NFI provides market and supply chain update with revisions to full year guidance

April 29, 2022

- *Shortages of critical microprocessor modules expected to result in lower-than-planned deliveries in the second and third quarters of 2022.*
- *Lowering financial guidance for Fiscal 2022[1] with expected Adjusted EBITDA[2] range of $15 million to $45 million primarily due to supply chain challenges.*
- *Potential for an up to $200 million temporary increase in work-in-process inventory from bus delivery delays.*
- *Current liquidity[3] of over $600 million to navigate near-term challenges.*
- *Negotiations with banking partners on credit relief continue to progress with amendments expected to be finalized in the second quarter.*
- *Strong demand environment with year-over-year order growth of 45% in 2022 Q1[4], increasing bid activity, and the release of record government funding grants for zero-emission vehicles in the United States.*

WINNIPEG, Manitoba, April 29, 2022 (GLOBE NEWSWIRE) -- **(TSX: NFI, OTC: NFYEF, TSX: NFI.DB)** NFI Group Inc. ("NFI" or the "Company"), a leading independent bus and coach manufacturer and a leader in electric mass mobility solutions, today announced an update on market conditions and supply chain disruptions resulting in revised full year guidance for Fiscal 2022. All amounts shown in this press release are in United States dollars unless otherwise indicated.

"Across NFI we continue to see strong demand for our market leading products and services, driven by record investments in public transit and the transition to zero-emission vehicles. In addition, our Aftermarket business has continued to provide a steady foundation and strong cash generation. Offsetting these positives are the continued challenges of supply chain disruption and heightened inflation impacting our manufacturing businesses. Our people are doing everything they can to address these issues by going multiple levels down into our supply chains, using alternative components, and working directly with customers on delivery schedules and pricing adjustments," said Paul Soubry, President and Chief Executive Officer, NFI.

"A vehicle can only be shipped when it is 100% complete, and we were recently notified by our supplier that we will see shortages of critical microprocessor control modules for our North American transit buses during the second and third quarters of 2022. This disruption will require that we build and hold some vehicles in inventory that will not have these control modules installed. We have been advised by our supplier that it will start shipping the affected control modules in August. Once received, the modules will be installed on the waiting vehicles for expedited delivery," said Chris Stoddart, President, North American Bus and Coach, NFI.

NFI will provide more details regarding the matters referred to in this press release in its 2022 Q1 Management's Discussion & Analysis which will be released on May 5, 2022.

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1 Fiscal 2022 refers to the period from January 3, 2022, to January 1, 2023.

2 This is a non-IFRS financial measure. See Appendix A.

3 This is a non-IFRS measure. See Appendix A. As of April 28, 2022.

4 2022 Q1 refers to the 13-week period ended April 2, 2022.

Supply Chain Disruption

Global supply chains remain disrupted, with a shortage of microprocessors being a primary driver, impacting manufacturers around the world. NFI's production rates in 2021 and year-to-date in 2022 have been significantly impacted by these macro challenges. NFI was recently notified by the Company's primary North American multiplexing control module supplier that it will be unable to provide consistent module supply in the second and third quarters of 2022 due to microprocessor shortages. The control module is a critical component for vehicle operations, and this shortage will impair NFI's production of North American transit buses. NFI is working with alternative suppliers and other microprocessor sources to address this disruption and assist in production recovery plans. The Company has seen some success from those efforts but anticipates that it will need to lower production at select facilities and build and hold a number of vehicles in inventory in the second and third quarters. This is expected to grow inventory by as much as $200 million on a temporary basis until modules can be installed and vehicles can be safely delivered to customers.

This module disruption will not impact NFI's North American aftermarket parts businesses or its international operations.

Market Demand

During the first quarter of 2022, NFI continued to see strong demand for its products and services driven by record investments in public transit in Canada, the United States, and the United Kingdom. Highlights include:

- NFI received new firm and option orders of 1,407 EUs in the quarter and had an ending total backlog of 8,908 EUs, representing 4% year-over-year growth.
- 4,919 EUs of new firm and option orders in the last twelve months ending April 2, 2022, an increase of 45% when compared to the same four quarter period ending March 28, 2021.

