



Leading the **ZE**volution.™

Investor Presentation – CIBC Eastern 2021 Virtual Conference
September 22, 2021



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) one or two axles in the rear (related to the weight of the vehicle), (ii) high deck floor, (iii) baggage compartment under the floor, (iv) high-backed seats with a coach-style interior (often including a lavatory), and (v) no room for standing passengers.
- **Zero-emission buses ("ZEBs")** consist of trolley-electric, hydrogen fuel cell-electric, and battery-electric buses.
- 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**."



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



Leading the **ZE**volution.™



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.



WE PLEDGE to be customer focused

WE MUST EARN the trust of those we serve and those they serve

WE FOSTER smart leadership

WE BELIEVE in sustainability

WE VALUE honesty, hard work and teamwork



From a bus manufacturer to **solutions** provider

Infrastructure
Solutions



Buses and
Coaches



Connected Vehicles
and Diagnostics



Aftermarket,
Warranty & Service



Rapid Escalation in Supply Chain Disruption

Situation Assessment

- Rapid escalation in supply challenges during 2021 Q3
- Bottlenecks and disruptions across the entire industry driven by COVID-19 pandemic
- NFI receiving majority of parts, but missing critical components that does not allow for completion of vehicles
- Variety of issues impacting suppliers including missing inputs, labour issues, transportation and shipping/freight challenges

NFI Response

- Lowering line entries to avoid build-up of excess work-in-process inventory
- Idling facilities to lower direct costs
- Focus on cash conversion and preservation to generate 2021 Q4 working capital and liquidity improvements
- Lowered cash capital expenditures
- Constant communications with suppliers to discuss timelines and mitigation efforts including alternative source of supply

Financial Implications

- Revenue guidance lowered to \$2.3 billion - \$2.5 billion and Adjusted EBITDA guidance lowered to \$165 million - \$195 million
- Anticipate year-ending liquidity of more than \$400M
- Nearly all vehicles are contractually sold and those originally planned for 2021 delivery will move into Fiscal 2022
- Anticipate 2022 H1 impact to financial metrics driven by ongoing supply chain disruption

NFI's zero-emission journey started in 1969...



BAE SYSTEMS



NEW FLYER.
INFRASTRUCTURE
SOLUTIONS™

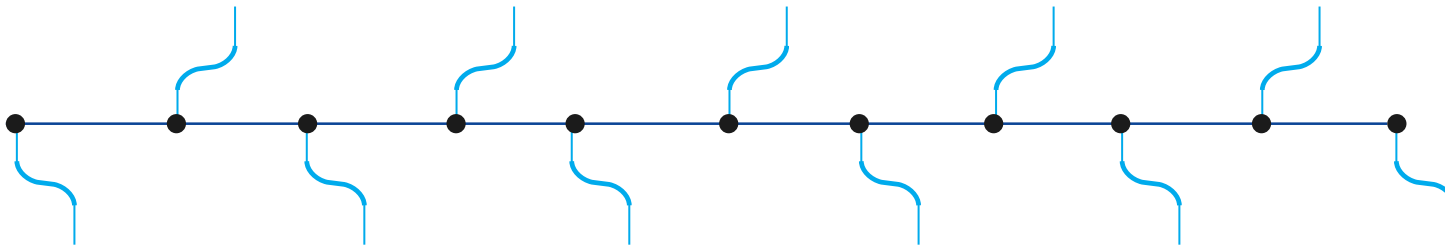
1994
First
Compressed
Natural Gas
(CNG) bus

2005
First Diesel
Hybrid with BAE
and first Gas
Engine Hybrid

2012
First battery-
electric bus

2015
Launched NF
Connect

2018
Launched NF
Infrastructure
Solutions™



1969
First North
American
electric trolley

1998
First diesel
hybrid vehicle
produced with
Allison

2010
20 Fuel Cell
buses for 2010
Olympics

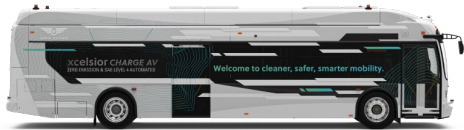
2014
First
production of
fuel-cell range
extender

2017
Opened VIC
and launched
next generation
electric-battery
bus

2019
Acquired ADL
and launched
NF Connect
360



...and continues in 2021



New Flyer Xcelsior CHARGE AV™
North America's first SAE Level 4 automated heavy-duty transit bus; zero-emission, battery-electric

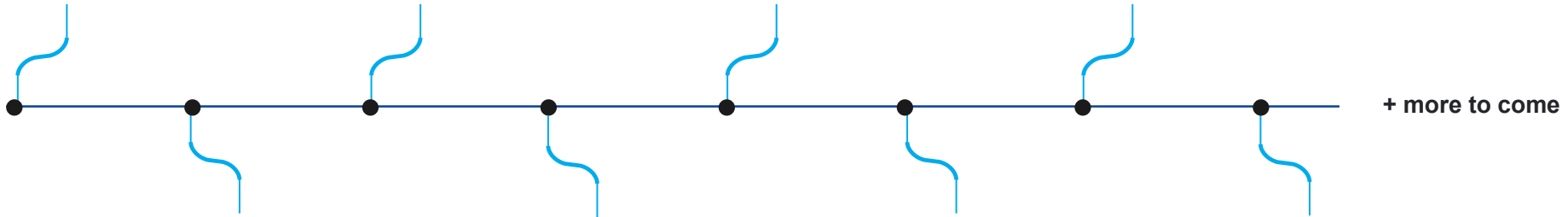
Battery Recycling Pilot
Successful launch of battery recycling pilot with Li-Cycle Corporation



ADL H2.0
Next-generation hydrogen fuel-cell electric double-deck



MCI D45 CRT LE CHARGE
Next-generation hydrogen fuel-cell electric double-deck

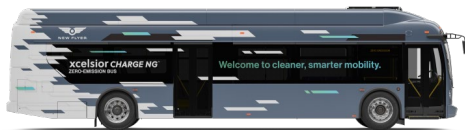


New Flyer Xcelsior CHARGE NG™
Next-generation, zero-emission, battery-electric transit bus

ARBOC Equest CHARGE™
Zero-emission, battery-electric, medium-duty low-floor transit

MCI J4500 CHARGE™
Zero-emission, battery-electric, luxury motor coach

ADL Enviro500EV CHARGE
Zero-emission, battery-electric, double-deck bus



Industry's widest range of ZEB's already exist

30- & 35-foot

Medium-Duty
Low-Floor Electric



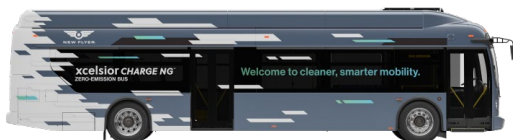
35-foot

Battery-Electric



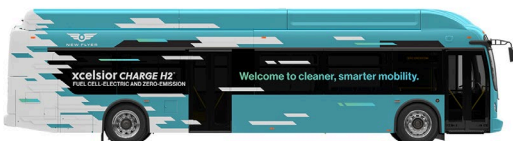
40-foot

Battery-Electric



40-foot

Fuel Cell-Electric



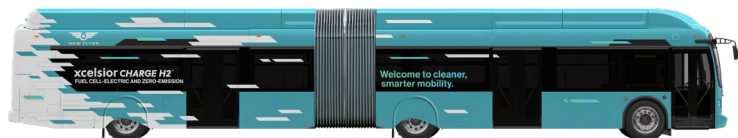
60-foot

Battery-Electric



60-foot

Fuel Cell-Electric



Single-Deck

Battery-Electric



Double-Deck

Battery-Electric



Double-Deck

Fuel Cell-Electric



Motor Coach

Battery-Electric



Motor Coach

Battery-Electric
Low-Entry



NFI is pioneering automated bus technology

New Flyer Xcelsior AV™

North America's first SAE Level 4 (SAE J3016) Automated Heavy-Duty Transit Bus



Launched January 2021

ADL's Automated Double Deck

UK's first Automated Heavy-Duty Transit Bus; pilot project with leading customer Stagecoach for depot applications



