NFI Announces First Quarter 2021 Results with Electric Buses Representing 10% of Deliveries

May 6, 2021

Strong first quarter with encouraging signs of market recovery, and growth in backlog and active procurements. NFI's total backlog is now 18% zero-emission vehicles

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

Performance as follows:

- **First quarter sales of $574 million (955 equivalent units ("EUs") delivered).**
- **NFI advanced its zero-emission, battery- and fuel cell-electric vehicle ("ZEBs") activity with 94 EUs delivered (10% of 2021 Q1 deliveries) and 1,568 EUs, or 18%, of ZEBs in backlog, up from 6% as at the end of 2020 Q4.**
- **Ending total backlog position (both firm and options) up slightly, at 8,586 EUs (valued at $4.4 billion), with Active Bids up 14% from 2020 Q4.**
- **First quarter Adjusted EBITDA of $55 million; Earnings per Share of $0.11 and Adjusted Earnings Per Share of $0.09.**
- **Quarter-end liquidity position of $319 million, up $86 million from 2020 Q4, and up $172 million from 2020 Q1. Free cash flow of $15 million in 2020 Q1.**
- **"NFI Forward" strategic cost reduction initiative realized Adjusted EBITDA savings of $12 million, and a further $1 million of Free Cash Flow savings in 2021 Q1.**
- **Reaffirmed Fiscal 2021 Adjusted EBITDA guidance of $220 million to $240 million, with potential for greater than 50% improvement from Fiscal 2020.**

WINNIPEG, Manitoba, May 06, 2021 (GLOBE NEWSWIRE) -- **(TSX:NFI, OTC: NFYEF)** 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 2021 Q1.

Key financial metrics of the quarter are highlighted below:

(in millions except deliveries and per Share amounts)	**2021 Q1**	**Change[1]**	**2021 Q1 LTM**	**Change[1]**
Deliveries (EUs)	955	(324)	4,047	(1,644)
IFRS Measures				
Revenue	$574.1	$(136.3)	$2,282.9	$(753.9)
Net earnings (loss)	7.0	74.2	(83.5)	(57.8)
Net earnings (loss) per Share	0.11	1.19	(1.32)	(0.91)
Non-IFRS Measures[2]				
Adjusted EBITDA	$54.8	$(1.3)	$156.5	$(161.4)
Adjusted Net Earnings (Loss)	6.1	6.6	(40.6)	(119.6)
Adjusted Net Earnings (Loss) per Share	0.09	0.10	(0.64)	(1.79)
Free Cash Flow	15.5	1.3	28.8	(113.4)
Liquidity	$319.0	172.4	$319.0	172.4

(1) Results noted herein are for the 13-week period ("2021 Q1") and the 52-week period ("LTM 2021 Q1") ended March 28, 2021. The comparisons reported in this press release compare 2021 Q1 to the 13-week period ("2020 Q1") and LTM 2021 Q1 to the 52-week period ("LTM 2020 Q1") ended March 29, 2020. Comparisons and comments are also made to the 13-week period ("2020 Q4") ended December 27, 2020, and to the 13-week period ended June 28, 2020 ("2020 Q2"). 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") that are available at the Company's website at: https://www.nfigroup.com/investor-relations/performance-reports/ and under the Company's profile on www.sedar.com.

(2) Adjusted EBITDA, Adjusted Net Earnings (Loss), Adjusted Net Earnings (Loss) per Share and Free Cash Flow are not recognized earnings measures and do not have standardized meanings prescribed by IFRS. Therefore, they may not be comparable to similar measures presented by other issuers. See "Non-IFRS Measures" and detailed reconciliations of IFRS Measures to Non-IFRS Measures in the Appendix of this press release.

"NFI reached several major milestones in the first quarter of 2021, including the completion of over 40 million zero-emission service miles, and the installation of more than 200 EV chargers. In addition, we launched several new electric and fuel cell-electric vehicle models, plus our first ever Level 4 automated transit bus. We delivered a solid financial quarter and began to see the benefits of market recovery with active procurements in North America up 14% since the end of 2020 and strong backlog growth in the UK and Europe. Our longer-term outlook continues to strengthen with multi-billion transportation funding programs having been announced by governments in Canada, the U.S. and the UK," said Paul Soubry, President and Chief Executive Officer, NFI.

