



NFI Group Inc. Announces Bought Deal Financing for Gross Proceeds of Approximately C\$400 Million and Amendments to its Senior Credit Facilities

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Financing includes concurrent C\$150 million equity offering and C\$250 million convertible debentures offering that will strengthen NFI's balance sheet and improve financial flexibility

WINNIPEG, Manitoba, Nov. 15, 2021 (GLOBE NEWSWIRE) -- **(TSX:NFI) NFI Group Inc.** ("NFI" or the "Company"), one of the world's leading independent bus and coach manufacturers, today announced that a syndicate of investment dealers (the "Underwriters") led by BMO Capital Markets, CIBC Capital Markets, National Bank Financial and Scotiabank have agreed to purchase 6,110,000 common shares of NFI (the "Shares") at a price of C\$24.55 per share and C\$250 million aggregate principal amount of convertible senior unsecured debentures (the "Debentures") of NFI for distribution to the public by way of a "bought deal" financing (the "Offering"). The Debentures will have a coupon of 5.0% per annum, and a conversion price of C\$33.15 per Share, subject to adjustments in certain circumstances. The Debentures will mature on January 15, 2027 (the "Maturity Date"). Completion of the Offering will result in total gross proceeds to the Company of approximately C\$400 million.

The Company intends to use the net proceeds of the Offering to reduce the outstanding balance under its senior credit facilities. Reduced borrowings under its senior credit facilities, together with certain amendments to those facilities as described below, will provide NFI with greater flexibility to navigate the ongoing global supply chain disruptions, while permitting the Company to continue to pursue its operational and strategic goals, such as investments in NFI's zero-emission products and electric propulsion technology and other potential growth or business enhancement opportunities.

NFI remains confident in achieving its 2021 financial guidance. In addition, the Company continues to expect to meet its NFI Forward targets and longer term 2025 guidance. NFI expects the current supply chain challenges to continue through the first half of 2022 as previously disclosed. NFI views these global supply chain issues as a temporary phenomenon of the pandemic and its longer-term outlook for the industry and the Company remains strong, driven by the tailwinds of historic government funding for public transit, record new public bidding activity, private market recovery and our multi-year backlog.

"NFI's end markets are showing strong signs of recovery with a significant increase in bid activity, improving ridership statistics and the resumption of leisure travel. With today's signing of the transformational \$1.2 trillion United States *Infrastructure Investment and Jobs Act*, we believe that the demand for clean, safe, accessible and equitable transportation will only grow stronger," said Pipasu Soni, Chief Financial Officer, NFI. "Today's financing will help us on that path as it strengthens our balance sheet and positions us for long-term success while providing financial flexibility to navigate near-term challenges from the pandemic and temporary supply chain disruptions."

Concurrent with the bought-deal financing announced today, the Company has received commitments from its banking partners to amend its main US\$1.25 billion senior credit facility to, among other things, provide flexibility with respect to key financial covenants (total leverage ratio and interest coverage ratio) for fiscal 2022 and 2023. The terms of the amended credit facility will not restrict the payment of dividends, provided that dividend payments remain at their current level and starting in Q3 2022, NFI meets an applicable cash flow test. The amendments are subject to final documentation and will be effective only upon the concurrent completion of the Offering. The Company is continuing to discuss the same amendments with the lenders under its GBP 50 million senior credit facility, which will either be amended or repaid at the closing of the Offering.

In connection with the Offering, the Company has also granted the Underwriters an over-allotment option to purchase up to an additional 916,500 Shares at a price of C\$24.55 per Share, representing 15% of the size of the common share component of the Offering, and an over-allotment option to purchase up to an additional C\$37.5 million aggregate principal amount of Debentures, in each case to cover over-allotments and for market stabilization purposes. Both over-allotment options are exercisable in whole or in part at any time up to the 30th day following the closing of the Offering. The Shares and Debentures will be offered by the Underwriters for resale to the public in each of the provinces and territories of Canada including Quebec by way of a short form prospectus of NFI that will be filed shortly. The Shares and Debentures may also be offered by way of private placement in the United States pursuant to applicable registration exemptions.

The Offering is expected to close on or about December 2, 2021 and is subject to customary regulatory approvals, including the approval of the Toronto Stock Exchange and applicable securities regulatory authorities.

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

With respect to NFI's financial guidance for 2021 and 2025, see the Company's September 17, 2021 news release for details on the underlying assumptions and expectations and other relevant information.

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 8,000 team members in nine 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 105,000 buses and coaches 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.

For investor inquiries, please contact:

Stephen King

P: 204.224.6382

Stephen.King@nfigroup.com

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 intended use of proceeds of the Offering, the amendments to the Company’s senior credit facilities, 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 and supply chain disruptions. The words “believes”, “views”, “anticipates”, “plans”, “expects”, “intends”, “projects”, “forecasts”, “estimates”, “guidance”, “goals”, “objectives” and “targets” and similar 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, 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 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 and supply chain disruptions, 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 and supply chain disruptions; 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 or having to isolate or quarantine as a result of coming into contact with infected individuals); production rates may be further decreased as a result of the pandemic; ongoing and future 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 suppliers and 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, 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, supply chains, 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 financial guidance for 2021 and 2025 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 such 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.