Launched Glasgow, Scotland pilot in 2019



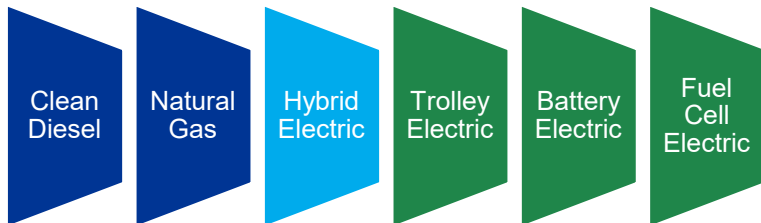
Leading the **ZE**volution.™

450+
years of bus
and coach
experience

50+
years of
electric bus
experience

13
countries with
NFI buses in
service

105k
vehicles in
service



40+ million

Electric service miles since 2015¹

1,548

ZEBs delivered since 2015²

83

ZEBs delivered in 2021 Q2 (8.4% of total)

80+

Cities with an NFI ZEB in service or on order

1,311

ZEBs in backlog (16.1% of total backlog)³

200+

chargers installed via Infrastructure Solutions™

~20%

of 2021 production will be ZEBs

8,000

Annual ZEB production capacity⁴

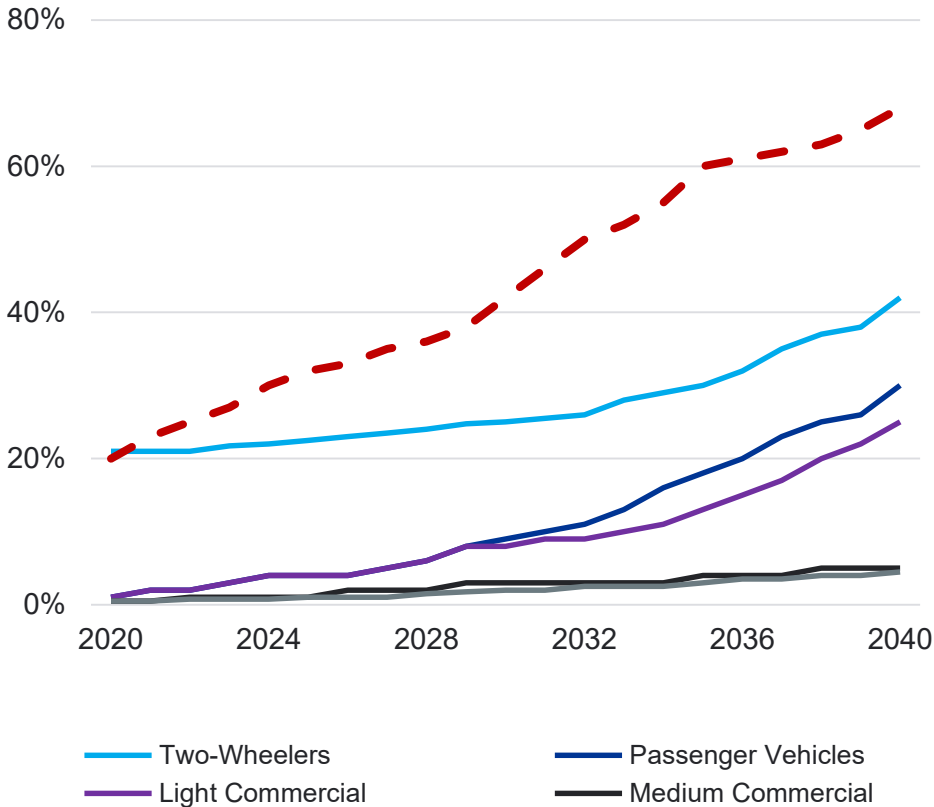
37.8%

of the Total Bid Universe is ZEBs

(1) Service miles driven in North America, the UK and New Zealand; does not include electric trolleys
 (2) Includes battery-electric, fuel-cell electric and electric trolleys
 (3) Includes firm and option orders
 (4) Based on capacity at NFI facilities in North America and the UK

Buses and coaches are migrating to electric propulsion and NFI will lead the transition

EV share of global vehicle fleet by segment¹



¹ Bloomberg New Energy Finance Outlook 2020

Select NFI customers comments on EV transition²



“Commitment to 100% zero-emissions by 2040”



“From 2025 onwards committed to acquiring 100% electric vehicles”



Metro

“Committed to a 100% zero-emission fleet by 2040”



King County

“Committed to 100% ZEB by 2040”



Transport for London

“By 2037 all buses across London will be zero emission”



“Ambitious goal of an all-electric fleet by 2035”

