Leading the ZEvolution™

NFI announces third quarter 2024 results

Record backlog of $12 billion with significant year-over-year improvement in gross margin and Adjusted EBITDA[2]

November 6, 2024.

All figures quoted in U.S. dollars unless otherwise noted. Comparisons are to 2023 Q3 results:

- **2024 Q3 revenue of $711 million; 994 equivalent units ("EUs") delivered, with 243 EUs, or 24% of total deliveries being battery- and fuel cell-electric buses ("ZEBs").**
- **Total gross margin of 12.2%, with Manufacturing gross margin of 7.5% compared to 0.7% in 2023 Q3.**
- **2024 Q3 Net loss of $15 million; Net loss per Share of $0.13, and Adjusted Net Loss per Share[2] of $0.04.**
- **2024 Q3 Adjusted EBITDA[2] of $53 million. Free Cash Flow of $2 million and Total Liquidity[2] position of $146 million.**
- **New orders of 1,050 EUs and total ending backlog[2] position up 53% at 14,590 EUs (valued at a record $12 billion), ZEBs represent 41% of total backlog[2].**
- **Aftermarket segment continues outperformance with revenue of $153 million and $34 million of Adjusted EBITDA[2].**
- **Updated guidance for Fiscal 2024, with Adjusted EBITDA[2] range of $210 to $240 million (compared to $69 million in Fiscal 2023); reaffirmed 2025 Adjusted EBITDA[2] target of greater than $350 million.**

Winnipeg, Manitoba, CANADA – November 6, 2024: (TSX: NFI, OTC: NFYEF, TSX: NFI.DB) NFI Group Inc. ("NFI" or the "Company"), a leader in zero-emission electric mobility solutions, today announced its unaudited interim condensed consolidated financial results for the third quarter of 2024.

Key financial metrics for the quarter and for the last twelve months are highlighted below:

in millions except deliveries and per Share amounts		2024 Q3	Change[1]		2024 Q3 LTM	Change[1]
Deliveries (EUs)		994	*(5 %)*		4,594	*21 %*
IFRS Measures[3]						
Revenue	$	711	*0 %*	$	3,077	*19 %*
Net loss	$	(15)	*62 %*	$	(24)	*92 %*
Net loss per Share	$	(0.13)	*69 %*	$	(0.20)	*94 %*
Net cash (used in) generated from operations	$	(45)	*(18 %)*	$	53	*145 %*
Non-IFRS Measures[2,3]						
Adjusted EBITDA[2]	$	53	*375 %*	$	185	*681 %*
Adjusted Net Loss[2]	$	(5)	*88 %*	$	(23)	*83 %*
Adjusted Net Loss per Share[2]	$	(0.04)	*90 %*	$	(0.20)	*88 %*
Free Cash Flow[2]	$	2	*105 %*	$	(16)	*88 %*
Total Liquidity[2] (including minimum liquidity requirement of $50 million)	$	$146	*(14 %)*	$	$146	*(14 %)*
Return on Invested Capital[2] (ROIC)		5 %	*6 %*		5 %	*6 %*

Footnotes:

1. Results noted herein are for the 13-week period ("2024 Q3") and the 52-week period ("2024 Q3 LTM") ended September 29, 2024. The comparisons reported in this press release compare 2024 Q3 to the 13-week period ("2023 Q3") and 2024 Q3 LTM to the 52-week period ("2023 Q3 LTM") ended October 1, 2023. Comparisons and comments are also made to the 13-week period ("2024 Q2") ended June 30, 2024. The term "LTM" is an abbreviation for "Last Twelve Month Period".

2. Adjusted EBITDA, Adjusted Net Loss, and Free Cash Flow represent non-IFRS measures; Adjusted Net Loss per Share and Return on Invested Capital ("ROIC") are non-IFRS ratios; and Total Liquidity and Backlog are supplementary financial measures. Such measures and ratios are not defined terms under IFRS and do not have standard meanings, so they may not be a reliable way to compare NFI to other companies. Adjusted Net Loss per Share is based on the non-IFRS measure Adjusted Net Loss. ROIC is based on net operating profit after tax and average invested capital, both of which are non-IFRS measures. See “Non-IFRS Measures” and detailed reconciliations of IFRS Measures to non-IFRS Measures in the Appendices of this press release. Readers are advised to review the unaudited interim condensed consolidated financial statements (including notes) (the “Financial Statements”) and the related Management's Discussion and Analysis (the "MD&A").

"The third quarter of 2024 saw significant improvement in gross margins, Adjusted EBITDA[2], ROIC[2] and positive Free Cash Flow[2], with another strong performance from the aftermarket segment. Our backlog remains at record levels, with a value of nearly $12 billion, positioning us extremely well for 2025 with firm sales now booking into 2026. We also saw a large increase in our average sale price per transit bus reflecting the completion of all legacy inflation impacted contracts,” said Paul Soubry, President and Chief Executive Officer, NFI.

“While our production recovery continued, a significant seat supplier, specified by our transit customers, negatively impacted third quarter North American operations. This disruption, and its cascading impacts, lowered our quarterly deliveries, new vehicle production rates and led to higher-than-expected quarter-ending inventory balances. We are working directly with that supplier’s leadership team to action a recovery plan that is expected to improve their performance through early 2025. The plan includes their engagement of an external operations consultant, the use of third-party labour and dedicated onsite resources from NFI overseeing production.

“As a result, period ending liquidity[2] declined during the quarter, reflecting higher inventory balances stemming from the impact of seat disruption, higher cost zero-emission buses and the expected seasonality impacts of bus builds for private markets, in advance of the busier fourth quarter. This decline was somewhat offset by our successful efforts to increase progress payments and milestone billings from customers plus the use of our Export Development Canada performance guarantee program.