"Our full-service mobility solutions offering includes zero-emission vehicles, charging infrastructure, telematics, and parts and service aftermarket support, which, when combined with our strengths in innovation and the ability to integrate complex technology, position us to lead the evolution to zero-emission fleets, or ***ZE***volution. NFI has the strongest customer relationships, a track record of delivery, propulsion agnostic production facilities and the industry's broadest offering of zero-emission vehicles, including the battery-electric MCI J4500 CHARGE motor coach that we launched just two days ago," Soubry added.

Segment Results

Manufacturing segment revenue for 2021 Q1 decreased by $135.9 million, or 22.8%, compared to 2020 Q1. The decrease was primarily driven by lower new vehicle deliveries, resulting from the lower production rates set in 2020 Q2 in response to the COVID-19 pandemic. The pandemic caused public customer order deferrals and private customer order delays or cancellations in 2020 that impacted 2021 Q1 production and deliveries.

2021 Q1 Manufacturing Adjusted EBITDA increased by $0.4 million, or 1.1%, compared to 2020 Q1, even with the impact of lower production volumes. The quarter was positively impacted by savings achieved under NFI Forward, including reductions in direct materials, overhead and administrative expenses of $10.9 million, the receipt of government grants of $21.8 million from the Canadian Emergency Wage Subsidy ("CEWS") and UK furlough program ("CJRS"), and continued profitable performance at the KMG part fabrication facility.

During 2021 Q1, NFI delivered 94 battery-electric and fuel cell-electric vehicles, representing 9.8% of total deliveries, to customers in the U.S., Canada, the UK and New Zealand. In addition, NFI recently announced that its battery-electric and fuel cell-electric vehicles have collectively travelled more than 40 million zero-emission miles, and that its Infrastructure Solutions™ business had reached a milestone of over 200 chargers installed.

Aftermarket segment revenue for 2021 Q1 recovered to pre-pandemic levels, as quarterly revenue of $114.9 million was relatively consistent with 2020 Q1. Lower volumes in private and public North American markets were offset by higher volumes in the Asia Pacific region and by the strong performance of the Company's Clean and Protect™ product-line. 2021 Q1 Aftermarket Adjusted EBITDA increased by $1.6 million, or 7.7%, mostly from the recovery of sales levels, combined with NFI Forward cost savings.

Net Earnings and Adjusted Net Earnings

2021 Q1 net earnings of $7.0 million was positively impacted by savings of $11.6 million generated from the NFI Forward initiative and the receipt of CEWS and CJRS government grants of $21.8 million, plus an unrealized mark-to-market gain on the Company's interest rate swap. These positive impacts were somewhat offset by one-time non-recurring restructuring charges associated with the NFI Forward initiative and COVID-19 operating costs. 2021 Q1 net earnings increased by $74.2 million from the same period in 2020, mainly due to a goodwill impairment charge of $50.8 million relating to MCI's private coach operations in 2020 Q1 and a $15.5 million mark-to-market loss (compared to a $3.5 million gain in 2021 Q1) on the Company's interest rate swap.

2021 Q1 Adjusted Net Earnings of $6.1 million, or $0.09 per share, improved by $6.6 million from 2020 Q1, primarily driven by the same factors that impacted net earnings, normalized for the impact of one-time non-recurring charges, including $1.2 million in restructuring costs related to the NFI Forward initiative and COVID-19 operating costs.

Liquidity

The Company's liquidity position, which combines cash on-hand plus available capacity under its credit facilities as at March 28, 2021, was $319.0 million, up $172.4 million from 2020 Q1. On March 1, 2021, NFI announced it had completed a bought-deal equity offering ("Offering") with a syndicate of underwriters pursuant to which NFI issued 8,446,000 common shares at a price of C$29.60 per share for gross proceeds to the Company of C$250 million. The Company immediately used the proceeds of the Offering to reduce outstanding balances under its credit facilities.

NFI believes that its existing liquidity, together with cash flows from operations, will allow it to pursue its operational and strategic goals, such as investments in NFI's zero-emission products and electric propulsion technology, investments required under the previously disclosed NFI Forward cost-reduction initiative and other potential growth opportunities, in addition to continuing to return capital to shareholders through dividends. Continuing the quarterly dividend payment reflects the confidence of the Board of Directors in the Company's business while maintaining the financial flexibility required to operate during this period of continued uncertainty due to the COVID-19 pandemic.