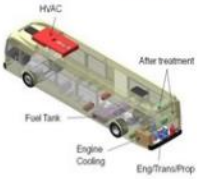
² Company websites and reports

Structures designed for life with common components

All buses built on common structure

>90% of components are shared across legacy and EV platforms

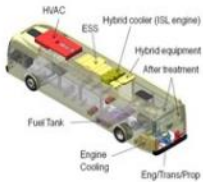
Clean Diesel



Natural Gas



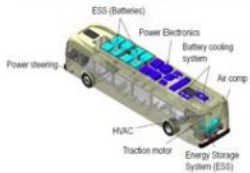
Hybrid-Electric



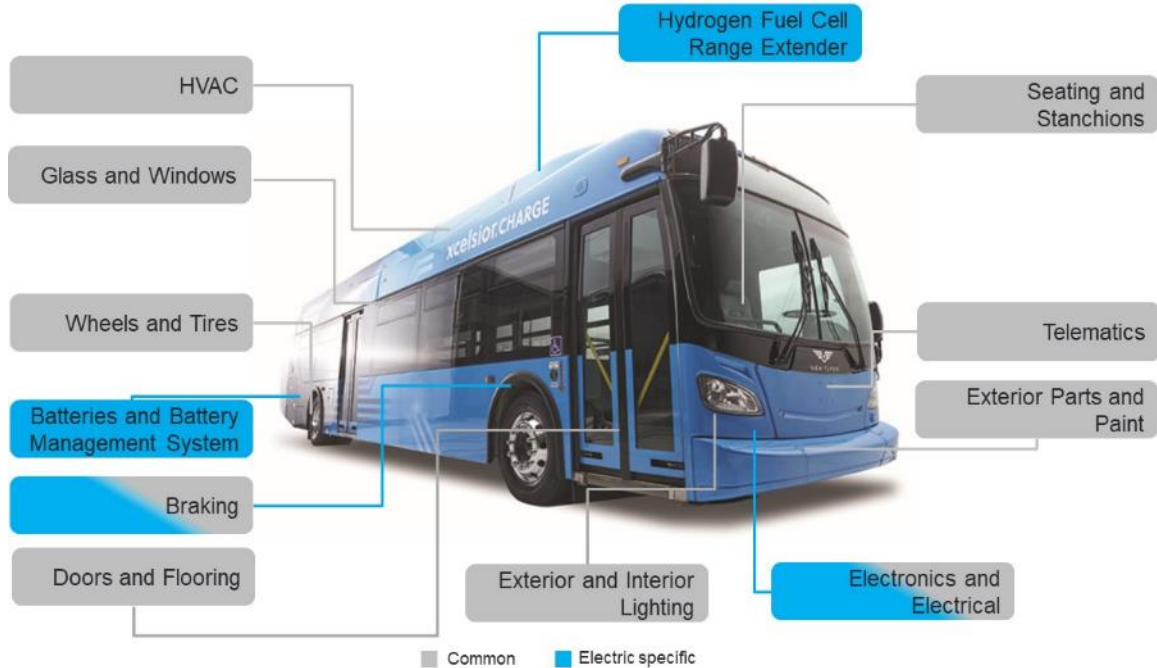
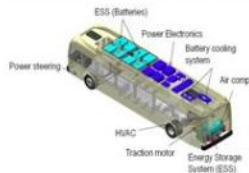
Electric-Trolley



Battery-Electric



Fuel cell-Electric

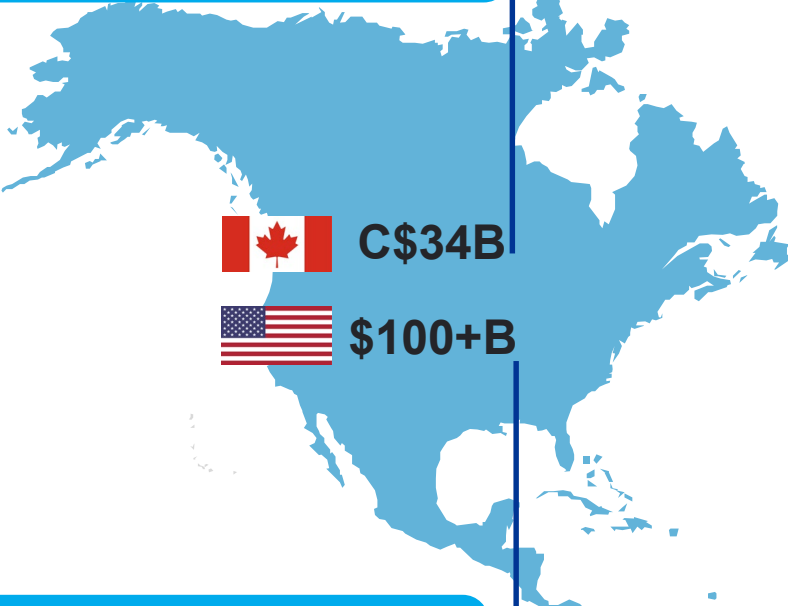


NFI has designed its production to be capable of manufacturing various propulsion formats on common platforms with shared suppliers

Unprecedented Government funding support for ZEBs

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

£5.0B transit and cycling program
£90M SULEB Rounds 1 and 2
Replacement of 4,000 buses



 **C\$34B**

 **\$100+B**



 **£5.1B**

\$100B+ Bipartisan Infrastructure Bill,
INVEST in America Act, American
Jobs Plan
Replacement of 50,000 buses



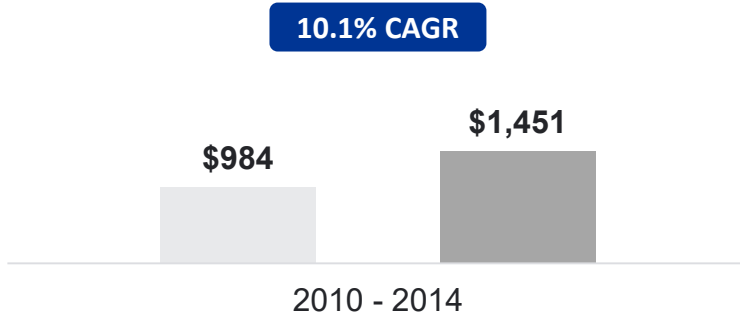
NZD50M

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

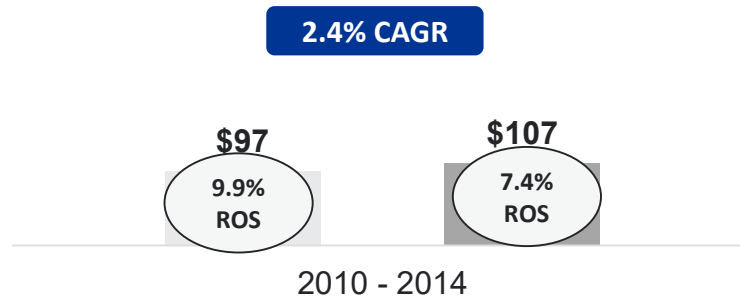
Our history builds the foundation for our future

North American Market Rationalization 2010 - 2014

REVENUE (\$M)



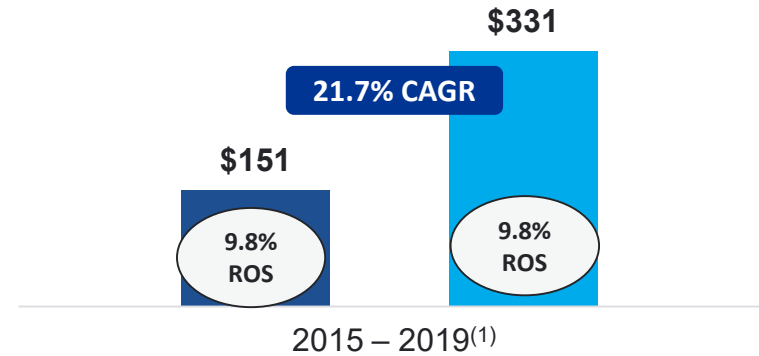
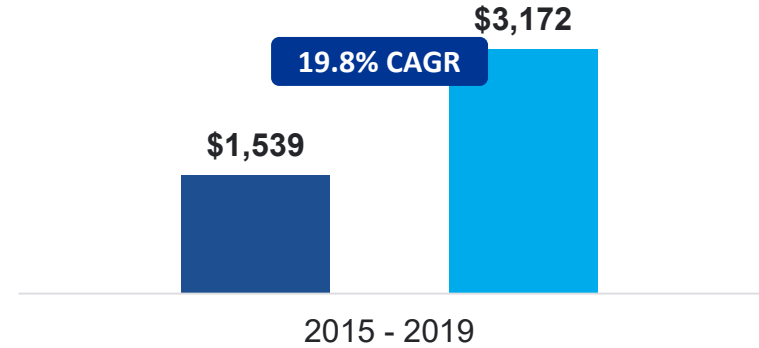
ADJ EBITDA (\$M)