"We anticipate a busy finish to this year with improved margin performance as we deliver buses, recover seat disrupted deliveries, continue our strong aftermarket performance and add several large-scale multi-year orders to our backlog. We are also actioning multiple strategic initiatives to capitalize on record customer demand for NFI’s market leading position, this includes expanding our Canadian transit bus production which will free-up U.S. capacity and provide more targeted resources to North American transit operations. These efforts best position NFI to generate sustainable financial growth and shareholder value through 2025 and the longer-term," Soubry concluded.

Segment Results

Manufacturing segment revenue for 2024 Q3 decreased by $9 million, or 2%, compared to 2023 Q3, driven by lower North American heavy-duty transit bus deliveries, which were impacted by supply disruption primarily linked to seat supply. This was offset by higher motorcoach and low-floor cutaway bus deliveries and higher overall manufacturing segment average selling price per unit delivered. On an LTM basis revenue increased by 20.7%, reflecting higher deliveries in all product segments.

Manufacturing operations experienced a net loss of $5.8 million in 2024 Q3 compared to a net loss of $39.9 million in 2023 Q3. The reduction in net loss was driven by improved gross margins and higher motorcoach and low-floor cutaway deliveries. Manufacturing Adjusted EBITDA[2] improved by $32 million, or 222%, compared to 2023 Q3 and Manufacturing Adjusted EBITDA[2] as a percentage of revenue showed continued improvement, increasing from (3%) in 2023 Q3 to 3.1% in 2024 Q3. These increases were driven by improved gross margins and favourable sales mix. On an LTM basis, Manufacturing net loss and Adjusted EBITDA[2] both showed significant improvement, reflecting higher deliveries and improved gross margins.

At the end of 2024 Q3, the Company's total backlog[2] (firm and options) of 14,590 EUs increased by 53% from the prior year. This increase is driven by the record number of awards received year-to-date (“YTD”). During the quarter, NFI added 1,050 EUs of new orders, an 8.2% year-over-year improvement, supporting an LTM book-to-bill ratio of 115.4%. Backlog[2] for 2024 Q3 has a total dollar value of $12.0 billion, and the average price of an EU in backlog[2] is now $0.82 million, a 19.5% increase from 2023 Q3.

Aftermarket segment delivered another quarter of strong revenue of $153 million, an increase of $10 million, or 7%, compared to 2023 Q3, driven by increased volume in North American public and private markets. 2024 Q3 Aftermarket segment net earnings increased by $2.2 million, or 8.1%, compared to 2023 Q3. The increase was primarily due to improved sales volume, pricing adjustments and favourable product mix. Aftermarket Adjusted EBITDA[2] was $34 million, an increase of $3 million, or 8%, year-over-year, primarily driven by the same items that improved net earnings. Aftermarket Adjusted EBITDA[2] as a percentage of revenue was strong at 23%. On an LTM basis, Aftermarket net earnings and Adjusted EBITDA[2] increased by 22.4% and 20.0% respectively.

Net Loss, Adjusted Net Loss[2], and Return on Invested Capital[2]

In 2024 Q3, the Company incurred a net loss of $15 million, representing a $25 million, or 62% improvement from 2023 Q3, driven by increases in revenue and gross profit and lower interest expense.

Adjusted Net Loss[2] for 2024 Q3 of $5 million improved from 2023 Q3 Adjusted Net Loss[2] of $38 million, as a result of the same items that impacted net losses, adjusted for unrealized fair market gains related to the Company's prepayment option on second-lien debt, plus other normalization adjustments including non-recurring restructuring and past service and pension costs.

2024 Q3 ROIC[2] increased to 5.3% from (1.0%) in 2023 Q3, primarily due to the increase in Adjusted EBITDA[2]. The invested capital[2] base increased due to a gradual increase in long-term debt, temporarily higher working capital balances and an increase in the fair market value of the prepayment option on the Company's second lien debt.

Liquidity[2]

The Company's Total Liquidity[2] position, which combines cash on-hand plus available capacity under its senior first lien credit facilities (without consideration given to the minimum liquidity requirement of $50 million), was $146 million as at the end of 2024 Q3, down $33 million from the end of 2024 Q2. Total Liquidity[2] position was negatively impacted by a $35 million investment in working capital, driven by increased inventory balances for raw materials and work-in-process, reflecting higher input costs for ZEB components, the impact of seat supply disruption and higher carrying balances to support consistent supply across other components. Offsetting increasing in inventory were higher deferred revenue amounts of $48 million, reflecting the Company's success in improving payment terms with customers.

Outlook

Management anticipates improvements to revenue, gross profit, Adjusted EBITDA[2], Free Cash Flow[2], net earnings, and ROIC[2], in the near-and-longer term, as the Company ramps up production, executes on its backlog[2], delivers a higher number of ZEBs, grows its aftermarket business, and benefits from the growing demand for its buses, coaches, parts, and services.

Management believes market demand is evident through the Company's continued new orders and an extremely strong public transit funding environment in North America and other international jurisdictions. This funding environment drives the Company's North American bid universe which currently has active bids of 5,533 EUs, and a five-year forecasted customer demand of 20,690 EUs. In addition, the Company has seen improved competitive dynamics within the North American market, leading to the Company recording its highest new awards ever in 2024, with expectations for further large awards in the fourth quarter of the year. NFI has also seen overall market demand within private coach and international transit markets grow, driven by increasing ridership, travel and return to work initiatives. These demand factors are expected to drive additional new orders going forward.