Outlook

Management continues to expect that NFI's end markets will continue to be impacted by COVID-19 in 2021; however, the Company expects improvement in its financial results as markets recover and the NFI Forward initiative delivers improvements to operating metrics. Recent multi-billion funding announcements by governments in NFI's core markets is encouraging for market recovery and NFI's longer-term outlook.

Management believes recent progress in COVID-19 vaccine distribution and resulting economic responses are positive for continued market recovery. NFI's end markets' recovery from COVID-19 will be dependent upon several factors, including government support, COVID-19 case rates, vaccine distribution, the length of the pandemic, mutations of the virus, travel restrictions, and economic reopening activity. These factors will differ by product line and geography. In addition, the pandemic has created global supply chain challenges, including supplier factory shutdowns, shipping and freight delays and a shortage of semiconductor chips, all of which could have an adverse impact on NFI's remaining 2021 production schedule and parts sales.

At its 2021 Investor Day, NFI unveiled its vision to drive the increased adoption of ZEBs, what the Company is calling the ***ZE***volution™. NFI projects a growing adoption of zero-emission vehicles over the next 10 to 15 years as operators in North America, the UK, Europe and Asia Pacific markets transition their fleets to zero-emission vehicles. NFI has the broadest offering of ZEBs, including battery-electric buses and coaches, hydrogen fuel cell-electric buses and electric trolleys, and the largest ZEB production capacity in North America and the UK. Management anticipates that, based on the Company's leadership position in core markets, broad product offering, historic experience and deep customer relationships, NFI is well positioned to capitalize on the long-term transition to ZEBs in both core and new markets. Based on the factors noted above and management's previously disclosed financial guidance, the Company continues to expect that 20% to 25% of NFI's 2021 production will be battery-electric and hydrogen fuel-cell buses, growing to 35% to 40% of production by 2025.

NFI continues to forge ahead with its transformative cost reduction initiative, "NFI Forward," launched in July 2020, which is expected to drive approximately $67.0 million in annual Adjusted EBITDA savings by the end of 2023 from 2019 levels, plus an additional $10.0 million in annualized Free Cash Flow generation. In 2021 Q1, NFI Forward realized Adjusted EBITDA savings of $11.6 million, and a further $0.8 million of Free Cash Flow savings. Since inception, NFI Forward has achieved $28.6 million in cumulative Adjusted EBITDA savings plus $1.8 million in additional Free Cash Flow generation. These savings appear in NFI's gross margins and Adjusted EBITDA, as a reduction to direct material costs, manufacturing overhead, and SG&A. See "Forward-Looking Statements" below.

Financial Outlook

Management reaffirms its previously provided 2021 financial guidance for revenue of $2.8 billion to $2.9 billion and Adjusted EBITDA of $220 million to $240 million. This range could represent growth in Adjusted EBITDA of over 50% on a year-over-year basis when compared to Fiscal 2020 results. The Company has provided an update on its tax guidance, which is detailed in the Company's MD&A and associated earnings presentation (both documents can be found at https://www.nfigroup.com/investor-relations/performance-reports/).

Management cautions readers that the consolidated annual results have an element of seasonality due to the nature of each unique market segment and the varied annual production and vacation schedule of each production facility. With the addition of ADL in 2019, this has become even more pronounced with the third and fourth quarters now being periods with higher delivery volumes. However, as a result of the ongoing COVID-19 pandemic, management anticipates changes to seasonality in 2021. Management expects the following revenue and Adjusted EBITDA seasonality on a year-over-year basis as compared to the same period in 2020: 2021 Q2 to be significantly higher, 2021 Q3 to be flat to slightly down, and 2021 Q4 to be higher. Management also reminds readers that, for 2021, NFI's first quarter, second and third quarters are 13-week periods, while the fourth quarter is a 14-week period for a 53-week fiscal year.

"Although the COVID-19 pandemic continues to impact our customers and NFI's operations, we are encouraged by the ongoing deployment of vaccines and a gradual resumption in travel and transit ridership," said Soubry. "Acknowledging the critical role public transit and coach operations play in driving economic activity, lowering emissions and connecting communities, governments in all of our core markets have made unprecedented financial commitments to 'Build Back Better' and drive the adoption of zero-emission vehicles. We look forward to supporting this vision by delivering the best vehicles and solutions to our customers and the end users of all our products."

