NFI Announces Comprehensive Refinancing Plan that includes Credit Approved, Amended Three-Year Senior Credit Facilities, a $150 million Equity Issuance, and a $200 to $250 million Second Lien Debt Financing

May 10, 2023

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

WINNIPEG, Manitoba, May 10, 2023 (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 that it is working to complete a comprehensive refinancing plan to improve financial flexibility, strengthen its balance sheet and best position the Company to capitalize on the historic demand for its products and expected financial recovery.

Under the proposed plan, NFI will amend its existing senior secured credit facilities, extend its senior unsecured debt facilities with the Government of Manitoba and Export Development Canada ("EDC"), and raise additional funds through the sale of new common shares and a second lien debt financing.

Amendments to the Company's Credit Facilities

NFI has received confirmation of credit approval from its banking partners for proposed amendments to the Company's existing North American senior secured credit facility (the "North American Facility") and its senior secured UK credit facility (the "UK Facility", and collectively with the North American Facility, the "Secured Facilities").

Details of the proposed amendments to the Secured Facilities include the following:

- The $1.0 billion revolving North American Facility will convert to a $400 million first lien term loan and a $361 million first lien revolving credit facility (total combined borrowing capacity of $761 million) and the maturity date will be extended from August 2, 2024 to April 30, 2026.
- The £40 million revolving UK Facility will convert to a £16 million term loan and a £15 million revolving credit facility (total combined borrowing capacity of £31 million), and the maturity date will be extended from June 30, 2023 to April 30, 2026.
- The first lien security interest granted to the lenders under the Secured Facilities will cover all present and future assets of NFI and its subsidiaries (including mortgages on select owned manufacturing facilities).
- New financial covenants (outlined below) will be in place during the term of the Secured Facilities providing NFI with significant flexibility as the Company continues with its expected financial recovery.
- The amendments to the Secured Facilities are subject to negotiation of binding documentation and several precedent conditions, including the planned equity sale and second lien debt financing described below. It is possible that certain details relating to the Secured Facilities described herein could change as the documentation relating to those facilities are finalized.

The Government of Manitoba and EDC have also both confirmed their intention to extend the maturity of their respective CAD $50 million and $50 million senior unsecured debt facilities to April 30, 2026. EDC has also made available a $100 million guarantee facility to support NFI's surety and performance bonding requirements for new vehicle contracts.

As all of the financing transactions are mutually conditional, NFI expects to close all components of the plan at the same time and is targeting completion prior to June 25, 2023. The Company will provide additional details and file the material documents on SEDAR once finalized. However, there can be no assurance that the financing transactions will be completed on the expected terms or at all. On June 25, 2023, the Company's current financial covenant waivers under the Secured Facilities expire and the UK Facility matures. Therefore, if the financing transactions are not completed on or before such date, the Company will need to obtain further extensions, which cannot be assured.

Equity Issuance and Second Lien Debt Financing

With a proposed decrease in the total borrowing capacity under the amended Secured Facilities and to support additional liquidity requirements, NFI plans to raise proceeds of $150 million of equity capital through the sale of new common stock and to raise total gross proceeds of between $200 and $250 million from a second lien debt financing. The second lien debt financing is expected to be on customary market terms for an issuer in these circumstances, which will be finalized during the marketing process.

NFI has held detailed discussions with several parties who have expressed significant interest in participating in the equity sale and second lien debt financing. BMO Capital Markets is acting as the Company's financial advisor related to these matters. NFI expects to announce additional details on the planned equity and second lien debt financing in the near-term.

"The announcement of today's refinancing plan is a critical step towards providing NFI with financial flexibility, improved liquidity, and long-term visibility, as we continue to execute on our operational and financial recovery. The planned equity and second lien debt financing are expected to lower our overall debt balances and significantly improve liquidity," said Pipasu Soni, Chief Financial Officer, NFI. "Our business is benefiting from record backlog and demand for our products and services, and we are looking forward to completing these financing transactions so we can place our full attention on delivering the growth in revenue, gross margins, Free Cash Flow and ROIC that we expect from achieving our targets, including $400 million of Adjusted EBITDA by 2025."

Anticipated Financial Covenants Under the Amendments

NFI partnered with banking syndicate members under the Secured Facilities to develop revised financial covenants (including a waiver of leverage tests through to 2024 Q3) under the proposed amendments that are based on financial projections that utilize a conservative downside as compared to NFI's internal financial objectives. Based on its expected financial performance, NFI is confident that it will be able to comply with the new proposed covenants and that there is significant space between covenant levels and expected results. 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]	Senior Secured Net Leverage Ratio[4]	Total Net Leverage Ratio[5] (TLR)	Interest Coverage Ratio[6] (ICR)
March to August 2023	Waived	Waived	$50 million	Waived	Waived	Waived
September 2023	<0.65:1.00	> ($13) million	$50 million	Waived	Waived	Waived
October 2023	<0.65:1.00	> ($11) million	$50 million	Waived	Waived	Waived
November 2023	<0.65:1.00	> ($4) million	$50 million	Waived	Waived	Waived
December 2023	<0.65:1.00	> $3 million	$50 million	Waived	Waived	Waived
January 2024	<0.65:1.00	> $14 million	$50 million	Waived	Waived	Waived
February 2024	<0.65:1.00	> $25 million	$50 million	Waived	Waived	Waived
March 2024	<0.65:1.00	> $47 million	$50 million	Waived	Waived	Waived
2024 Q2	<0.65:1.00	> $105 million	$50 million	Waived	Waived	Waived
2024 Q3	n/a	n/a	$50 million	<= 4.50x	<= 6.00x	>= 1.25x
2024 Q4	n/a	n/a	$50 million	<= 3.50x	<= 4.75x	>= 1.50x
2025 Q1	n/a	n/a	$50 million	<= 3.50x	<= 4.75x	>= 1.75x
2025 Q2	n/a	n/a	$50 million	<= 3.25x	<= 4.25x	>= 2.00x
2025 Q3	n/a	n/a	$50 million	<= 3.25x	<= 4.25x	>= 2.25x
2025 Q4 and thereafter	n/a	n/a	$50 million	<= 3.00x	<= 3.75x	>= 2.50x