As referenced in the Company's risk disclosure, the highly customized nature of NFI's products can result in specific suppliers having an adverse impact on the Company's operations and new vehicle production, as currently evidenced by seat supply disruption. The Company anticipates that there may continue to be challenges in receiving certain components as suppliers recover their operations and as NFI increases production of ZEBs (where the supply chain is not as established as in traditional propulsion systems). Overall, NFI has seen a significant improvement in its moderate and high-risk suppliers, with only two high risk suppliers remaining out of the Company's top 750 suppliers, driven by a combination of improvements in global supply chain health and actions taken by NFI's supply and sourcing teams.

NFI is advancing its program to increase new vehicle production line entry rates, which were up 6.5% year-over-year, but down by 9.0% from 2024 Q2, as the Company manages certain supply disruptions and lower labour efficiency with new team members improving their production throughput while NFI increases overall ZEB production.

Updated Financial Guidance

Based on YTD performance and expectations for the fourth quarter, NFI has updated its financial guidance for Fiscal 2024, as originally disclosed on January 17, 2024, to reflect the following.

- Impacts of seat supply disruption on North American transit operations and expected impact on 2024 Q4 results
- Expected fourth quarter deliveries reflecting the Company's inventory, production schedule and backlog[2]
- Aftermarket performance and expected fourth quarter sales
- Timing of certain zero-emission bus deliveries in North America and the U.K.

Targets for 2025 have remained the same and are outlined in the table below.

	Previous 2024 Guidance	Updated 2024 Guidance	2025 Targets
Revenue	$3.2 to $3.6 billion	$3.1 to $3.3 billion	~$4 billion
ZEBs (electric) as a percentage of manufacturing sales	30% to 35%	20% to 25%	~40%
Adjusted EBITDA[2]	$240 to $280 million	$210 to $240 million	>$350 million (with a $400 million annualized run rate by the fourth quarter)
Cash Capital Expenditures	$50 to $60 million	$50 to $60 million	~$55 million
Return on Invested Capital[2] – provided for 2025 targets			>12%

With YTD Adjusted EBITDA[2] of $146 million, NFI YTD has delivered 61% to 70% of its revised Adjusted EBITDA[2] range of $210 million to $240 million of 2024. NFI expects to deliver $64 to $94 million of Adjusted EBITDA[2] in the fourth quarter of 2024. This range reflects the impacts of potential delays in delivering buses impacted by the North American seating disruption, the percentage of zero-emission buses delivered in the quarter and the potential impacts of operational efficiencies.

NFI continues to target 2025 Adjusted EBITDA[2] of greater than $350 million based on anticipated volume growth and margin improvement, underpinned by firm backlog[2] and expected aftermarket performance. In addition, disrupted North American transit deliveries from 2024 are all contractually sold, and the units that are not delivered in 2024 will be shipped in 2025. The Company is currently completing its annual operating plan for 2025, factoring in the impacts of seat supply disruption, and the improving competitive dynamics in North America, among other factors. NFI will provide an update in the first quarter of 2025. Please refer to the Company's 2023 Q4 and Fiscal 2023 MD&A for details on the assumptions that drive 2025 targets, as well as certain applicable risks.

Given the heightened investment in inventory, NFI is continuing specific actions to improve its near-term liquidity position including the following:

- Seeking advanced payments from customers for vehicles impacted by seat disruption that are currently in inventory
- Advancing discussions on further milestone payments, deposits and advanced billings from customers within Canada, the U.S. and the U.K.
- Utilizing the performance guarantee facility with EDC to lower letter of credit requirements
- Negotiating improved payment terms with select suppliers in North America and the U.K.

Subsequent to quarter-end, the Company proactively obtained a waiver for the $50 million liquidity requirement under its senior secured facilities, effective until December 31, 2024, providing access to those funds if required.

NFI anticipates that its current cash position and capacity under its existing credit facilities, combined with its expected fourth quarter performance, and anticipated success in obtaining progress payments or milestone payments from customers, alongside access to capital markets, will be sufficient to fund operations, meet financial obligations as they come due, and provide the funds necessary for capital expenditures.

NFI's guidance and targets are subject to the risk that the current seat supply disruptions are extended and/or exacerbated beyond management's current expectations, and the risk of additional supply or operational disruptions.

In addition, the guidance and targets do not reflect potential escalated impact on supply chains or other factors arising directly or indirectly as a result of geopolitical risks and ongoing conflicts in Ukraine, Russia, Israel, Palestine, and the Middle East. Although NFI does not have direct suppliers in these regions, additional supply delays, possible shortages of critical components or increases in raw material costs may arise as the conflicts progress and if certain suppliers' operations and/or subcomponent supply from affected countries are disrupted further. In addition, there may also be further general industry-wide price increases for components and raw materials used in vehicle production as well as further increases in the cost of labour and potential difficulties in sourcing an increase in the supply of labour. See Appendix B Forward Looking Statements for risks and other factors and the Company's filings on SEDAR at www.sedarplus.ca.

Third Quarter 2024 Results Conference Call and Filing

A conference call for analysts and interested listeners will be held on Thursday, November 7, 2024, at 9:00 a.m. Eastern Time (ET). An accompanying results presentation will be available prior to market open on November 7, 2024, at www.nfigroup.com.

For attendees who wish to join by webcast, registration is not required; the event can be accessed at https://edge.media-server.com/mmc/p/oaotv724/. Attendees who wish to join by phone can dial 1.888.596.4144 and use the Conference ID 2577984. NFI encourages attendees to join via webcast as a results presentation will be presented and users can also submit questions to management through the platform. The results presentation will be available at www.nfigroup.com.