Corporate Social Responsibility

As one of the world's leading independent global bus and coach manufacturers, a robust environmental, social and governance ("ESG") strategy is integral to how the Company conducts business, and is crucial in the creation of long-term and sustainable value for all NFI stakeholders. We are committed to continuing to innovate in order to deliver smarter, safer, more sustainable, and more connected public transportation. NFI's end products are a key driver to enable cities to lower emissions, decrease congestion and enable economic opportunity. NFI is committed to employees, customers and shareholders, while also being responsible to the environment and the communities in which we live and work.

NFI's 2019 Environmental Social Governance Report can be accessed on NFI's website at www.nfigroup.com. NFI's 2020 Environmental Social Governance Report will be released in May 2021.

First Quarter 2021 Results Conference Call

A conference call for analysts and interested listeners will be held on May 6, 2021 at 8:00 a.m. Eastern Time (ET). The call-in number for listeners is 800-773-2954 or 847-413-3731, passcode number 50146101. An accompanying results presentation will be available prior to the call at: https://www.nfigroup.com/investor-relations/events-presentations/

A live webcast of the call and presentation will also be available at: https://edge.media-server.com/mmc/p/v9x4xgp6

A replay of the call will be accessible from 11:00 a.m. ET on May 6, 2021 until 11:59 p.m. ET on May 5, 2022 at https://edge.media-server.com/mmc/p/v9x4xgp6. The replay will also be available on NFI's web site at: https://www.nfigroup.com/investor-relations/events-presentations/

Annual General Meeting of Shareholders

NFI's Annual General Meeting of Shareholders will also be held on Thursday, May 6, 2021 at 1:00 p.m. (EST). Due to the restrictions imposed in connection with the COVID-19 pandemic and in consideration of the health and safety of our shareholders, team members and the broader community, the meeting will be held in a virtual meeting format only. Details on how to join the meeting have been posted on NFI's website at: https://www.nfigroup.com/investor-relations/annual-general-meeting/.

About NFI Group

Leveraging 450 years of combined experience, NFI is leading the battery-electric transition 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.

NFI is a leading independent global bus manufacturer providing a comprehensive suite of mass transportation solutions in ten countries under brands: **New Flyer**® (heavy-duty transit buses), **Alexander Dennis Limited** (single and double-deck buses), **Plaxton** (motor coaches), **MCI**® (motor coaches), **ARBOC**® (low-floor cutaway and medium-duty buses), and **NFI Parts**™. NFI vehicles incorporate the widest range of drive systems available, including: clean diesel, natural gas, diesel-electric hybrid, and zero-emission electric (trolley, battery, and fuel cell). In total, NFI now supports over 105,000 buses and coaches currently in service around the world.

NFI Shares are traded on the Toronto Stock Exchange under the symbol NFI. Further information is available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, www.alexander-dennis.com, www.nfi.parts, and www.carfaircomposites.com.

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Appendix - Reconciliation Tables

Reconciliation of Net Earnings (Loss) to Adjusted EBITDA

Management believes that Adjusted EBITDA is an important measure in evaluating the historical operating performance of the Company. However, Adjusted EBITDA is not a recognized earnings measure under International Financial Reporting Standards ("IFRS") and does not have a standardized meaning prescribed by IFRS. Accordingly, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with IFRS as indicators of the Company's performance. See Non-IFRS measures for the definition of Adjusted EBITDA. The following table reconciles net earnings (loss) to Adjusted EBITDA based on the historical Financial Statements of the Company for the periods indicated.

(U.S. dollars in thousands)	**2021 Q1**	**2020 Q1**	**52-Weeks Ended March 28, 2021**	**52-Weeks Ended March 29, 2020**
Net earnings (loss)	$ 7,033	$ (67,239)	$ (83,464)	$ (25,688)
Addback[1]				
Income taxes	7,586	4,578	4,652	38,920
Interest expense[12]	10,123	37,135	56,857	92,432
Amortization	24,564	30,140	105,208	115,728
(Gain) loss on disposition of property, plant and equipment	(355)	163	(574)	137
Fair value adjustment for total return swap[5]	(438)	1,970	(2,290)	2,875
Unrealized foreign exchange loss (gain) on non-current monetary items and forward foreign exchange contracts	2,529	(43)	(6,478)	952
Costs associated with assessing strategic and corporate initiatives[2]	—	—	1,396	13,064
Past service costs and other pension costs (recovery)[7]	—	(463)	55	(2,064)
Fair value adjustment to acquired subsidiary company's inventory and deferred revenue[4]	—	—	—	31,004
Proportion of the total return swap realized[6]	447	(940)	862	(1,513)
Equity settled stock-based compensation	650	14	2,406	1,161
Recovery on currency transactions[8]	—	—	—	(4,287)
Prior year sales tax provision[9]	40	(56)	280	4,038
Extraordinary COVID-19 costs[10]	289	—	47,651	—
Impairment loss on goodwill[11]	—	50,790	—	50,790
Non-recurring restructuring costs [3]	2,372	22	29,891	387
Adjusted EBITDA[1]	$ 54,840	$ 56,071	$ 156,452	$ 317,936
Adjusted EBITDA is comprised of:				
Manufacturing	$ 35,870	$ 35,442	$ 102,392	$ 244,527
Aftermarket	22,481	20,937	68,292	77,597
Corporate	(3,511)	(308)	(14,232)	(4,188)

