NFI completes amendments to its credit facilities

December 29, 2022

All amounts shown in this press release are in U.S. dollars unless otherwise indicated.

WINNIPEG, Manitoba, Dec. 29, 2022 (GLOBE NEWSWIRE) -- **December 29, 2022: (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 that it has completed the amendments to the Company's existing senior revolving credit facility (the "Revolver") and its revolving UK credit facility (the "UK Facility" and collectively with the Revolver, the "Facilities") referred to in the Company's news release of December 23, 2022.

Details are as follows:

- Amendments provide relief from previous key financial covenants (Total Leverage Ratio[1] ("TLR"), Minimum Adjusted EBITDA[2] and Interest Coverage Ratio[3] ("ICR")) for the fourth quarter of 2022 and the first two quarters of 2023 – the period ending June 30, 2023 (the "Waiver Period").
- During the Waiver Period, the Company is subject to a Total Net Debt to Capitalization ("TNDC") ratio, starting in January 2023, and a minimum Adjusted EBITDA[2] covenant starting in March 2023. Additional details provided below.
- Under the amendments, NFI has lowered the Revolver capacity from $1.25 billion to $1.0 billion, and the UK Facility from £50 million to £40 million. The Revolver now has a $25 million minimum liquidity requirement, which was previously $250 million.
- The Revolver matures on August 2, 2024 ("Maturity Date"), and, through the amendments, the UK Facility now matures on June 30, 2023 (was previously May 1, 2023).
- NFI and its banking syndicate partners are now focused on developing new longer-term credit arrangements, and NFI will be seeking agreements that provide appropriate capacity and covenants matched to the Company's anticipated financial performance and recovery. The Company is targeting completion of these changes prior to the end of the Waiver Period.

In addition to today's amendments, NFI also expects it will finalize agreements in January 2023 for the Government of Manitoba's proposed CAD$50 million debt facility, to support investments in working capital and general corporate purposes, and Export Development Canada's ("EDC") credit facilities of up to $150 million to support supply chain financing ($50 million) and surety and performance bonding requirements for new contracts (up to $100 million).

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[1] Total Leverage Ratio ("TLR") calculation is provided under "NFI Credit Agreement Amended Covenants."

[2] See Non-IFRS measures.

[3] Interest Coverage Ratio ("ICR") calculation is provided under "NFI Credit Agreement Amended Covenants."

NFI Credit Agreement Amended Covenants

NFI partnered with banking syndicate members to implement covenants during the Waiver Period that are based on a financial model that utilizes a conservative downside projection as compared to NFI's internal financial objectives. NFI anticipates that it will be able to comply with the covenants that are in place during the Waiver Period. Following the Waiver Period, certain waived covenants would resume as per the fifth amended credit agreement, completed on July 29, 2022, unless NFI has entered into new credit agreements. Details are provided in the table below:

Quarter and Months	Total Net Debt to Capitalization[1]	Minimum Adjusted EBITDA[2] (cumulative calculation)	Minimum Liquidity[3]	Total Leverage Ratio[4]	Interest Coverage Ratio[5]
2022 Q4	Waived	Waived	$25 million	Waived	Waived
January 2023	<0.62:1.00	n/a	$25 million	Waived	Waived
February 2023	<0.62:1.00	n/a	$25 million	Waived	Waived
March 2023	<0.62:1.00	> ($28) million	$25 million	Waived	Waived
April 2023	<0.62:1.00	> ($31) million	$25 million	Waived	Waived
May 2023	<0.62:1.00	> ($35) million	$25 million	Waived	Waived
June 2023	<0.62:1.00	> ($35) million	$25 million	Waived	Waived
2023 Q3	n/a	n/a	$25 million	<4.50x	>2.00x
2023 Q4	n/a	n/a	$25 million	<4.00x	>2.50x
2024 Q1 and Thereafter	n/a	n/a	$25 million	<3.75x	>3.00x

1) TNDC is calculated as borrowings on the Facilities, less unrestricted cash and cash equivalents, divided by Shareholder's Equity, as shown on the Company's balance sheet, plus borrowings on the Facilities. The TNDC covenant excludes the impact of any actual goodwill write-downs up to a maximum of $100 million.

2) The Minimum Adjusted EBITDA covenant is first tested at the end of March 31, 2023, but includes results from the period January 1, 2023 to March 31, 2023. The covenant continues on a cumulative basis for April, May and June 2023 with all periods starting January 1, 2023. The Minimum Adjusted EBITDA tests are based on calendar month-end dates.

3) Liquidity is calculated as unrestricted cash and cash equivalents plus the aggregate amount of credit available under the Facilities.

4) TLR is calculated as aggregate indebtedness of the Company not including the Company's 5.0% convertible debentures and certain non-financial products, less unrestricted cash and cash equivalents up to a maximum of $50 million, divided by Adjusted EBITDA, typically calculated on a trailing twelve-month basis. When the TLR is reintroduced in 2023 Q3, Adjusted EBITDA will be based on a trailing twelve-month basis.

5) ICR is calculated as the same trailing twelve month Adjusted EBITDA as the TLR divided by trailing twelve-month interest expense on the Facilities, the Company's 5.0% convertible debentures and other interest and bank charges.

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

In addition to the revised covenants, during the Waiver Period NFI is also required to comply with certain other reporting requirements and a borrowing base calculation, is not permitted to pay any dividends or complete any acquisitions, and capital expenditures cannot exceed $50 million per annum.

Copies of the amendments to the Revolver, 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.

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 (the "Shares") trade on the Toronto Stock Exchange ("TSX") under the symbol NFI and its convertible unsecured debentures (the "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.

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Non-IFRS Measures

References to "Adjusted EBITDA" are to earnings before interest, income taxes, depreciation and amortization after adjusting for the effects of certain non-recurring and/or non-operations related items and expenses incurred outside the normal course of operations that do not reflect the current ongoing cash operations of the Company. These adjustments include gains or losses on disposal of property, plant and equipment, fair value adjustment for total return swap, unrealized foreign exchange losses or gains on non-current monetary items and forward foreign exchange contracts, costs associated with assessing strategic and corporate initiatives, past service costs and other pension costs or recovery, non-operating costs or recoveries related to business acquisition, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, proportion of the total return swap realized, equity settled stock-based compensation, expenses incurred outside the normal course of operations, recovery of currency transactions, prior year sales tax provision, COVID-19 costs and impairment loss on goodwill and non-operating restructuring costs.

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 standardized meanings 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, 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. The Company defines liquidity as cash on-hand plus available capacity under its credit facilities.

Forward-Looking Statements

This press release contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities laws, which reflect the expectations of management regarding the Company's future growth, financial performance, and liquidity and objectives and the Company's strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic, supply chain disruptions and plans to address them, and regarding future amendments to the Company's 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 and operational challenges, production improvement, the recovery of the Company’s markets and the expected benefits to be obtained through its “NFI Forward” initiative) the availability of financing 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 Company's plans and expectations relating to the duration, impact of and recovery from the COVID-19 pandemic, supply chain disruptions and inflationary pressures, will not occur or be achieved. There can be no assurance that NFI will be able to satisfy the conditions subsequent required for the amendments to the Facilities, including without limitation entry to the facilities with EDC and the Government of Manitoba, or that the Company will be successful in obtaining future amendments to its credit facilities or that any other financing may be available. There can also be no assurance that NFI will be able to comply with covenants under its credit facilities.

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 challenges, 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 disruptions and inflationary pressures; 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 and other amendments under its credit facilities in the future, 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.

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.