A replay of the call will be accessible from about 12:00 p.m. ET on November 7, 2024, until 11:59 p.m. ET on November 6, 2025, at https://edge.media-server.com/mmc/p/oaotv724/. The replay will also be available on NFI's website at: www.nfigroup.com.

About NFI Group

Leveraging 450 years of combined experience, NFI is leading the electrification of mass mobility around the world. With zero-emission buses and coaches, infrastructure, and technology, NFI meets today's urban demands for scalable smart mobility solutions. Together, NFI is enabling more livable cities through connected, clean, and sustainable transportation.

With over 9,000 team members in ten countries, NFI is a leading global bus manufacturer of mass mobility solutions under the brands **New Flyer**® (heavy-duty transit buses), **MCI**® (motor coaches), **Alexander Dennis Limited** (single and double-deck buses), **Plaxton** (motor coaches), **ARBOC**® (low-floor cutaway and medium-duty buses), and **NFI Parts**™. NFI currently offers the widest range of sustainable drive systems available, including zero-emission electric (trolley, battery, and fuel cell), natural gas, electric hybrid, and clean diesel. In total, NFI supports its installed base of over 100,000 buses and coaches around the world. NFI's common shares ("Shares") trade on the Toronto Stock Exchange ("TSX") under the symbol NFI and its convertible unsecured debentures ("Debentures") trade on the TSX under the symbol NFI.DB. News and information is available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, nfi.parts, www.alexander-dennis.com, arbocsv.com, and carfaircomposites.com.

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Appendix A - Reconciliation Tables

Reconciliation of Net Loss to Adjusted EBITDA and Net Operating Profit after Taxes

Non-IFRS measures in the appendices of this press release have been denoted with an "NG". Please see the "Non-IFRS and Other Financial Measures" section.

Management believes that Adjusted EBITDA[NG], and net operating profit after taxes[NG] ("NOPAT") are important measures in evaluating the historical operating performance of the Company. However, Adjusted EBITDA[NG] and NOPAT[NG] are not recognized earnings measures under International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS. Accordingly, Adjusted EBITDA[NG] and NOPAT[NG] may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Adjusted EBITDA[NG] should not be construed as an alternative to net earnings or loss determined in accordance with IFRS as an indicator of the Company's performance and NOPAT[NG] should not be construed as an alternative to earnings or loss from operations determined in accordance with IFRS as an indicator of the Company's performance. See "Non-IFRS Measures" for the definition of Adjusted EBITDA[NG]. The following table reconciles net loss to Adjusted EBITDA[NG] based on the historical financial statements of the Company for the periods indicated. The Company defines NOPAT[NG] as Adjusted EBITDA[NG] less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%.

($ thousands)

	2024 Q3	2023 Q3	2024 Q3 LTM	2023 Q3 LTM
Net loss	(14,993)	(39,926)	(24,190)	(286,396)
Addback				
Income taxes	360	(4,546)	(15,644)	(31,662)
Interest expense[10]	38,553	42,932	140,420	139,847
Amortization	18,708	21,470	80,234	83,682
Loss (gain) on disposition of property, plant and equipment and right of use assets	11	(101)	(94)	1,261
Gain (loss) on debt modification[15]	-	(10,508)	1,600	(10,508)
Loss on debt extinguishment[16]	-	-	234	-
Unrealized foreign exchange (gain) loss on non-current monetary items and forward foreign exchange contracts	1,585	(1,611)	(5,271)	(1,493)
Past service costs and other pension costs[7]	-	-	(7,000)	4,764
Equity settled stock-based compensation	925	677	2,891	2,314
Unrecoverable insurance costs and other[8]	-	-	1,009	164
Expenses incurred outside of normal operations[12]	-	308	132	3,742
Prior year sales tax provision[9]	-	60	41	60
Out of period costs[11]	-	-	-	(938)
Impairment loss on goodwill[13]	-	-	-	103,900
Impairment loss on intangible assets[14]	-	-	1,028	-
Restructuring costs[6]	8,056	2,412	9,616	14,923
Adjusted EBITDA	53,205	11,167	185,006	23,660
Depreciation of property, plant and equipment and right of use assets	(10,718)	(13,590)	(48,124)	(52,406)
Tax at 31%	(13,171)	751	(42,433)	8,911
NOPAT	29,316	(1,672)	94,449	(19,835)
Adjusted EBITDA is comprised of:				
Manufacturing	17,329	(14,162)	60,077	(83,688)
Aftermarket	34,333	31,678	136,251	113,589
Corporate	1,543	(6,349)	(11,322)	(6,241)

Free Cash Flow and Free Cash Flow per Share

Management uses Free Cash Flow[NG] and Free Cash Flow per Share[NG] as non-IFRS measures to evaluate the Company's operating performance and liquidity and to assess the Company's ability to pay dividends on its Shares, service debt, and meet other payment obligations. However, Free Cash Flow[NG] and Free Cash Flow per Share[NG] are not recognized earnings measures under IFRS and do not have standardized meanings prescribed by IFRS. Accordingly, Free Cash Flow[NG] and the associated per Share figure may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Free Cash Flow[NG] should not be construed as an alternative to 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 Free Cash Flow[NG]. The following table reconciles net cash generated by operating activities to Free Cash Flow[NG].

The Company defines Free Cash Flow per Share[NG] as Free Cash Flow[NG] divided by the average number of Shares outstanding.