(1) Adjusted EBITDA is not a recognized earnings measure and does not have standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See “Definitions of Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings (Loss) and Adjusted Net Earnings (Loss) per Share” in Appendix A. Management believes that Adjusted EBITDA is a useful supplemental measure in evaluating performance of the Company.

(2) Normalized to exclude non-recurring expenses and recoveries related to the costs of assessing strategic and corporate initiatives.

(3) Normalized to exclude non-recurring restructuring costs. The 2021 Q1 costs primarily relate to severance costs and asset impairments associated with the NFI Forward restructuring initiative. The 2021 Q1 LTM costs are also related to NFI Forward and include severance costs of $22.2 million, right-of-use asset impairments of $3.6 million, inventory impairments of $1.8 million, property, plant and equipment impairments of $1.7 million and other miscellaneous costs of $0.6 million. Free Cash Flow reconciling item is net of right-of-use asset and property, plant and equipment impairments.

(4) The revaluation of ADL's inventory included an adjustment of $31.0 million in Fiscal 2019. These revaluation adjustments relate to purchase accounting as a result of the related acquisition.

(5) The fair value adjustment of the total return swap is a non-cash (gain) loss that is excluded from the definition of Adjusted EBITDA.

(6) A portion of the fair value adjustment of the total return swap is added to Adjusted EBITDA and Free Cash Flow to match the equivalent portion of the related deferred compensation expense recognized.

(7) Costs and recoveries associated with amendments to, and closures of, the Company's pension plans.

(8) Recovery of prior period banking fees related to foreign exchange transactions.

(9) Provision for sales taxes as a result of an ongoing state sales tax review.

(10) Normalized to exclude non-recurring COVID-19 related costs. COVID-19 costs in 2021 Q1 primarily relate to the purchase of personal protective equipment and plant sanitation activities. The 2021 Q1 LTM costs include asset impairments of $43.6 million and operating expenses of $4.1 million. The asset impairments were primarily attributable to pre-owned coach inventory. Management will continue to assess the costs for COVID-19 and will make an assessment of whether they are deemed in fact to be one time and non-recurring. As more information becomes available, management may change its assessment.

(11) Impairment charge with respect to MCI's goodwill.

(12) Includes fair market value adjustments to interest rate swaps. 2021 Q1 includes a gain of $7.7 million and 2020 Q1 includes a loss of $22.5 million.

Reconciliation of Net Earnings (Loss) to Adjusted Net Earnings (Loss)

Adjusted Net Earnings and Adjusted Earnings per Share are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. Accordingly, Adjusted Net Earnings and Adjusted Earnings per Share may not be comparable to similar measures presented by other issuers. Readers of this press release are cautioned that Adjusted Net Earnings and Adjusted Earnings per Share should not be construed as an alternative to net earnings, or net earnings per Share, determined in accordance with IFRS as indicators of the Company's performance. See Non-IFRS Measures for the definition of Adjusted Net Earnings and Adjusted Earnings per Share. The following tables reconcile net earnings to Adjusted Net Earnings based on the historical Financial Statements of the Company for the periods indicated.