- North American bid universe[1] at 26,371 EUs, up 12% year-over-year, with 5,562 EUs coming from active procurements; active bids up 18% year-over-year.
- The Federal Transit Administration in the United States launched the $1.1 billion Low or No Emission competitive grant program for low and zero-emission buses for 2022, a 495% increase from the 2021 grant program.

Due to NFI's growing backlog, expected new orders, and continued strong market demand, NFI is well-positioned to achieve significantly improved financial performance in late 2022 and into 2023 as supply chain reliability and components availability are expected to improve. To ensure NFI continues to deliver for its customers and maintains the ability to recover and capitalize on this strong demand, NFI intends to maintain staffing at appropriate levels as it navigates through the near-term supply chain challenges.

Credit Facility Covenant Relief and Focus on Cash Conservation

NFI continues to advance negotiations with its banking partners and expects to obtain covenant amendments on its credit facilities. Discussions have been supportive, and detailed plans are being evaluated that would see new covenant levels appropriate for NFI's updated financial projections.

NFI's liquidity position is currently over $600 million as of April 28, 2022. The need for covenant amendments is primarily being driven by lower trailing Adjusted EBITDA combined with the Company's anticipated financial performance and debt profile making it a calculation issue, rather than a liquidity or cash consumption related challenge.

NFI estimates that its current liquidity is more than adequate to support the Company's operations as it works through the current supply chain disruption, including planned temporary heightened investments in work-in-process inventory for vehicles being built that are awaiting module installation.

Management believes that, with the anticipated covenant relief, the Company's cash position and capacity under its existing credit facilities, combined with anticipated future cash flows and 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, dividend payments and other operational needs. See "Forward-Looking Statements".

2022 Financial Guidance

Reflecting challenging year-to-date results and expected supply chain disruptions through the third quarter, combined with a lower than previously planned increase in production rates in the second half, NFI is lowering its 2022 financial guidance for revenue and Adjusted EBITDA and adjusting the expected seasonality. The adjusted guidance is as follows:

Fiscal 2022 Financial Guidance	
Revenue	$2.3 billion to $2.6 billion
ZEB (electric) as a percentage of manufacturing sales	20% to 25% (unchanged)
Adjusted EBITDA[5]	$15 million to $45 million
Cash Capital Expenditures – including NFI Forward	$25 million to $35 million (unchanged)
Seasonality	Anticipate negative Adjusted EBITDA in the first three quarters with positive Adjusted EBITDA in the fourth quarter

5. Non-IFRS financial measure. See Appendix A.

The above table outlines guidance ranges for selected Fiscal 2022 consolidated financial metrics. These ranges take into consideration management's current outlook combined with year-to-date results and are based on the assumptions set out below. The purpose of the financial guidance is to assist investors, shareholders, and others in understanding management's expectations for the Company's financial performance in Fiscal 2022. The information may not be appropriate for other purposes. Information about guidance, including the various assumptions underlying it, is forward-looking and should be read in conjunction with the section "Forward-Looking Statements" and the related disclosure and information about various assumptions, factors, and risks that may cause actual future financial and operating results to differ from management's current expectations.

The guidance provided above is driven by numerous expectations and assumptions including, but not limited to, the following:

a. **Revenue:** Anticipated year-over-year revenue growth of up to 11% to be driven by a higher volume of ZEB sales and product mix. Guidance range lowered to reflect changes to planned vehicle production rates and delivery schedules.

b. **ZEB Sales:** Expected growth in the percentage of ZEB sales is based on the Company's backlog and expected new orders driven by increased market demand for zero-emission vehicles.

c. **Adjusted EBITDA**: Adjusted EBITDA is expected to decrease year-over-year, as the Company does not expect to receive any government wage subsidies in 2022 (the Company received $56 million in government wage subsidies in Fiscal 2021). In addition, Adjusted EBITDA is expected to be depressed due to operational inefficiencies resulting from ongoing supply chain disruptions lowering production rates, with more pronounced impact in the first three quarters of 2022. In addition, there are expected to be ongoing inflationary pressures on components and raw materials, and lost time related to the ongoing global pandemic. Finally, NFI now expects that production rates will be lower than originally planned in the second half of 2022 due to ongoing supply chain disruption. Offsetting these items is an expected positive contribution of savings generated through the NFI Forward initiative, which is now generating approximately $63 million of annualized savings.