($ thousands, except per Share figures)

	2024 Q3	2023 Q3	2024 Q3 LTM	2023 Q3 LTM
Net cash generated by (used in) operating activities	(45,240)	(38,785)	52,974	(117,433)
Changes in non-cash working capital items[2]	35,445	11,105	28,812	30,348
Interest paid[2]	45,824	33,076	110,034	105,744
Interest expense[2]	(30,837)	(36,390)	(125,904)	(116,609)
Income taxes recovered[2]	9,788	(21)	(8,143)	(17,853)
Current income tax (expense) recovery[2]	(6,206)	(3,012)	(7,488)	17,624
Repayment of obligations under lease	(3,867)	(4,046)	(23,683)	(20,054)
Cash capital expenditures	(7,309)	(8,516)	(31,914)	(21,324)
Acquisition of intangible assets	(3,097)	(3,402)	(13,156)	(11,182)
Proceeds from disposition of property, plant and equipment	66	1,045	1,442	1,264
Defined benefit funding[3]	975	996	3,393	1,966
Defined benefit expense[3]	(1,237)	(693)	(3,523)	(1,168)
Past service costs and other pension costs[7]	-	-	(7,000)	-
Expenses incurred outside of normal operations[12]	-	308	132	3,742
Equity hedge	-	2,844	-	3,183
Unrecoverable insurance costs and other[8]	-	-	1,009	164
Out of period costs[11]	-	-	-	(938)
Prior year sales tax provision[8]	-	60	41	60
Restructuring costs[6]	8,056	2,411	12,170	13,358
Foreign exchange gain (loss) on cash held in foreign currency[4]	(406)	(137)	(4,895)	2,433
Free Cash Flow	1,955	(43,157)	(15,699)	(126,675)
U.S. exchange rate[1]	1.3516	1.3580	1.3480	1.3333
Free Cash Flow (C$)	2,642	(58,607)	(21,326)	(170,706)
Free Cash Flow per Share (C$)[5]	0.0222	(0.6224)	(0.1792)	(2.0964)
Declared dividends on Shares (C$)	-	-	-	-
Declared dividends per Share (C$)[5]	-	-	-	-

1. U.S. exchange rate (C$ per US$) is the average exchange rate for the period.
2. Changes in non-cash working capital are excluded from the calculation of Free Cash Flow^{NG} as these temporary fluctuations are managed through the Company's secured senior credit facilities which are available to fund general corporate requirements, including working capital requirements, subject to borrowing capacity restrictions. Changes in non-cash working capital are presented on the unaudited interim condensed consolidated statements of cash flows net of interest and income taxes paid.
3. The cash effect of the difference between the defined benefit expense and funding is included in the determination of cash from operating activities. This cash effect is excluded in the determination of Free Cash Flow^{NG} as management believes that the defined benefit expense amount provides a more appropriate measure, as the defined benefit funding can be impacted by special payments to reduce the unfunded pension liability.
4. Foreign exchange gain (loss) on cash held in foreign currency is excluded in the determination of cash from operating activities under IFRS; however, because it is a cash item, management believes it should be included in the calculation of Free Cash Flow^{NG}.
5. Per Share calculations for Free Cash Flow^{NG} (C$) are determined by dividing Free Cash Flow^{NG} by the total number of all issued and outstanding Shares using the weighted average over the period. The weighted average number of Shares outstanding for 2024 Q3 was 119,028,532 and 94,169,027 for 2023 Q3. The weighted average number of Shares outstanding for 2024 Q3 LTM and 2023 Q3 LTM was 118,989,934 and 81,426,753, respectively. Per Share calculations for declared dividends (C$) are determined by dividing the amount of declared dividends by the number of outstanding Shares at the respective period end date.
6. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with restructuring initiatives. Free Cash Flow^{NG} reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.
7. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. 2022 Q2 includes $7.0 million for the liability related to the closure of MCI's Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2. Also included in Adjusted EBITDA^{NG} is $4.8 million of pension past service costs incurred during 2023 Q1.
8. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
9. Provision for sales taxes as a result of a previous state sales tax review.
10. Includes fair market value adjustments to interest rate swaps, cash conversion option on the debentures, and to the prepayment option on the Company's second lien debt. 2024 Q3 includes a loss of $2.8 million and 2023 Q3 includes a loss of $1.9 million for the interest rate swaps. 2024 Q3 includes a loss of $5.2 million and 2023 Q2 includes a loss of $1.5 million on the cash conversion option. The prepayment option had a gain of $5.4 million in 2024 Q3 and a loss of $0.5 million in 2023 Q3.
11. Includes adjustments made related to expenses that pertain to prior years. 2022 Q3 and 2022 Q4 includes expenses related to amounts that should have been capitalized from prior years.
12. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. Also included is the additional labour costs associated with the shortage of the specified item.

13. Includes 2022 Q4 impairment charges with respect to ARBOC's goodwill of $23.2 million and the Alexander Dennis manufacturing cash generating unit ("CGU")'s goodwill of $80.7 million.
14. In 2024 Q1, the Company recognized an impairment loss on a New Product Development ("NPD") project for $1.0 million.
15. As a result of the Company's comprehensive refinancing, the Company had recognized an accounting gain in 2023 Q3 stemming from the modification made to its senior secured credit facilities. In 2023 Q4, an accounting loss was recorded to adjust the gain on debt modification.
16. In 2024 Q2, the Company had recognized an accounting loss on the debt extinguishment of the amendments made to the Manitoba Development Corporation senior unsecured debt facility ("MDC Senior Unsecured Facility").