(U.S. dollars in thousands, except per Share figures)	**2021 Q1**	**2020 Q1**	**52-Weeks Ended March 28, 2021**	**52-Weeks Ended March 29, 2020**
Net earnings (loss)	7,033	(67,239)	(83,464)	(25,690)
Adjustments, net of tax (1) (8)				
Fair value adjustments of total return swap(5)	(199)	1,359	(1,477)	1,878
Unrealized foreign exchange (gain) loss	1,151	(30)	(5,064)	640
Unrealized (gain) loss on interest rate swap	(3,491)	15,510	(6,802)	21,816
Impairment loss on goodwill(11)	—	50,790	—	50,790
Portion of the total return swap realized(6)	203	(649)	490	(975)
Costs associated with assessing strategic and corporate initiatives(2)	—	—	1,396	13,066
Fair value adjustment to acquired subsidiary company's inventory and deferred revenue(4)	—	—	—	17,943
Equity settled stock-based compensation	296	10	1,507	632
(Gain) loss on disposition of property, plant and equipment	(162)	112	(313)	99
Past service costs and other pension costs (recovery)(7)	—	(319)	37	(1,246)
Recovery on currency transactions(9)	—	—	—	(2,481)
Prior year sales tax provision (10)	18	(39)	184	2,330
COVID-19 costs (12)	131	—	32,811	—
Non-recurring restructuring costs (3)	1,079	15	20,067	226

Adjusted Net Earnings (Loss)	$ 6,059	(480)	$ (40,628)	79,028
Earnings (Loss) per Share (basic)	$ 0.11	$ (1.08)	$ (1.32)	$ (0.41)
Earnings (Loss) per Share (fully diluted)	$ 0.11	$ (1.08)	$ (1.32)	$ (0.41)
Adjusted Earnings (Loss) per Share (basic)	$ 0.09	$ (0.01)	$ (0.64)	$ 1.15
Adjusted Earnings (Loss) per Share (fully diluted)	$ 0.09	$ (0.01)	$ (0.64)	$ 1.14

1. Addback items are derived from the historical Financial Statements of the Company.
2. Normalized to exclude non-recurring expenses related to the costs of assessing strategic and corporate initiatives.
3. Normalized to exclude non-recurring restructuring costs. The 2021 Q1 costs primarily relate to severance costs and asset impairments associated with the NFI Forward restructuring initiative.
4. The revaluation of ADL's inventory included an adjustment of $31.0 million in Fiscal 2019. The after-tax value of the adjustment was $17.9 million. These revaluation adjustments relate to purchase accounting as a result of the related acquisition.
5. The fair value adjustment of the total return swap is a non-cash (gain) loss that is excluded from the definition of Adjusted Net Earnings (Loss).
6. A portion of the fair value adjustment of the total return swap is excluded from Adjusted Net Earnings (Loss) to match the equivalent portion of the related deferred compensation expense recognized.
7. Costs and recoveries associated with amendments to, and closures of, the Company's pension plans.
8. For 2021 Q1, the Company has utilized a rate of 54.5% to tax effect the adjustments. A rate of 31.0% has been used to tax effect the adjustments for all other periods.
9. Recovery of prior period banking fees related to foreign exchange transactions.
10. Provision for sales taxes as a result of an ongoing state tax review.
11. Impairment charge with respect to MCI's goodwill.
12. Normalized to exclude non-recurring COVID-19 related costs. COVID-19 costs in 2021 Q1 primarily relate to the purchase of personal protective equipment and plant sanitation activities. Management will continue to assess the costs for COVID-19 and will make an assessment of whether they are deemed in fact to be one time and non-recurring. As more information becomes available, management may change its assessment.

Appendix - Non-IFRS Measures

References to “Adjusted EBITDA” are to earnings before interest, income taxes, depreciation and amortization after adjusting for the effects of certain non-recurring and/or non-operations related items that do not reflect the current ongoing cash operations of the Company. These adjustments include gains or losses on disposal of property, plant and equipment, fair value adjustment for total return swap, unrealized foreign exchange losses or gains on non-current monetary items and forward foreign exchange contracts, costs associated with assessing strategic and corporate initiatives, past service costs and other pension costs or recovery, non-recurring 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, recovery of currency transactions, prior year sales tax provision, COVID-19 costs and impairment loss on goodwill and non-recurring restructuring costs.

“Free Cash Flow” means net cash generated by or used in operating activities adjusted for changes in non-cash working capital items, interest paid, interest expense, income taxes paid, current income tax expense, principal portion of finance lease payments, cash capital expenditures, proceeds from disposition of property, plant and equipment, costs associated with assessing strategic and corporate initiatives, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, defined benefit funding, defined benefit expense, past service costs and other pension costs or recovery, proportion of total return swap, recovery on currency transactions, prior year sales tax provision, non-recurring restructuring costs, COVID-19 costs, foreign exchange gain or loss on cash held in foreign currency.