1) Total Net Debt to Capitalization ("TNDC") is calculated as borrowings on the Secured Facilities, less unrestricted cash and cash equivalents, divided by shareholders' equity, as shown on the Company's balance sheet, plus borrowings on the Secured 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 with the month ending September 30, 2023, but includes results from the period May 1, 2023 to September 30, 2023. The covenant continues on a cumulative basis until April 30, 2024, at which point it becomes a last twelve months test for the second quarter of 2024. The Minimum Adjusted EBITDA tests are based on calendar month-end dates from September 2023 to March 2024.
3) Liquidity is calculated as unrestricted cash and cash equivalents plus the aggregate amount of credit available under the Secured Facilities.
4) Senior Secured Net Leverage will include the Secured Facilities and is calculated as indebtedness on those facilities, less unrestricted cash and cash equivalents up to a maximum of $50 million, divided by Adjusted EBITDA (calculated on a trailing twelve-month basis). When reintroduced in 2023 Q3, Adjusted EBITDA will be based on a trailing twelve-month basis.
5) Total Leverage Ratio is calculated as aggregate indebtedness of the Company not including the Company's 5.0% convertible debentures and certain non-financial products, but including any senior unsecured or second lien indebtedness, less unrestricted cash and cash equivalents up to a maximum of $50 million, divided by Adjusted EBITDA, (calculated on a trailing twelve-month basis). When the TLR is reintroduced in 2024 Q3, Adjusted EBITDA will be based on a trailing twelve-month basis.
6) ICR is calculated as the same trailing twelve month Adjusted EBITDA as the Total Leverage Ratio divided by trailing twelve-month interest expense on the Secured Facilities, the Company's 5.0% convertible debentures, any senior unsecured or second lien indebtedness and other interest and bank charges.

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

The Bank of Nova Scotia is the Administrative Agent for the North American Facility, and The Bank of Nova Scotia, BMO Capital Markets, and National Bank Financial Inc. are the Joint Bookrunners. The North American Facility 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; Export Development Canada and ICICI Bank Canada. ATB Financial is expected to join the North American Facility syndicate in replacement of MUFG Bank Ltd., Canada Branch, upon execution of the amended agreements and have also confirmed their credit approval.

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 7,700 team members in ten 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 100,000 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 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.nfi.parts, www.alexander-dennis.com, www.arbocsv.com, and www.carfaircomposites.com.

For media inquiries, please contact:
Melanie McCreath
P: 204.224.6496
Melanie.McCreath@nfigroup.com

For inquiries, please contact:
Stephen King
P: 204.224.6382
Stephen.King@nfigroup.com

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.

"Free Cash Flow" means net cash generated by or used in operating activities adjusted for changes in non-cash working capital items, interest paid, interest expense, income taxes paid, current income tax expense, repayment of obligation under lease, cash capital expenditures, acquisition of intangible assets, proceeds from disposition of property, plant and equipment, costs associated with assessing strategic and corporate initiatives, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, defined benefit funding, defined benefit expense, past service costs and other pension costs or recovery, expenses incurred outside the normal course of operations, proportion of total return swap, unrecoverable insurance costs, prior year sales tax provision, non-operating restructuring costs, extraordinary COVID-19 costs, foreign exchange gain or loss on cash held in foreign currency.

"ROIC" is not a recognized measure under IFRS and its components do not have standardized meanings prescribed by IFRS. The Company defines ROIC as net operating profit after taxes divided by average invested capital for the last 12-month period.

Management believes Adjusted EBITDA, Free Cash Flow and ROIC are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA, Free Cash Flow and ROIC are not recognized earnings or cash flow measures under IFRS and do 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, and Free Cash Flow should not be construed as an alternative to cash flows from operating, investing and financing activities determined in accordance with IFRS as a measure of liquidity and cash flows. NFI's method of calculating Adjusted EBITDA, Free Cash Flow and ROIC 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 North American Facility.

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 the Company's expectation of obtaining long-term credit arrangements and sufficient liquidity, including through the financing transactions described in this press release. 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, labour supply shortages, the recovery of the Company's markets and the expected benefits to be obtained through its "NFI Forward" 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 condition, ability to generate sufficient cash flow and maintain adequate liquidity, complete the financing transactions, and the Company's strategic initiatives, objectives, 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, operational challenges, labour supply shortages and inflationary pressures, 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 related supply chain and operational challenges, inflationary effects and labour supply challenges; the Company's business, operating results, financial condition and liquidity may be materially adversely impacted by the ongoing Russian invasion of Ukraine due to factors including but not limited to further supply chain disruptions, inflationary pressures and tariffs on certain raw materials and components; 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 security holders 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. FTA; 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, or creating challenges where 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 electrical components, 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, failure to comply with motor vehicle manufacturing regulations and standards and the 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 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 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; in December 2022, the Board made the decision to suspend the payment of dividends given credit agreement constraints and to support the Company's focus on improving its liquidity and financial position and the resumption of dividends is not assured or guaranteed; a significant amount of the Company's cash may be 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 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 or shortage of 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 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. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period, obtain long-term credit arrangements, 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 financial guidance and targets and its "NFI Forward" initiatives are described in its most recently filed annual information form and management's discussion and analysis, which are available under the Company's profile on SEDAR.

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.