Reconciliation of Net Loss to Adjusted Net Loss

Adjusted Net Earnings (Loss)[NG] and Adjusted Net Earnings (Loss) per Share[NG] are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. Accordingly, Adjusted Net Earnings (Loss)[NG] and Adjusted Net Earnings (Loss) per Share[NG] may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Adjusted Net Earnings (Loss)[NG] and Adjusted Net Earnings (Loss) per Share[NG] should not be construed as an alternative to net earnings (loss), or net earnings (loss) 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 (Loss)[NG] and Adjusted Net Earnings (Loss) per Share[NG]. The following table reconcile net loss to Adjusted Net Earnings (Loss)[NG] based on the historical financial statements of the Company for the periods indicated.

($ thousands, except per Share figures)	2024 Q3	2023 Q2	2024 Q3 LTM	2023 Q3 LTM
Net loss	(14,993)	(39,926)	(24,190)	(286,396)
Adjustments, net of tax[1, 2]				
Unrealized foreign exchange (gain) loss	1,094	(1,111)	(3,637)	(1,030)
Unrealized loss on interest rate swap	1,915	1,292	794	7,299
Unrealized (gain) loss on Cash Conversion Option	3,598	1,055	1,134	(1,456)
Unrealized gain on prepayment option of second lien debt[3]	(3,734)	328	(6,640)	328
Accretion in carrying value of long-term debt associated with debt modification[4]	-	1,014	-	1,014
Gain on debt modification[5]	-	(7,250)	1,104	(7,250)
Accretion associated to gain on debt modification	(345)	-	(1,458)	0
Loss on debt extinguishment[6]	-	-	161	0
Equity swap settlement fee[7]	-	2,428	-	2,428
Equity settled stock-based compensation	638	467	1,994	1,597
Loss (gain) on disposition of property, plant and equipment	8	(70)	(65)	870
Past service costs and other pension costs[8]	-	-	(4,830)	3,287
Unrecoverable insurance costs and other[9]	-	-	696	114
Expenses incurred outside of normal operations[10]	-	213	(1,191)	2,582
Other tax adjustments[11]	-	201	-	22,292
Out of period costs[12]	-	-	-	(1,911)
Accretion in carrying value of convertible debt and cash conversion option	1,419	1,318	5,511	5,218
Prior year sales provision[13]	-	42	28	42
Impairment loss on goodwill[14]	-	-	-	103,900
Impairment loss on intangible assets[15]	-	-	709	-
Restructuring costs[16]	5,559	1,664	6,635	10,296
Adjusted Net Loss	(4,841)	(38,335)	(23,245)	(136,776)
Earnings (Loss) per Share (basic)	(0.13)	(0.42)	(0.20)	(3.52)
Earnings (Loss) per Share (fully diluted)	(0.13)	(0.42)	(0.20)	(3.52)
Adjusted Net Earnings (Loss) per Share (basic)	(0.04)	(0.41)	(0.20)	(1.68)
Adjusted Net Earnings (Loss) per Share (fully diluted)	(0.04)	(0.41)	(0.20)	(1.68)

1. Addback items are derived from the historical financial statements of the Company.
2. The Company has utilized a rate of 31.0% to tax effect the adjustments for the periods above.
3. The unrealized gain on the prepayment option is related to the Company's second lien debt instrument. The gain is the result of an increase in the options fair value between June 30, 2024 and September 29, 2024.
4. Normalized to exclude the over accretion of transaction costs relating to the Company's senior secured credit facilities.
5. As a result of the Company's comprehensive refinancing, the Company has recognized an accounting gain stemming from the modification made to its senior secured credit facilities.
6. In 2024 Q2, the Company had recognized an accounting loss on the debt extinguishment of the amendments made to the MDC Senior Unsecured Facility.
7. During the year the Company settled its equity swaps which were used to hedge the exposure associated with changes in value of its Shares with respect to outstanding management restricted units and a portion of the outstanding performance share units, and deferred share units.
8. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans. 2022 Q2 includes $7.0 million for the liability related to the anticipated closure of MCI's Pembina facility and withdrawal from the multi-employer pension plan. In 2023 Q4, the Company made the decision to continue operations of the Pembina facility indefinitely, thereby reversing the above adjustments made in 2022 Q2. Also included is $4.8 million of pension past service costs incurred during 2023 Q1.
9. Normalized to exclude non-operating costs related to an insurance event that are not recoverable, or are related to the deductible.
10. Includes adjustments made related to items that occurred outside of normal operations. This includes specified items purchased in broker markets at a premium and associated broker fees, which the Company provided to suppliers, and does not normally directly purchase. Also included is the additional labour costs associated with the shortage of the specified item.
11. Includes the impact of changes in deferred tax balances as a result of substantively enacted tax rate changes. The 2022 amounts include the impact of the revaluation of deferred tax balances due to the enacted increase in the UK corporate tax rate from 19% to 25% in 2021 Q3. Also included in 2022 Q4 is the impact of the reduction of deferred tax assets related to the derecognition of loss carry forwards in Canada, and restricted interest in the UK.
12. Includes adjustments made related to expenses that pertain to prior years. 2022 Q3 and 2022 Q4 includes expenses related to amounts that should have been capitalized from prior years.
13. Provision for sales taxes as a result of a previous state sales tax review.
14. Includes 2022 Q4 impairment charges with respect to ARBOC's goodwill of $23.2 million and the Alexander Dennis manufacturing CGU's goodwill of $80.7 million.
15. In 2024 Q1, the Company recognized an impairment loss on a NPD project for $1.0 million.
16. Normalized to exclude non-operating restructuring costs. Costs primarily relate to severance costs, inefficient labour costs, increased medical costs and right-of-use asset impairments and inventory impairments associated with other restructuring initiatives. Free Cash Flow[NG] reconciling amounts are net of right-of-use asset and property, plant and equipment impairments.

