NFI Group Announces Amendments to its Credit Facilities

July 29, 2022

All monetary amounts in this press release are in U.S. dollars unless otherwise noted

- NFI has amended the Company's existing $1.25 billion senior revolving credit facility (the "Revolver") and its £50 million revolving UK credit facility (the "UK Facility").
- The amended facilities provide NFI with relaxed covenants through 2023 as the Company navigates supply chain disruptions, heightened inflation, and other impacts of the COVID-19 pandemic.
- NFI's liquidity position remains strong at approximately $540 million ($290 million higher than the current minimum liquidity requirement).

WINNIPEG, Manitoba, July 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 it has amended the Company's existing $1.25 billion senior revolving credit facility and its £50 million revolving UK credit facility (collectively, the "Credit Facilities").

The amendments provide covenant relief and additional flexibility to reflect NFI's trailing twelve-month financial results and its expected financial performance for the remainder of 2022 and 2023.

"We are pleased to announce amendments to our credit facilities that will allow us to move forward and capitalize upon increasing customer demand and backlog growth that are expected to drive results in 2023 and beyond," said Pipasu Soni, Chief Financial Officer, NFI. "These amendments come after detailed discussions with all of our banking partners, who provided their unanimous consent. Their support comes following detailed reviews of our long-term financial projections and the benefits we expect to realize as we move beyond current supply chain headwinds. We want to thank our partners for their strong commitment to NFI and look forward to a future of strong cash flow generation and liquidity as we execute upon our strategic plans and lead the ***ZE***volution to zero-emission mobility."

Under the terms of the amended Credit Facilities, the Company's banking partners have relaxed the Total Leverage Ratio ("TLR") and Interest Coverage Ratio ("ICR") for the remainder of 2022 and Fiscal 2023. In addition, NFI will have to meet three additional covenants: 1) minimum cumulative Adjusted EBITDA, 2) minimum liquidity, and 3) net debt to capitalization, within different time frames. Full details on the covenants and their respective timing are outlined in the table and notes below:

<u>NFI Credit Agreement Amended Covenants</u>

Quarter	TLR[1]	ICR[2]	Total Net Debt to Capitalization[3]	Minimum Cumulative Adjusted EBITDA[4]	Minimum Liquidity[5]
2022 Q2	Waived	Waived	<0.70:1.00	n/a	$300 million
2022 Q3	Waived	Waived	<0.60:1.00	n/a	$250 million
2022 Q4	<5.00x	>1.50x	n/a	>$45 million	$250 million
2023 Q1	<5.00x	>1.50x	n/a	>$80 million	$250 million
2023 Q2	<5.00x	>1.50x	n/a	>$125 million	$250 million
2023 Q3	<4.50x	>2.00x	n/a	n/a	$250 million
2023 Q4	<4.00x	>2.50x	n/a	n/a	$250 million
2024 Q1 and Thereafter	<3.75x	>3.00x	n/a	n/a	$50 million

Note: 2022 Q2 covenants were in place prior to the announced amendments

1. TLR is calculated as borrowings on the Credit Facilities, not including the Company's 5.0% convertible debentures, less unrestricted cash and cash equivalents, divided by Adjusted EBITDA, typically calculated on a trailing twelve-month basis. When the TLR is reintroduced in 2022 Q4, Adjusted EBITDA will be annualized until a full rolling four quarters of results are available (i.e., period ending 2023 Q3); a detailed schedule for the Adjusted EBITDA calculation is below:
    a. 2022 Q4 compliance Adjusted EBITDA: 2022 Q4 * 4
    b. 2023 Q1 compliance Adjusted EBITDA: (2022 Q4 + 2023 Q1) * 2
    c. 2023 Q2 compliance Adjusted EBITDA: (2022 Q4 + 2023 Q1 + 2023 Q2) * 4/3
2. ICR is calculated as borrowings on the Credit Facilities, plus the Company's 5.0% convertible debentures, less unrestricted cash and cash equivalents divided by the same trailing twelve month Adjusted EBITDA as the TLR.
3. Total Net Debt to Capitalization is calculated as borrowings on the Credit Facilities, plus the Company's 5.0% convertible debentures, less unrestricted cash and cash equivalents, divided by Shareholder's Equity as shown on the Company's

balance sheet plus the debt number used in the numerator.