Acquisitions & Initiatives



Diversification and Vertical Integration 2015 - 2019¹

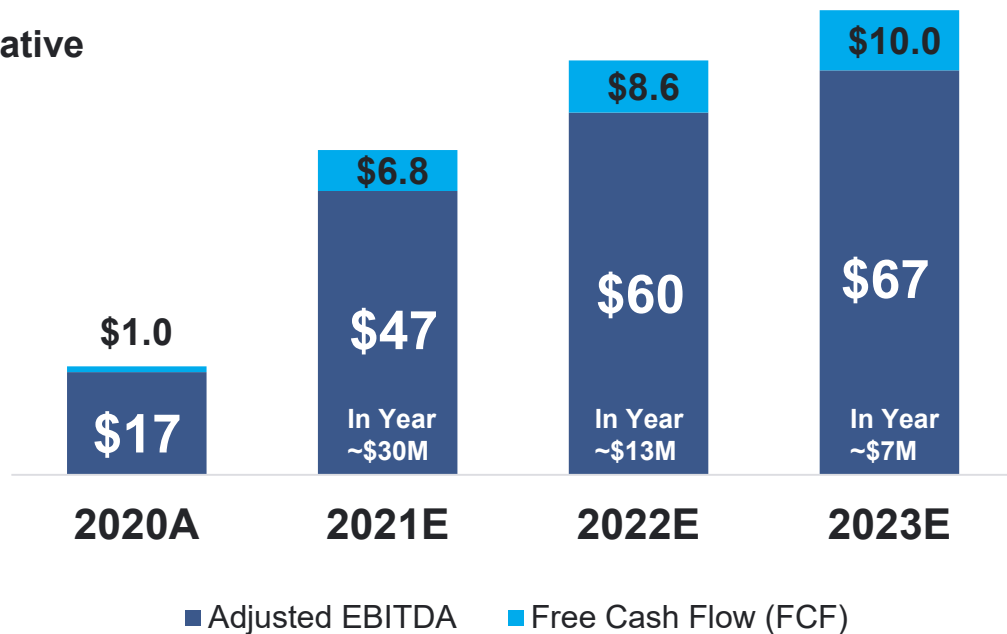


¹ 2019 Pro-Forma for a Full Year of ADL's Results. ADL was acquired on May 28, 2019

NFI Forward Update

Timing for 2020-2023 Benefits

Cumulative
(\$M)



All NFI
Forward
Initiatives
**At or Above
Targets**

**Cash Flow on
Track for
\$10M+**

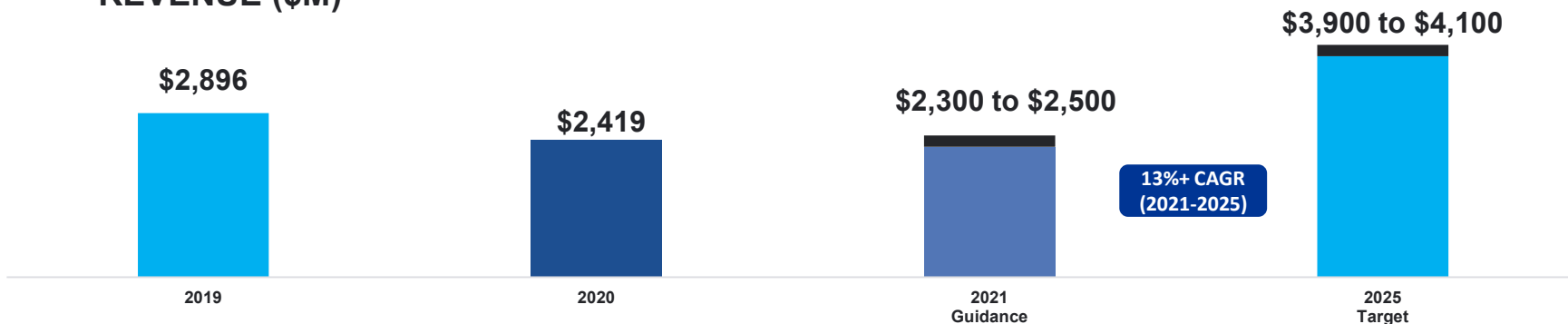
Continued NFI Forward progress in 2021 Q2:

- \$12.6 million in Adjusted EBITDA savings, and an additional \$0.8 million in annualized Free Cash Flow generation

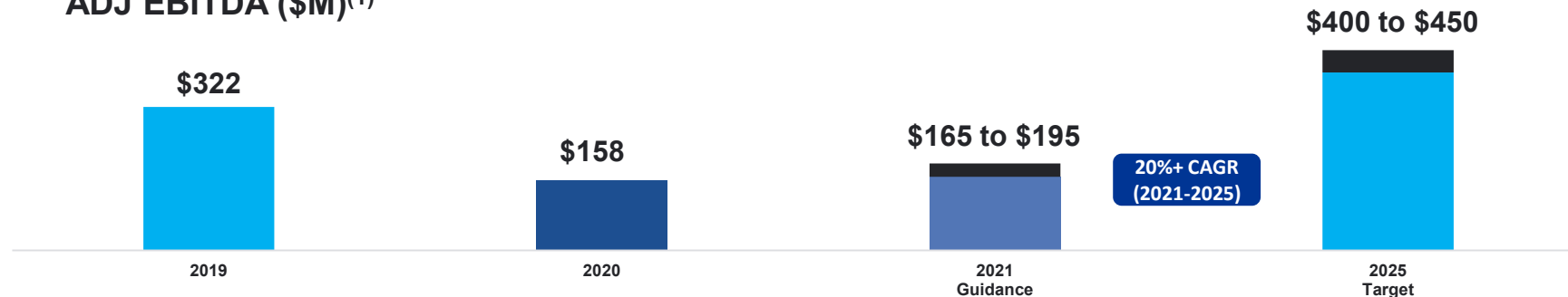
Positioned for Growth and Margin Enhancement

Recovery, NFI Forward, and Leading the ZEvolution 2020 – 2025

REVENUE (\$M)



ADJ EBITDA (\$M)⁽¹⁾



- The global COVID-19 pandemic significantly impacted NFI's 2020 results and 2021 has been impacted by supply chain challenges created by the pandemic
- Longer-term growth expected from government funding, ZEB growth, international expansion and volume leverage from NFI Forward

1) Non-IFRS Measure. See Cautionary Statements and Slides 21 and 22.

