%*** | *-9500bps* | **2.4%** | **13.4%** | *-8227bps* |
| **Adjusted EBITDA** | **($21.3)** | **$51.9** | *(141.1%)* | **($38.2)** | **$106.7** | *(135.8%)* |
| ***Adjusted EBITDA Margin %*** | ***-5.4%*** | *8.9%* | *-16015bps* | ***-4.5%*** | *9.2%* | *-14837bps* |
| Earnings from operations | **($64.2)** | $26.7 | *(340.7%)* | **($106.0)** | $53.6 | *(297.8%)* |
| Net earnings | **($56.7)** | $2.6 | *(2280.8%)* | **($84.8)** | $9.6 | *(980.4%)* |
| Net earnings per share | **($0.74)** | $0.04 | *(1950.0%)* | **($1.10)** | $0.14 | *(885.7%)* |
| Adjusted Net Earnings | **($49.0)** | $8.7 | *(663.2%)* | **($89.9)** | $14.8 | *(709.1%)* |
| Adjusted Net Earnings per Share | **($0.64)** | $0.12 | *(633.3%)* | **($1.17)** | $0.21 | *(657.1%)* |
| Orders – Firm (EUs) | **805** | 832 | *(3.2%)* | **1672** | 1644 | *1.7%* |
| Orders – Options (EUs) | **543** | **288** | *88.5%* | **1083** | 688 | *57.4%* |
| Total Backlog | **9,674** | **8,168** | *18.4%* | **9,674** | **8,168** | *18.4%* |

# Non-IFRS Reconciliation (2022)

## Reconciliation of IFRS to non-IFRS
## As of July 3, 2022

| In '000 | First Quarter | Second Quarter | YTD |
|---|---|---|---|
| **Net Sales** | **$ 459,330** | **$ 397,952** | **$ 857,282** |
| **Net Earnings** | **$ (28,068)** | **$ (56,740)** | **$ (84,808)** |
| *% of net sales* | -6.1% | -14.3% | -9.9% |
| **Adjustment, Gross** | | | |
| Restructuring and Other Corporate Initiatives | $ 96 | $ 7,435 | $ 7,531 |
| Derivative related | $ (25,317) | $ (9,888) | $ (35,205) |
| Foreign exchange loss/gain | $ 4,767 | $ 1,046 | $ 5,813 |
| Equity settled stock-based compensation | $ 285 | $ 243 | $ 528 |
| Unrecoverable insurance costs | $ - | $ - | $ - |
| Asset related | $ (373) | $ (58) | $ (431) |
| Employment related (past service costs) | $ - | $ 7,000 | $ 7,000 |
| COVID-19 | $ - | $ - | $ - |
| Other tax adjustment | $ (180) | $ (1,700) | $ (1,880) |
| Other | $ 1,676 | $ 7,913 | $ 9,589 |
| Income taxes | $ 6,241 | $ (4,244) | $ 1,995 |
| **Net Earnings - Adjusted** | **$ (40,873)** | **$ (48,993)** | **$ (89,868)** |
| *% of sales* | -8.9% | -12.3% | -10.5% |
| **Adjustments:** | | | |
| Income taxes | $ (16,070) | $ (11,651) | $ (27,721) |
| Finance costs | $ 16,650 | $ 19,018 | $ 35,668 |
| Amortization | $ 23,351 | $ 20,281 | $ 43,634 |
| **Adjusted EBITDA** | **$ (16,942)** | **$ (21,345)** | **$ (38,287)** |
| *% of net sales* | -3.7% | -5.4% | -4.5% |