References to "ROIC" are to net operating profit after taxes (calculated as Adjusted EBITDA less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%) divided by average invested capital for the last twelve month period (calculated as to shareholders’ equity plus long-term debt, obligations under leases, other long-term liabilities and derivative financial instrument liabilities less cash).

References to "Adjusted Net Earnings (Loss)" are to net earnings (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, prior year sales tax provision, COVID-19 costs and non-recurring restructuring costs .

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

Management believes Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Earnings per Share are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Earnings per Share are not recognized earnings measures under IFRS and do not have standardized meanings prescribed by IFRS. Readers of this press release are cautioned that ROIC, Adjusted Net Earnings and Adjusted EBITDA should not be construed as an alternative to net earnings or loss or cash flows from operating activities determined in accordance with IFRS as an indicator of NFI's performance, and Free Cash Flow should not be construed as an alternative to cash flows from operating, investing and financing activities determined in accordance with IFRS as a measure of liquidity and cash flows. A reconciliation of net earnings to Adjusted EBITDA, based on the Financial Statements, has been provided under the headings "Reconciliation of Net Earnings to Adjusted EBITDA". A reconciliation of Free Cash Flow to cash flows from operations is provided under the heading "Summary of Free Cash Flow". A reconciliation of net earnings to Adjusted Net Earnings is provided under the heading "Reconciliation of Net Earnings (Loss) to Adjusted Net Earnings (Loss)".

NFI's method of calculating Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Earnings per Share may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers. Dividends paid from Free Cash Flow are not assured, and the actual amount of dividends received by holders of Shares will depend on, among other things, the Company's financial performance, debt covenants and obligations, working capital requirements and future capital requirements, all of which are susceptible to a number of risks, as described in NFI's public filings available on SEDAR at www.sedar.com.

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; "Asia Pacific" or "APAC" refers to Hong Kong, Malaysia, Singapore, Australia, and New Zealand; and the "Other" category includes any sales that do not fall into the categories above.

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 objectives and the Company's strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic. The words "believes", "views", "anticipates", "plans", "expects", "intends", "projects", "forecasts", "estimates", "guidance", "goals", "objectives" and "targets" and similar expressions of future or conditional verbs such "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 recovery of the Company's markets and the expected benefits to be obtained through its "NFI Forward" initiative) 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 which 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 performance and objectives and the Company's strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic, 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 ongoing COVID-19 pandemic; 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 may cease to exist, which may limit the ability of shareholders to trade Shares; the market price for the Shares may be volatile; if securities or industry analysts do not publish research or reports about the Company and its business, if they adversely change their recommendations regarding the Shares or if the Company's results of operations do not meet their expectations, the Share price and trading volume could decline; in addition, if securities or industry analysts publish inaccurate or unfavorable research about the Company or its business, the Share price and trading volume of the Shares could decline; competition in the industry and entrance of new competitors; current requirements under "Buy America" regulations may change and/or become more onerous or suppliers' "Buy America" content may change; failure of the Company to comply with the U.S. Disadvantaged Business Enterprise ("DBE") program requirements or the failure to have its DBE goals approved by the U.S. Federal Transit Administration; absence of fixed term customer contracts, exercise of options and customer suspension or termination for convenience; local content bidding preferences in the United States may create a competitive disadvantage; uncertainty resulting from the exit of the UK from the European Union; requirements under Canadian content policies may change and/or become more onerous; operational risk resulting from inadequate or failed internal processes, people and/or systems or from external events, including fiduciary breaches, regulatory compliance failures, legal disputes, business disruption, pandemics, floods, technology failures, processing errors, business integration, damage to physical assets, employee safety and insurance coverage; international operations subject the Company to additional risks and costs and may cause profitability to decline; compliance with international trade regulations, tariffs and duties; dependence on limited sources or unique sources of supply; a disruption of the supply of components containing microprocessors and other computer chips could materially adversely affect the production and sale of the Company's vehicles and certain other products; dependence on supply of engines that comply with emission regulations; a disruption, termination or alteration of the supply of vehicle chassis or other critical components from third-party suppliers could materially adversely affect the sales of certain of the Company's products; the Company's profitability can be adversely affected by increases in raw material and component costs; the Company may incur material losses and costs as a result of product warranty costs, recalls and remediation of transit buses and motor coaches; production delays may result in liquidated damages under the Company's contracts with its customers; catastrophic events may lead to production curtailments or shutdowns; the Company may not be able to successfully renegotiate collective bargaining agreements when they expire and may be adversely affected by labour disruptions and shortages of labour; the Company's operations are subject to risks and hazards that may result in monetary losses and liabilities not covered by insurance or which exceed its insurance coverage; the Company may be adversely affected by rising insurance costs; the Company may not be able to maintain performance bonds or letters of credit required by its contracts or obtain performance bonds and letters of credit required for new contracts; the Company is subject to litigation in the ordinary course of business and may incur material losses and costs as a result of product liability claims; the Company may have difficulty selling pre-owned coaches and realizing expected resale values; the Company may incur costs in connection with regulations relating to axle weight restrictions and vehicle lengths; the Company may be subject to claims and liabilities under environmental, health and safety laws; dependence on management information systems and cyber security risks; the Company's ability to execute its strategy and conduct operations is dependent upon its ability to attract, train and retain qualified personnel, including its ability to retain and attract executives, senior management and key employees;