2021 Guidance Updated for Supply Chain Disruptions

Revenue

\$2.3 billion to \$2.5 billion

ZEBs expected to be 20% of 2021 manufacturing revenue

- Deliveries impacted by pandemic-related supply chain challenges
- Growth driven by market recovery in North American Bus and Coach and UK transit
- ADL's international expansion in Europe and APAC

Adjusted EBITDA

\$165M to \$195M

- Deliveries impacted by pandemic-related supply chain challenges
- Expecting Private markets won't begin to return to pre-COVID-19 levels until 2023
- Significant volume drop-through with cost base reductions generated from NFI Forward initiative

Cash Capex including NFI Forward

\$35M

- Lowered estimated capex to reflect lower revenue and Adjusted EBITDA
- Includes maintenance and NFI Forward projects

Seasonality

2021: Q3 and Q4 down

- On a year-over-year basis, Revenue & Adjusted EBITDA:
 - 2021 Q3 and Q4 expected to be down
 - 2021 Q1, Q2 and Q3 will be 13-week periods, while Q4 will be a 14-week period

Guidance updated in September 2021 to reflect supply chain challenges impacting NFI operations

NFI View on Market Recovery

PHASE 1

Initial Recovery and Bid Activity Growth

- North American Public Bid Activity Increasing (+48% from 2021 Q1)
- NA Private Markets at 25% pre-COVID-19 levels
- UK and Scotland driving EV adoption and government funding
- Parts sales recovering as travel resumes and vaccines rolled out
- Government funding announcements

PHASE 2 Project Awards

- North American Awards released, government funding structures and policies being finalized
- NA Private Markets at 50% pre-COVID-19 levels
- UK and Scotland seeing benefits of UK funding
- European markets improving
- Parts sales in private growing
- Supply chain challenges impacting deliveries across NFI, lowering expected revenue and Adjusted EBITDA

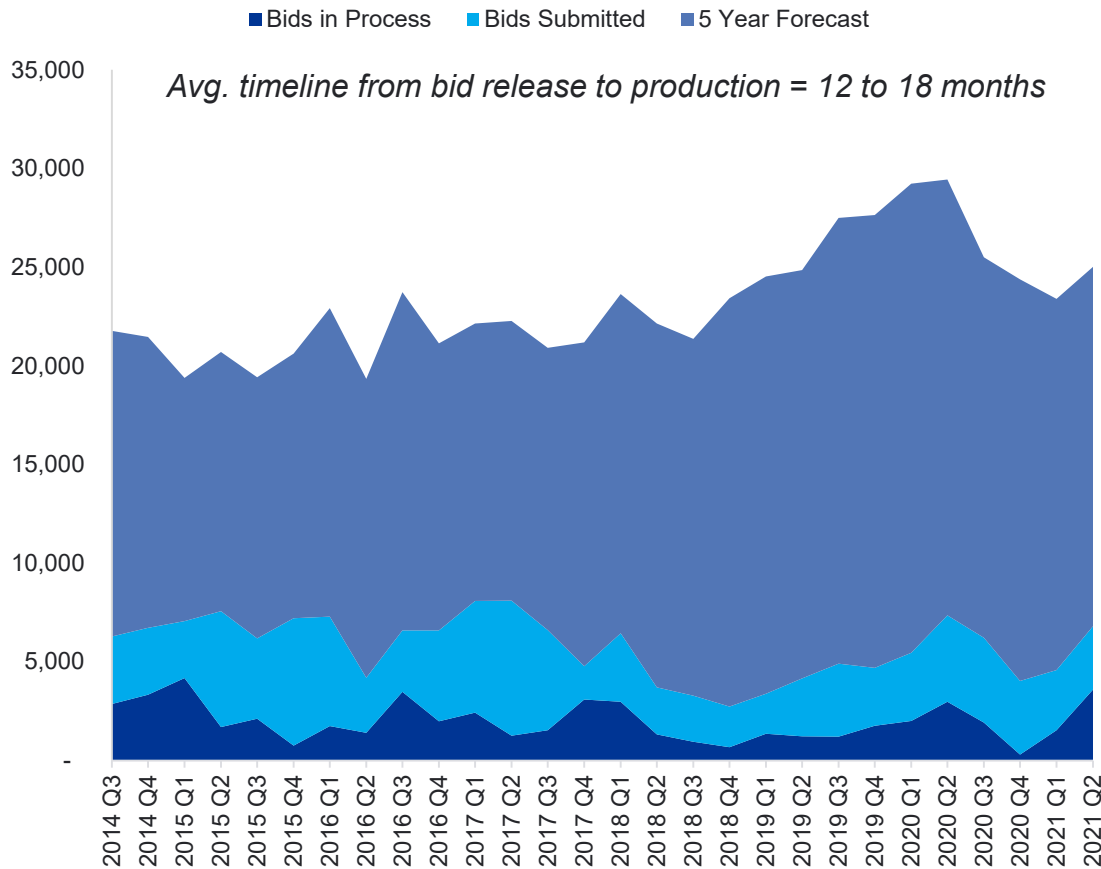
PHASE 3 Production Recovery

- 2021 Public Transit awards result in increased production
- NA Private Markets at 75% pre-COVID-19 levels by 2023
- UK and Scotland seeing benefits of UK funding
- European markets improving
- Asia Pacific entering new cycle
- Anticipate recovery from supply chain challenges to generate improvements in revenue and Adjusted EBITDA

2021 Q1 2021 Q2 2021 Q3 | 2021 Q4 2022 Q1 2022 Q2 | 2022 Q3 2022 Q4 2023 Q1

Public Market Bid Universe Showing Signs of Recovery

Canada and U.S. Public Market Bid Universe



- Average zero-emission bus RFP doubled in size since 2018
- Currently pursuing 44 Infrastructure Solutions opportunities

3,590 EUs

Bids in Process

3,215 EUs

Bids Submitted

18,211 EUs

Five-Year Procurement Outlook compiled from Customer Fleet replacements plans

+48.4%

Active Bids increase from 2021 Q1

The Public Bid Universe does not include Purchasing Schedules:

20+

Purchasing Schedules with NFI named

600+

Vehicle awards from Purchasing Schedules¹

(1) Since 2018

Longer-term financial targets for 2025

Revenue

\$3.9 billion to \$4.1 billion

ZEBs expected to make up 35% to 40% of manufacturing revenue

- Driven by market recovery in NA Bus and Coach and UK transit
- Continued growth of ARBOC in cutaway and medium-duty markets
- ADL's international expansion in Europe and APAC

Adjusted EBITDA

\$400M to \$450M

- 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

>12%

- Adj. EBITDA performance combined with realizing upon benefits of investments made in facilities, products, acquisitions
- Potential tax upside may drive higher ROIC

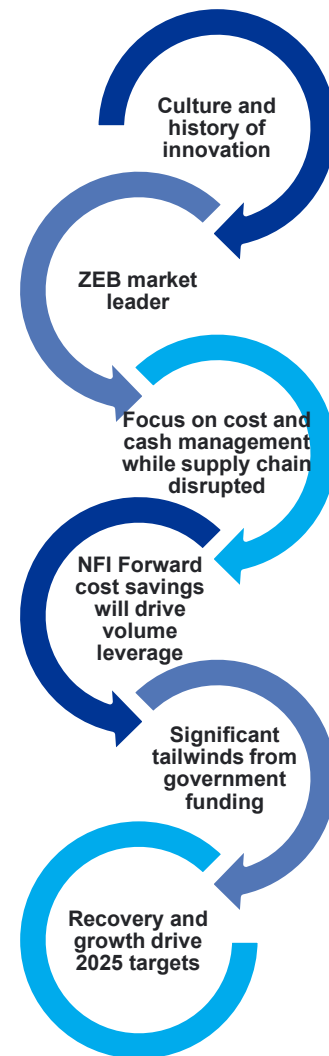
Capital allocation priorities

- 1 DEBT MANAGEMENT & LEVERAGE REDUCTION**
- 2 INVEST IN HIGHEST RETURN PROJECTS:** EPS expansion comes from funding highest ROIC projects
- 3 DIVIDENDS:** Provide dividends to shareholders, as we have since 2005
- 4 ACQUISITIONS:** Continue to acquire companies that provide diversification, channel expansion, technology, and geography advantages
- 5 SHARE REPURCHASE (NCIB):** Depends on stock price to value