# Non-IFRS Reconciliation (2021)

**Reconciliation of IFRS to non-IFRS**
**As of January 2, 2022**

| In '000 | First Quarter | Second Quarter | Third Quarter | Forth Quarter | Full Year |
|---|---|---|---|---|---|
| **Net Sales** | **$ 574,119** | **$ 582,794** | **$ 492,038** | **$ 694,843** | **$ 2,343,794** |
| **Net Earnings** | **$ 7,033** | **$ 2,588** | **$ (15,415)** | **$ (8,691)** | **$ (14,484)** |
| *% of net sales* | 1.2% | 0.4% | -3.1% | -1.3% | -0.6% |
| **Adjustment, Gross** | | | | | |
| Restructuring and other corporate initiatives | $ 2,372 | $ 166 | $ 9,501 | $ (677) | $ 11,362 |
| Goodwill impairment | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Derivative related | $ (7,663) | $ (3,990) | $ (1,708) | $ (20,142) | $ (33,503) |
| Foreign exchange loss/gain | $ 2,529 | $ 2,107 | $ 1,356 | $ 5,799 | $ 11,791 |
| Equity settled stock-based compensation | $ 650 | $ 502 | $ 293 | $ 293 | $ 1,738 |
| Unrecoverable insurance costs | $ 0 | $ 718 | $ 0 | $ 0 | $ 718 |
| Asset related | $ (355) | $ 10 | $ 643 | $ (186) | $ 112 |
| Employment related (past service costs) | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| COVID-19 | $ 289 | $ 464 | $ 280 | $ 2,926 | $ 3,959 |
| Other | $ 40 | $ 6,118 | $ (616) | $ 398 | $ 5,940 |
| Income taxes | $ 1,164 | $ 14 | $ (5,650) | $ 4,714 | $ 244 |
| **Net Earnings - Adjusted** | **$ 6,059** | **$ 8,697** | **$ (11,316)** | **$ (15,566)** | **$ (12,123)** |
| *% of sales* | 1.1% | 1.5% | -2.3% | -2.2% | -0.5% |
| **Adjustments:** | | | | | |
| Income taxes | $ 6,422 | $ 1,909 | $ 1,261 | $ (2,948) | $ 6,644 |
| Finance costs | $ 17,795 | $ 17,748 | $ 17,415 | $ 19,551 | $ 72,509 |
| Amortization | $ 24,564 | $ 23,502 | $ 23,970 | $ 25,117 | $ 97,151 |
| **Adjusted EBITDA** | **$ 54,840** | **$ 51,856** | **$ 31,330** | **$ 26,154** | **$ 164,181** |
| *% of net sales* | 9.6% | 8.9% | 6.4% | 3.8% | 7.0% |

# Forward-Looking Statements

Certain statements in this presentation are “forward-looking statements”, which reflect the current 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 and supply chain challenges. A number of factors and risks may cause actual results to differ materially from the results discussed in the forward-looking statements (including the temporary nature of the supply chain disruptions, the recovery of the Company’s markets, the expected benefits to be obtained through its “NFI Forward” initiative, and the Company’s April 29, 2022, financial guidance (the “Guidance”)), which was reaffirmed August 3, 2022 (with a change to capital expenditures). For more detail regarding the assumptions, factors and risks relating to these “forward looking statements”, please refer to the Company’s press release dated August 3, 2022, and management discussion and analysis (“MD&A”) dated August 3, 2022, and the factors and risks contained in its Annual Information Form and other materials filed with the Canadian securities regulatory authorities which are available on SEDAR at www.sedar.com. These forward-looking statements are made as of the date of this presentation and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws.

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

# 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 as described in the Company’s disclosure documents available on SEDAR at www.sedar.com. 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 12-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).

Management believes Adjusted EBITDA and ROIC are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA and ROIC are not recognized earnings measures under IFRS and do not have standardized meanings prescribed by IFRS. Readers of this press release are cautioned that Adjusted EBITDA or ROIC 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. Historical reconciliations of net earnings to Adjusted EBITDA has been provided in the Company’s disclosure documents available on SEDAR at www.sedar.com. NFI’s method of calculating Adjusted EBITDA and ROIC may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers.

# Appendix: Key Financial Definitions

- **Adjusted EBITDA:** 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 relating to business acquisition, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, proportion of the total return swap realized, proportion of the total return swap realized, equity settled stock-based compensation, unrecoverable insurance costs, prior year sales tax provision, extraordinary COVID-19 costs, impairment loss on goodwill and non-recurring restructuring costs.
- **Free Cash Flow:** Defined as net cash generated by or used in operating activities adjusted for changes in non-cash working capital items, interest paid, interest expense, income taxes paid, current income tax expense, repayment of obligation under lease, cash capital expenditures, acquisition of intangible assets, proceeds from disposition of property, plant and equipment, costs associated with assessing strategic and corporate initiatives, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, defined benefit funding, defined benefit expense, past service costs and other pension costs or recovery, proportion of total return swap, unrecoverable insurance costs, prior year sales tax provision, non-recurring restructuring costs, extraordinary COVID-19 costs, foreign exchange gain or loss on cash held in foreign currency.
- **Return on Invested Capital ("ROIC"):** Defined as 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 12-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).
- **Adjusted Net Earnings (Loss):** Defined as 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, unrecoverable insurance costs, recovery on currency transactions, prior year sales tax provision, other tax adjustments, extraordinary COVID-19 costs and non-recurring restructuring costs.
- **Adjusted Earnings (Loss) per Share:** Defined as Adjusted Net Earnings (Loss) divided by the average number of Shares outstanding

NFI

Leading the ZEvolution™