4. Cumulative Adjusted EBITDA starting with 2022 Q4 results.
5. Liquidity is calculated as unrestricted cash and cash equivalents plus the aggregate amount of credit available under the Credit Facilities.

Adjusted EBITDA and Liquidity are Non-IFRS Measures. See notes on "Non-IFRS Measures" later in this press release for details.

NFI's current total liquidity is approximately $540 million ($290 million higher than the minimum liquidity covenant) and the Company continues to believe that, with the amended Credit Facilities, the Company's cash position and capacity under the 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, including the temporary build-up of work-in-process inventory from supply chain disruptions.

While NFI has demonstrated strong access to capital markets, given its existing liquidity position and amendments to the Credit Facilities, the Company does not currently have any plans to raise additional external capital.

The terms of the amended Credit Facilities will not restrict the payment of dividends, provided the Company is in compliance with the financial covenants, a cumulative Free Cash Flow test that begins in 2023 Q2, and the dividend payments remain at the current level for the remainder of the agreements (matures in August 2024). The terms of the amended Credit Facilities do not permit any acquisitions until 2024 and permit a maximum of $50 million in annual capital expenditures. Copies of the amendments to the Revolver and the UK Facility, which will include additional details regarding the covenants and other terms and conditions, will be posted on SEDAR in due course.

The Bank of Nova Scotia is the Administrative Agent for the Revolver, and The Bank of Nova Scotia, BMO Capital Markets, and National Bank Financial Inc. are the Joint Bookrunners. The Revolver syndicate also includes The Canadian Imperial Bank of Commerce; Bank of America, Canada Branch; Wells Fargo Bank, N.A., Canadian Branch; The Toronto Dominion Bank; HSBC Bank Canada; MUFG Bank Ltd., Canada Branch; Export Development Canada and ICICI Bank Canada.

For the UK Facility, HSBC UK acts as Administrative Agent and HSBC UK and the Bank of America, Canada Branch are the two co-lenders and Mandated Lead Arrangers.

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. NFI also operates the Vehicle Innovation Center ("VIC"), the first and only innovation lab of its kind dedicated to advancing bus and coach technology and providing workforce development. Since opening late 2017, the VIC has hosted over 300 interactive events, welcoming 5,000 industry professionals for electric vehicle ("EV") and infrastructure training.

With 7,500 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 trade on the Toronto Stock Exchange ("TSX") under the symbol NFI and its convertible unsecured 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.nfi.parts, www.alexander-dennis.com, www.arbocsv.com, and www.carfaircomposites.com.

Non-IFRS Measures

Adjusted EBITDA is a non-IFRS measure, which the Company uses in evaluating its performance and which is used under the terms of the Credit Facilities. Adjusted EBITDA is not a recognized earnings or cash flow measure under International Financial Reporting Standards ("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 can be found in the Company's Management's Discussion and Analysis for the first quarter of 2022. Such method of calculation may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers.

Liquidity is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS.

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 financial performance and objectives, including the Company's liquidity expectations. 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 that the Company has been experiencing, the recovery of the Company's markets and the expected benefits to be obtained through its "NFI Forward" and "NFI Forward 2.0" initiatives) and the Company's financial and operating performance and speak only as of the date of this press release. By their very nature, forward-looking statements require management to make assumptions and involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and give rise to the possibility that management's predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the assumptions may not be correct and that the Company's future growth, financial performance and objectives, liquidity position 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. There can be no assurance that dividends will continue to be paid. It is also possible that the Company's liquidity position may come under additional pressure beyond management's current expectations, which could require the Company to raise additional capital.

A number of factors may cause actual results to differ materially from the results discussed in the forward-looking statements. Readers of this press release should refer to the Company's most recent Annual Information From, Management's Discussion and Analysis for the first quarter of 2022 and the Company's press release dated May 19, 2022 for a discussion of the risk factors related to the Company's business, operating results, financial condition and liquidity, risk factors related to the global COVID-19 pandemic, risk factors related to the Company's "NFI Forward" and "NFI Forward 2.0" initiatives and risk factors related to the Company's financial guidance and targets.

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.

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