Reconciliation of Shareholders' Equity to Invested Capital

The following table reconciles Shareholders' Equity to Invested Capital. The average invested capital for the last twelve months is used in the calculation of ROIC[NG]. ROIC[NG] is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. Accordingly, ROIC may not be comparable to similar measures presented by other issuers. See Non-IFRS Measures for the definition of ROIC[NG].

($ thousands)	2024 Q3	2024 Q2	2024 Q1	2023 Q4
Shareholders' Equity	699,717	704,031	697,580	702,913
Addback				
Long term debt	610,624	576,145	562,324	536,037
Second lien debt	173,309	172,910	172,568	172,396
Obligation under lease	130,020	131,382	135,959	138,003
Convertible Debentures	230,453	225,628	225,972	228,985
Senior unsecured debt	56,210	54,997	61,081	61,796
Derivatives	2,327	(2,740)	(1,783)	8,010
Cash	(59,720)	(77,445)	(68,491)	(49,615)
Bank indebtedness	-	-	-	-
Invested Capital	1,842,940	1,784,908	1,785,210	1,798,525
Average of invested capital over the quarter	1,813,922	1,785,059	1,791,868	1,802,654

	2023 Q2	2023 Q1	2022 Q4	2022 Q3
Shareholders' Equity	706,177	495,140	533,756	577,575
Addback				
Long term debt	583,948	935,605	911,203	896,626
Second lien debt	172,975	-	-	-
Capital leases	130,102	124,405	127,247	131,625
Convertible Debentures	221,427	225,081	218,719	217,516
Senior unsecured debt	60,838	87,363	86,431	-
Derivatives	6,814	(9,422)	(17,164)	(21,620)
Cash	(75,498)	(57,488)	(59,375)	(49,987)
Bank indebtedness	-	-	-	-
Invested Capital	1,806,783	1,800,684	1,800,817	1,751,735
Average of invested capital over the quarter	1,803,734	1,800,751	1,776,276	1,798,614

Appendix B - Non-IFRS Measures and Forward-Looking Statements

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 and expenses incurred outside the normal course of operations 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-operating costs or recoveries related to business acquisition, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, proportion of the total return swap realized, equity settled stock-based compensation, expenses incurred outside the normal course of operations, recovery of currency transactions, prior year sales tax provision, COVID-19 costs and impairment loss on goodwill and non-operating restructuring costs.

References to "NOPAT" are to Adjusted EBITDA less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%.

“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, 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, expenses incurred outside the normal course of operations, proportion of total return swap, unrecoverable insurance costs, prior year sales tax provision, non-operating restructuring costs, extraordinary COVID-19 costs, foreign exchange gain or loss on cash held in foreign currency.

References to "ROIC" are to NOPAT divided by average invested capital for the last twelve month period (calculated as to shareholders’ equity plus long-term debt, obligations under leases, other long-term liabilities and derivative financial instrument liabilities less cash).

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

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

Management believes Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings (Loss) and Adjusted Net 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 or cash flow measures under IFRS and do not have standardized meanings prescribed by IFRS. Readers of this press release 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 (loss) to Adjusted EBITDA, based on the Financial Statements, has been provided under the headings “Reconciliation of Net Loss to Adjusted EBITDA and Net Operating Profit After Taxes”. A reconciliation of net earnings (loss) to Adjusted Net Earnings (Loss) is provided under the heading “Reconciliation of Net Loss to Adjusted Net Loss”.

NFI's method of calculating Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Net 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.sedarplus.ca.

"Total Liquidity" is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. The Company defines liquidity as cash on-hand plus available capacity under its credit facilities without consideration given to the $50 minimum liquidity requirement under the Company's senior credit facilities.

The value of the Company's "backlog" is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS.

References to NFI's geographic regions for the purpose of reporting global revenues are as follows: "North America" refers to Canada, United States, and Mexico; United Kingdom and Europe refer to the United Kingdom and Europe; and "Asia Pacific" or "APAC" refers to Hong Kong, Malaysia, Singapore, Australia, and New Zealand.

Forward-Looking Statements

This press release contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities laws, which reflect the expectations of management regarding the Company’s future growth, financial performance, and liquidity and objectives and the Company’s strategic initiatives, plans, business prospects and opportunities, including the impact of and recovery from the COVID-19 pandemic, supply chain disruptions and plans to address them. The words “believes”, “views”, “anticipates”, “plans”, “expects”, “intends”, “projects”, “forecasts”, “estimates”, “guidance”, “goals”, “objectives”, “targets” and similar words or expressions of future events or conditional verbs such as “may”, “will”, “should”, “could”, “would” are intended to identify forward-looking statements. These forward-looking statements reflect management’s current expectations regarding future events (including the temporary nature of the supply chain disruptions and operational challenges, production improvement, labour supply shortages and labour rates, the recovery of the Company’s markets and the expected benefits to be obtained through its “NFI Forward” initiatives) and the Company’s financial and operating performance and speak only as of the date of this press release. By their very nature, forward-looking statements require management to make assumptions and involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and give rise to the possibility that management’s predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the assumptions may not be correct and that the Company’s future growth, financial condition, ability to generate sufficient cash flow and maintain adequate liquidity, and the Company’s strategic initiatives, objectives, plans, business prospects and opportunities, including the Company’s plans and expectations relating to the impact of and recovery from the COVID-19 pandemic, supply chain disruptions, operational challenges, labour supply shortages and inflationary and labour rate pressures, will not occur or be achieved.