Focused approach to drive value creation

NFI investment thesis

- ✓ Market dynamics position bus and coach transition to EV; NFI is the industry's leader with the deepest customer relationships and in prime position to capitalize on the zero-emission evolution (*ZEvolution™*)
- ✓ Unprecedented government support in all core markets with commitments to replace 59,000 buses (transit and school) with zero-emission vehicles
- ✓ NFI was built through decades of investment, innovation and product development
- ✓ NFI has the largest manufacturing capacity (8,000 EUs annually), largest installed fleet and most reliable aftermarket network
- ✓ NFI is a turnkey mobility solutions provider supporting the transition from legacy to EV propulsion: infrastructure solutions, vehicles, telematics, parts support
- ✓ Today, NFI's Backlog is 5.8% ZEBs, and 30% of our total Public bid universe is ZEBs, driving profitable growth
- ✓ Management is positioning NFI for market recovery with a streamlined, leaner operation to drive volume leverage through NFI Forward
- ✓ Longer-term targets for 2025 highlight strong annual growth: Adjusted EBITDA \$400M to \$450M, with 35% to 40% of production coming from ZEBs



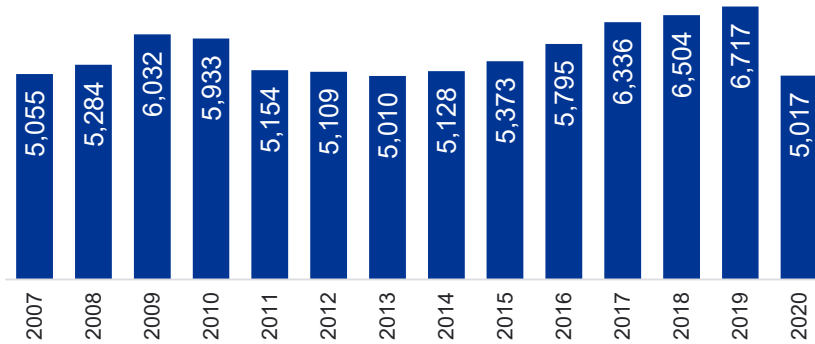


• Appendices

Core markets annual deliveries

North American Heavy-Duty Transit¹

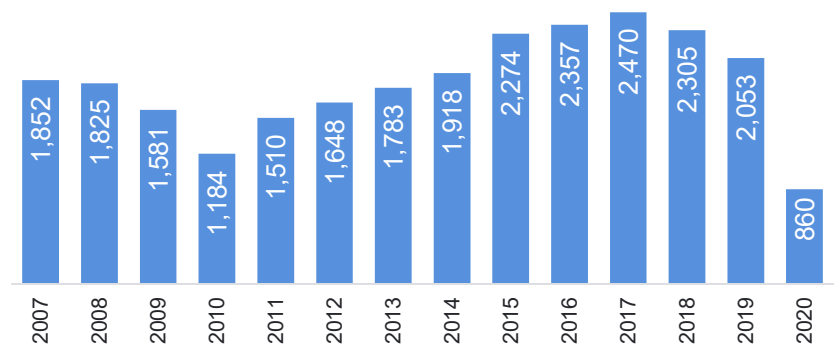
NFI's 2020 Market Share: **43%**



(1) Metro Magazine and management estimates. Deliveries in equivalent units.

North American Motor Coach (public and private)²

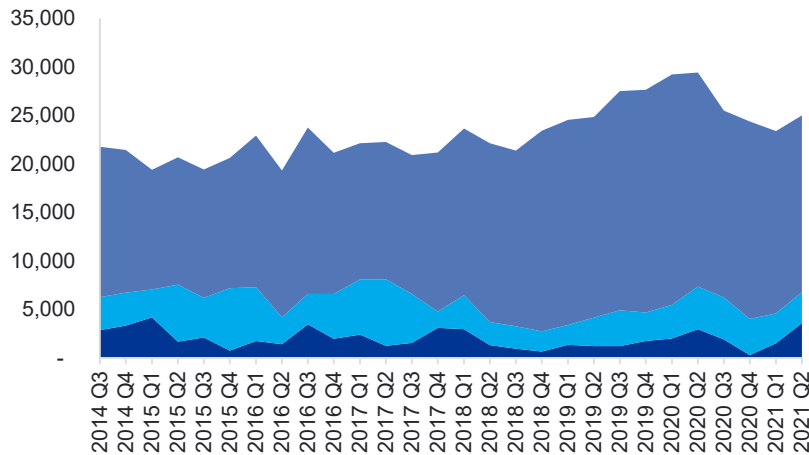
NFI's 2020 Market Share: **74%**



(2) American Bus Association

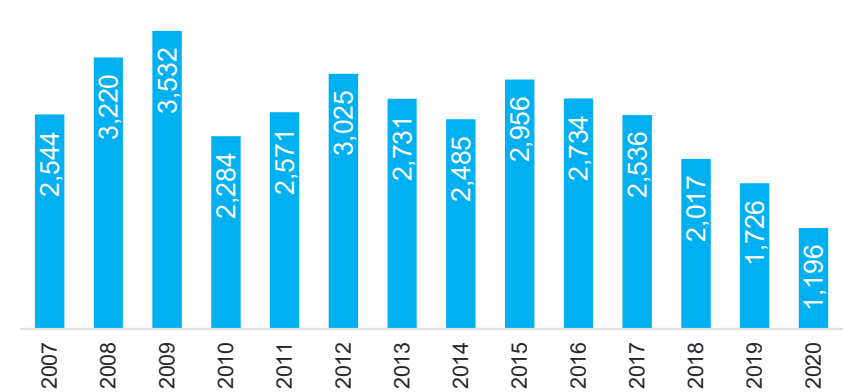
North American Public Bid Universe (public)³