the Company may be exposed to liabilities under applicable anti-corruption laws and any determination that it violated these laws could have a material adverse effect on its business; the Company's risk management policies and procedures may not be fully effective in achieving their intended purposes; internal controls over financial reporting, no matter how well designed, have inherent limitations; there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures; ability to successfully execute strategic plans and maintain profitability; development of competitive or disruptive products, services or technology; development and testing of new products or model variants; acquisition risk; reliance on third-party manufacturers; third-party distribution/dealer agreements; availability to the Company of future financing; the Company may not be able to generate the necessary amount of cash to service its existing debt, which may require the Company to refinance its debt; the restrictive covenants in the Company's credit facilities could impact the Company's business and affect its ability to pursue its business strategies; payment of dividends is not guaranteed; a significant amount of the Company's cash is distributed, which may restrict potential growth; NFI is dependent on its subsidiaries for all cash available for distributions; future sales or the possibility of future sales of a substantial number of Shares may impact the price of the Shares and could result in dilution; if the Company is required to write down goodwill or other intangible assets, its financial condition and operating results would be negatively affected; income tax risk resulting from the Company's operations being complex and income tax interpretations, regulations and legislation that pertain to its activities are subject to continual change; investment eligibility and Canadian federal income tax risks; certain U.S. tax rules may limit the ability of New Flyer Holdings, Inc. and its U.S. subsidiaries (the "NF Group") to deduct interest expense for U.S. federal income tax purposes and may increase the NF Group's tax liability.

Factors relating to the global COVID-19 pandemic include: the magnitude and duration of the global, national and regional economic and social disruption being caused as a result of the pandemic; the impact of national, regional and local governmental laws, regulations and "shelter in place" or similar orders relating to the pandemic which may materially adversely impact the Company's ability to continue operations; partial or complete closures of one, more or all of the Company's facilities and work locations or the reduction of production rates (including due to government mandates and to protect the health and safety of the Company's employees or as a result of employees being unable to come to work due to COVID-19 infections with respect to them or their family members); production rates may be further decreased as a result of the pandemic; supply delays and shortages of parts and components, and shipping and freight delays, and disruption to labour supply as a result of the pandemic; the pandemic will likely adversely affect operations of customers and reduce and delay, for an unknown period, customers' purchases of the Company's products; the anticipated recovery of the Company's markets in the future may be delayed or increase in demand may be lower than expected as a result of the continuing effects of the pandemic; the Company's ability to obtain access to additional capital if required; 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, which may also negatively impact the ability of the Company to pay dividends. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period, obtain future satisfactory covenant relief under its credit facilities, if required, or access to additional capital or access to government financial support or as to when production operations will return to previous production rates. There is also no assurance that governments will provide continued or adequate stimulus funding during or after the pandemic for public transit agencies to purchase transit vehicles or that public or private demand for the Company's vehicles will return to pre-pandemic levels in the anticipated period of time. The Company cautions that due to the dynamic, fluid and highly unpredictable nature of the pandemic and its impact on global and local economies, businesses and individuals, it is impossible to predict the severity of the impact on the Company's business, operating performance, financial condition and ability to generate sufficient cash flow and maintain adequate liquidity and any material adverse effects could very well be rapid, unexpected and may continue for an extended and unknown period of time.

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

Factors relating to the Company's January 11, 2021 financial guidance (the "Guidance") 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, NFI's management in preparing the Guidance and the Company's ability to successfully execute the "NFI Forward" initiative 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 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.