NFI's revised guidance for 2022 is subject to the risk of extended duration of the current disruptions and the risk of additional supply disruptions affecting other components. In addition, the revised guidance does not reflect potential escalated impact on supply chains or other factors arising

directly or indirectly as a result of the Russian invasion of Ukraine, or disruption from lockdowns in China and other jurisdictions. Although NFI does not have direct suppliers based in Russia or Ukraine, additional supply delays and possible shortages of critical components may arise as the conflict progresses and if certain suppliers' operations and/or subcomponent supply from affected countries are disrupted further. In addition, there may also be general industry-wide price increases for components and raw materials used in vehicle production, as well as increases in the cost of labor and potential reductions in the supply of labour. See "Forward Looking Statements".

Conference Call

A conference call for analysts and interested listeners will be held on April 29, 2022 at 9:00 a.m. Eastern Time (ET). The call-in number for listeners is 1-833-562-0121 or 1-661-567-1097, passcode number 3581201. A live webcast of the call will also be available at: https://edge.media-server.com/mmc/p/zebnxs8b

About NFI

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'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, www.nfiparts, www.alexander-dennis.com, www.arbocsv.com, and www.carfaircomposites.com.

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Appendices

Appendix A - 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-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, recovery of currency transactions, prior year sales tax provision, COVID-19 costs and impairment loss on goodwill and non-operating restructuring costs. "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. "Backlog" value is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS.

Management believes Adjusted EBITDA is a useful measure in evaluating the performance of the Company. However, Adjusted EBITDA is not a recognized earnings or cash flow measure under IFRS and does not have a standardized meaning prescribed by IFRS. Readers of this press release are cautioned that 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

NFI's method of calculating Adjusted EBITDA, Liquidity and Backlog may differ materially from the methods used by other issuers and, accordingly, Adjusted EBITDA, Liquidity and Backlog may not be comparable to similarly titled measures used by other issuers. Dividends are not assured, and the actual amount of dividends received by shareholders 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.

Appendix B - 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, supply chain disruptions, and the Company's expectation of receiving further covenant relief under its senior credit facilities. 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. In connection with obtaining the necessary covenant under the Company's senior credit facilities, it is

possible that certain other amendments could be made, including with respect to a reduction in the size of the facilities, an increase in the interest rates and other fees and additional restrictions on dividends and acquisitions. There can be no assurance that the Company will be successful in obtaining the necessary covenant relief under its senior credit facilities or that dividends will continue to be paid.

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 related supply chain, employee absenteeism and inflationary effects; the Company's business, operating results, financial condition and liquidity may be materially adversely impacted by the Russian invasion of Ukraine due to factors including but not limited to further supply chain issues and inflationary pressures 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 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. 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; 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; 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 (such as engines, components containing microprocessors or, in other cases, for example, the supply of transmissions, batteries for battery-electric buses, axles or structural steel tubing) resulting in the Company's raw materials and components not being readily available from alternative sources of supply, being available only in limited supply, a particular component may be specified by a customer, the Company's products have been engineered or designed with a component unique to one supplier or a supplier may have limited or no supply of such raw materials or components or sells such raw materials or components to the Company on less than favorable commercial terms; the Company's vehicles and certain other products contain electronics, microprocessors control modules, and other computer chips, for which there has been a surge in demand, resulting in a worldwide supply shortage of such chips in the transportation industry, and a shortage or disruption of the supply of such microchips could materially disrupt the Company's operations and its ability to deliver products to customers; 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, 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 labor disruptions and shortages of labor; 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 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; payment of dividends is not guaranteed; a significant amount of the Company's cash is distributed, which may restrict potential growth; the Company is dependent on its subsidiaries for all cash available for distributions; 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 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 labor 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 and the supply of parts and components by suppliers; 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 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, supply chain issues 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, NFI’s management in preparing the financial guidance and targets 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 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.