■ Bids in Process ■ Bids Submitted ■ 5 Year Forecast



United Kingdom Bus & Coach (public and private)⁴

NFI's 2020 Market Share: **75%**

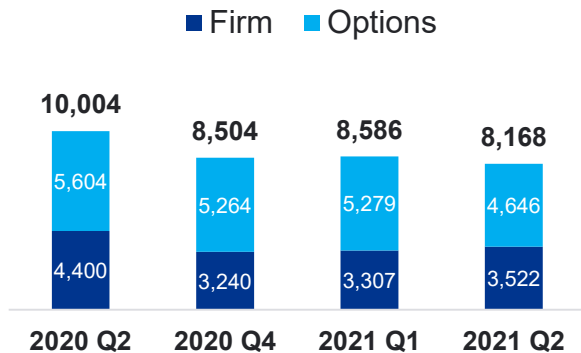


(3) Management estimates and databases

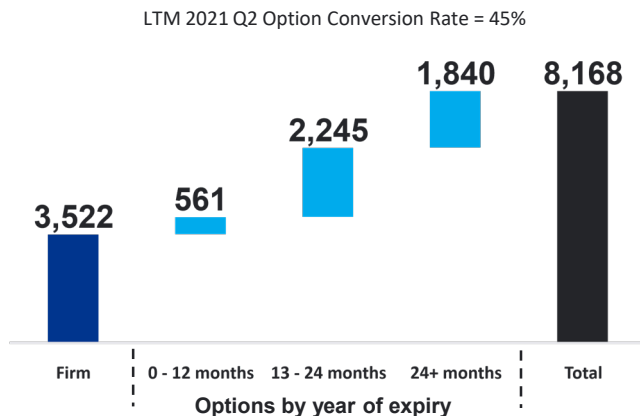
(4) SMMT

2021 Q2: Backlog and New Vehicle Deliveries

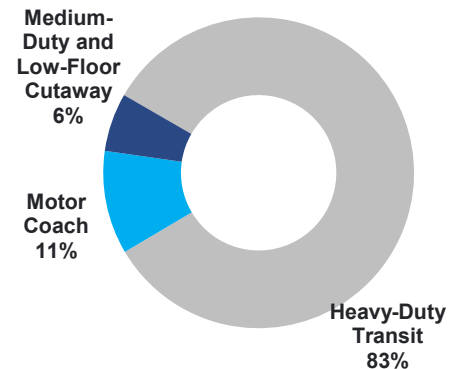
Backlog – Firm & Option



Backlog – Timing



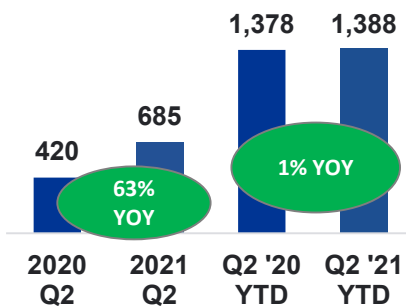
Backlog – By Product¹



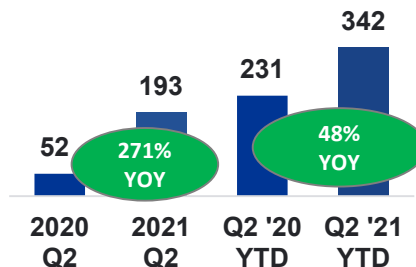
(1) Options for ARBOC vehicles are held by dealers, rather than the operator, and are not included as an option in the NFI backlog.

Deliveries: 2021 Q2 EUS

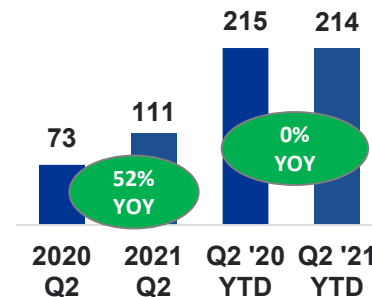
Heavy-Duty Transit



Motor Coach



Medium-Duty / Low-Floor Cutaway



2021 Q2 Showed Early Signs of Recovery; ZEBs are now 16% of Total Backlog

2021 Q2: Income Statement and Balance Sheet

2021 Q2 Performance

	<u>2020 Q2</u>	<u>2021 Q2</u>
Sales	\$333.3M	\$582.8M
Adjusted EBITDA ¹	(\$24.2) (7.3%) ROS	\$51.9 8.9% ROS
EPS (reported)	(\$1.18)	\$0.04
EPS (Adjusted) ¹	(\$0.91)	\$0.12

2021 Q2	Revenue	Adjusted EBITDA ¹
Manufacturing	\$459.3M	\$21.3M
Aftermarket	\$123.5M	\$24.9M
Corporate	—	\$5.7M

2021 Q2 Cash Flow & Liquidity

Cash Flow (\$M)		
	<u>2020 Q2</u>	<u>2021 Q2</u>
Adjusted EBITDA	(\$24.2)	\$51.9
Interest Expense	(\$14.9)	(\$16.5)
Current Income Tax	\$4.5	(\$7.8)
Cash Capital Expenditures plus Lease	(\$8.6)	(\$12.9)
Proceeds from disposition of property	\$0.1	\$0.7
Other	-	-
Free Cash Flow (USD)¹	(\$43.1)	\$15.4
FX Rate	1.3688	1.2294
Free Cash Flow (CAD)¹	(\$58.9)	\$18.9
Dividends (CAD)	\$13.3	\$15.1
Payout Ratio	(22.6%)	79.8%

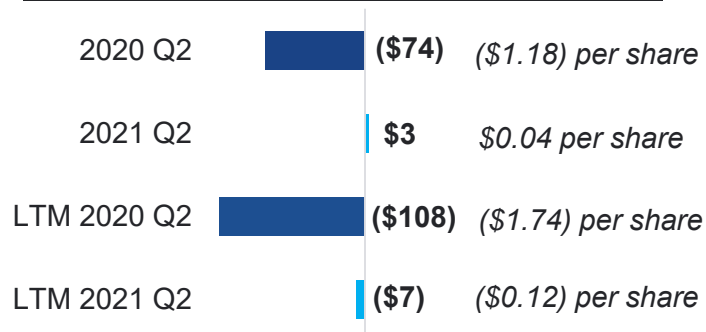
Liquidity ¹ & Working Capital		
	<u>2021 Q1</u>	<u>2021 Q2</u>
Liquidity ¹	\$319.0	\$389.3
Working Capital \$	\$468.2	\$397.9
Working Capital Days ²	68 days	62 days

(1) Non-IFRS Measure. See Cautionary Statement and Slide 21.

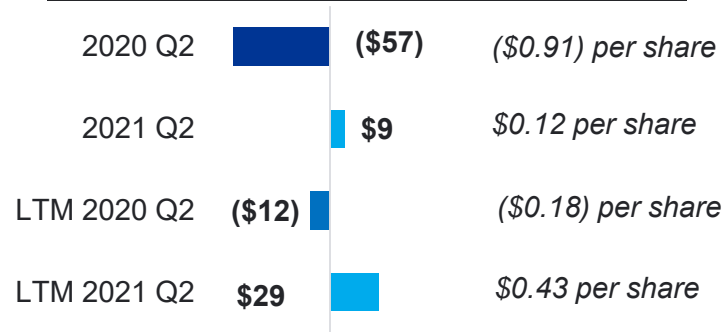
(2) Working Capital Days calculated on a 13-point average basis using 13-month historical average working capital divided by 12-month historical average revenue

2021 Q2: Net Earnings and Adjusted Net Earnings

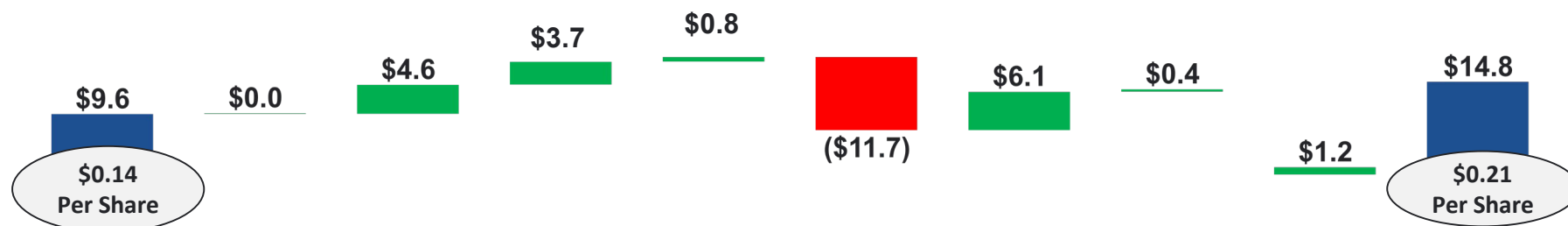
Net Earnings (\$M)