A number of factors that may cause actual results to differ materially from the results discussed in the forward-looking statements include: the Company’s business, operating results, financial condition and liquidity may be materially adversely impacted by the aftermath and ongoing impacts of the global COVID-19 pandemic and related supply chain and operational challenges, inflationary effects, and labour supply challenges; while the Company is closely managing its liquidity, it is possible that various events (such as delayed deliveries and customer acceptances, delayed customer payments, supply chain issues, product recalls and warranty claims) could significantly impair the Company’s liquidity and there can be no assurance that the Company would be able to obtain additional liquidity when required in such circumstances; the Company’s business, operating results, financial condition and liquidity may be materially adversely impacted by ongoing conflicts in Ukraine, Russia, Israel and Palestine, due to factors including but not limited to further supply chain disruptions, inflationary pressures and tariffs on certain raw materials and components that may be necessary for the Company’s operations; 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 which could have an adverse effect on the demand 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 and/or the Debentures may cease to exist, which may limit the ability of securityholders to trade Shares and/or Debentures; the market price for the Shares and/or the Debentures 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 U.S. “Buy America” regulations may change and/or become more onerous or suppliers’ “Buy America” content may change; failure of the Company to comply with the U.S. Disadvantaged Business Enterprise (“DBE”) program requirements or the failure to have its DBE goals approved by the U.S. 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; requirements under Canadian content policies may change and/or become more onerous; the Company’s business may be materially impacted by climate change matters, including risks related to the transition to a lower-carbon economy; 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; 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; international operations subject the Company to additional risks and costs and may cause profitability to decline; compliance with international trade regulations, tariffs and duties; dependence on unique or limited 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, failure to comply with motor vehicle manufacturing regulations and standards and the remediation of transit buses and motor coaches; production delays may result in liquidated damages under the Company's contracts with its customers; catastrophic events, including those related to impacts of climate change, 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 is subject to litigation in the ordinary course of business and may incur material losses and costs as a result of product liability and other 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 Company's substantial consolidated indebtedness could negatively impact the business; the restrictive covenants in the Company's credit facilities could impact the Company's business and affect its ability to pursue its business strategies; in December 2022, the Board made the decision to suspend the payment of dividends given credit agreement constraints and to support the Company's focus on improving its liquidity and financial position and the resumption of dividends is not assured or guaranteed; a significant amount of the Company's cash may be distributed, which may restrict potential growth; the Company is dependent on its subsidiaries for all cash available for distributions; Coliseum has a significant influence over the Company and its interests may not align with those of the Company's other securityholders; the Company may not be able to make principal payments on the Debentures; redemption by the Company of the Debentures for Shares will result in dilution to holders of Shares; Debentures may be redeemed by the Company prior to maturity; the Company may not be able to repurchase the Debentures upon a change of control as required by the trust indenture under which the Debentures were issued (the "Indenture"); conversion of the Debentures following certain transactions could lessen or eliminate the value of the conversion privilege associated with the Debentures; future sales or the possibility of future sales of a substantial number of Shares or Debentures may impact the price of the Shares and/or the Debentures and could result in dilution; payments to holders of the Debentures are subordinated in right of payment to existing and future Senior Indebtedness (as described under the Indenture) and will depend on the financial health of the Company and its creditworthiness; if the Company is required to write down goodwill or other intangible assets, its financial condition and operating results would be negatively affected; and income and other tax risk resulting from the complexity of the Company's businesses and operations and the income and other tax interpretations, legislation and regulations pertaining to the Company's activities being subject to continual change.

Factors relating to the aftermath and ongoing effects of the global COVID-19 pandemic include: ongoing economic and social disruptions; production rates may not increase as planned and may decrease; ongoing and future supply delays and shortages of parts and components, and shipping and freight delays, and disruption to or shortage of labour supply may continue or worsen; the pandemic has adversely affected operations of suppliers and customers and those effects may continue or worsen; the increase in customers' purchase of Company's products may not continue and may reverse; the supply of parts and components by suppliers continues to be challenged and may deteriorate; the recovery of the Company's markets in the future may not continue and demand may be lower than expected; the Company's ability to obtain access to additional capital if required may be impaired; and the Company's financial performance and condition, obligations, cash flow and liquidity and its ability to maintain compliance with the covenants under its credit facilities may be impaired. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period or have access to additional capital or government financial support; and there can be no assurance as to if or when production operations will return to pre-pandemic production rates. There is also no assurance that governments will provide continued or adequate stimulus funding for public transit agencies to purchase transit vehicles or that public or private demand for the Company's vehicles will return to pre-pandemic levels on a sustained basis in the anticipated period of time.

The Company cautions that the COVID-19 pandemic may return or worsen or other pandemics or similar events may arise. Such events are inherently unpredictable and may have severe and far-reaching impacts on the Company's operations, markets, and prospects.

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

Factors relating to the Company's financial guidance and targets disclosed in this press release include, in addition to the factors set out above, the degree to which actual future events accord with, or vary from, the expectations of, and assumptions used by, the Company's management in preparing the financial guidance and targets and the Company's ability to successfully execute the "NFI Forward" initiatives and to generate the planned savings in the expected time frame or at all.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that could cause actions, events or results not to be as anticipated, estimated or intended or to occur or be achieved at all. Specific reference is made to "Risk Factors" in the Company's Annual Information Form for a discussion of the factors that may affect forward-looking statements and information. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements and information. The forward-looking statements and information contained herein are made as of the date of this press release (or as otherwise indicated) and, except as required by law, the Company does not undertake to update any forward-looking statement or information, whether written or oral, that may be made from time to time by the Company or on its behalf. The Company provides no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers and investors should not place undue reliance on forward-looking statements and information.