Adjusted Net Earnings (\$M)¹



Net Earnings to Adjusted Net Earnings Reconciliation



Net earnings 2021 YTD	Strategic Costs and Acquisition Related Accounting	FX Loss (Gain)	Employment, Compensation and Restructuring	COVID-19	Derivative Financial Instruments	Other Tax Adjustment	Other	Income Tax	Adjusted Net Earnings 2021 YTD ¹
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Net Earnings Positively Impacted by Savings From NFI Forward, Receipt of Government Wage Subsidies, and Favorable Changes in Foreign Exchange

(1) Non-IFRS Measure. See Cautionary Statement and Slide 21.

Appendix: Non-IFRS Reconciliation (2021)

Reconciliation of IFRS to non-IFRS

As of June 27 2021

In '000	First Quarter	Second Quarter	Full Year
Net Sales	\$ 574,119	\$ 582,794	\$ 1,156,913
Net Earnings	\$ 7,033	\$ 2,587	\$ 9,620
<i>% of net sales</i>	1.2%	0.4%	0.8%
Adjustment, Gross			
Restructuring and Other Corporate Initiatives	\$ 2,372	\$ 166	\$ 2,538
Goodwill Impairment	\$ -	\$ -	\$ -
Derivative related	\$ (7,663)	\$ (3,990)	\$ (11,653)
Foreign exchange loss/gain	\$ 2,529	\$ 2,107	\$ 4,636
Equity settled stock-based compensation	\$ 650	\$ 502	\$ 1,152
Asset related	\$ (355)	\$ 10	\$ (345)
Employment related (past service costs)	\$ -	\$ -	\$ -
COVID-19	\$ 289	\$ 464	\$ 753
Other tax adjustment	\$ -	\$ 6,118	\$ 6,118
Other	\$ 40	\$ 718	\$ 758
Income taxes	\$ 1,164	\$ 15	\$ 1,179
Net Earnings - Adjusted	\$ 6,059	\$ 8,697	\$ 14,756
<i>% of sales</i>	1.1%	1.5%	1.3%
Adjustments:			
Income taxes	\$ 6,422	\$ 1,907	\$ 8,329
Finance costs	\$ 17,795	\$ 17,748	\$ 35,543
Amortization	\$ 24,564	\$ 23,504	\$ 48,068
Adjusted EBITDA	\$ 54,840	\$ 51,856	\$ 106,696
<i>% of net sales</i>	9.6%	8.9%	9.2%

Appendix: Non-IFRS Reconciliation (2020)

Reconciliation of IFRS to non-IFRS

As of December 27 2020

In '000	First Quarter	Second Quarter	Third Quarter	Forth Quarter	Full Year
Net Sales	\$ 710,384	\$ 333,334	\$ 663,922	\$ 711,523	\$ 2,419,163
Net Earnings	\$ (67,239)	\$ (74,049)	\$ (24,913)	\$ 8,465	\$ (157,736)
<i>% of net sales</i>	-9.5%	-22.2%	-3.8%	1.2%	-6.5%
Adjustment, Gross					
Restructuring and Other Corporate Initiatives	\$ 22	\$ 2,307	\$ 25,428	\$ 1,180	\$ 28,937
Goodwill Impairment	\$ 50,790	\$ -	\$ -	\$ -	\$ 50,790
Derivative related	\$ 23,508	\$ 454	\$ (2,446)	\$ (4,243)	\$ 17,273
Foreign exchange loss/gain	\$ (43)	\$ (2,164)	\$ (3,608)	\$ (3,235)	\$ (9,050)
Equity settled stock-based compensation	\$ 14	\$ 551	\$ 597	\$ 608	\$ 1,770
Asset related	\$ 163	\$ 229	\$ (191)	\$ (257)	\$ (56)
Employment related (past service costs)	\$ (463)	\$ 48	\$ 1	\$ 6	\$ (408)
COVID-19	\$ -	\$ 17,557	\$ 24,392	\$ 5,413	\$ 47,362
Other tax adjustment		\$ (3,695)			\$ (3,695)
Other	\$ (56)	\$ (30)	\$ 233	\$ 37	\$ 184
Income taxes	\$ (7,176)	\$ (5,492)	\$ (13,767)	\$ 202	\$ (26,233)
Net Earnings - Adjusted	\$ (480)	\$ (64,284)	\$ 5,726	\$ 8,176	\$ (50,862)
<i>% of sales</i>	-0.1%	-19.3%	0.9%	1.1%	-2.1%
Adjustments:					
Income taxes	\$ 11,754	\$ (3,720)	\$ 10,757	\$ 12,784	\$ 31,575
Finance costs	\$ 14,657	\$ 15,633	\$ 18,028	\$ 17,871	\$ 66,189
Amortization	\$ 30,140	\$ 28,145	\$ 26,374	\$ 26,125	\$ 110,784
Adjusted EBITDA	\$ 56,071	\$ (24,226)	\$ 60,885	\$ 64,956	\$ 157,686
<i>% of net sales</i>	7.9%	-7.3%	9.2%	9.1%	6.5%

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 factors relating to the Company’s “NFI Forward” initiatives, the global COVID-19 pandemic, supply chain challenges and the Company’s January 11, 2021 financial guidance (the “Guidance”), updated on September 17, 2021. 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 4, 2021 and management discussion and analysis (“MD&A”) dated August 3, 2021, 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, 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, and release of provision related to purchase accounting.
- **Free Cash Flow:** Defined as 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, effect of foreign currency rate on cash, defined benefit funding, non-recurring transitional costs relating to business acquisitions, past service costs, costs associated with assessing strategic and corporate initiatives, defined benefit expense, cash capital expenditures, proportion of the total return swap realized, proceeds on disposition of property, plant and equipment, gain received on total return swap settlement, fair value adjustment to acquired subsidiary company's inventory and deferred revenue and principal payments on capital leases.
- **Return on Invested Capital (“ROIC”):** Defined as net operating profit after taxes (calculated as Adjusted EBITDA less depreciation of plant and equipment and income taxes at the expected effective tax rate) divided by average invested capital for the last twelve-month period (calculated as to shareholders' equity plus long-term debt, obligations under finance leases, other long-term liabilities, convertible debentures and derivative financial instrument liabilities less cash).
- **Adjusted Net Earnings:** Defined as 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, non-recurring costs or recoveries relating to business acquisition, 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, gain on bargain purchase option, past service costs, recovery on currency transactions, prior year sales tax provision, gain on release of provision related to purchase accounting.
- **Adjusted Net Earnings per Share:** Defined as Adjusted Net Earnings divided by the average number of Shares outstanding.

The NFI logo consists of the letters 'NFI' in a bold, white, sans-serif font, centered within a bright blue square. The square has a slight wave-like bottom edge.

NFI

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