



NFI Announces \$150 Million Private Placement of Common Shares with Coliseum Capital Management

May 11, 2023

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

WINNIPEG, Manitoba, May 11, 2023 (GLOBE NEWSWIRE) -- (**TSX: NFI, OTC: NFEYF, 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, as part of its previously-announced comprehensive refinancing plan, the Company has entered into an investment agreement (the "**Investment Agreement**") with Coliseum Capital Management, LLC, as manager of certain funds and accounts (collectively, "**Coliseum**"), current holder of 12.4% of NFI's issued and outstanding common shares (the "**Shares**"). Under the terms of the Investment Agreement, Coliseum has agreed to subscribe for and purchase from the Company an aggregate of 24,363,702 Shares, on a private placement basis, at a subscription price of \$6.1567 (approximately C\$8.25¹) per Share (the "**Subscription Price**"), for aggregate gross proceeds to NFI of \$150,000,000 (approximately C\$201,000,000) (the "**Private Placement**").

NFI intends to use the proceeds from the Private Placement to repay outstanding indebtedness under NFI's existing credit facilities and for working capital and general corporate purposes.

Pursuant to the Investment Agreement, Coliseum is permitted to nominate a member to the board of directors of NFI (the "**Board**") for so long as Coliseum owns, controls or directs at least 10% of the outstanding Shares. Adam Gray, managing partner and co-founder of Coliseum, has served on the Board since March 2012, and was re-elected to the Board at the Company's most recent shareholder meeting held on May 4, 2023.

Paul Soubry, President and Chief Executive Officer, NFI, said, "Coliseum has been a longstanding supporter of NFI, and we are thrilled that the firm has reinforced its commitment to our financial recovery. This additional investment by Coliseum, which builds upon our established long-term partnership, will help us to execute our refinancing, solidify our leadership position, and further capitalize upon the unprecedented demand for our products. Adam has been a valuable resource to the Board and management team for more than a decade; we are confident his continued contributions will serve the Company well as we seek to maximize value for all NFI stakeholders."

Mr. Gray commented, "We are pleased to support the Company as the cornerstone investor in its recapitalization, providing NFI with the runway and flexibility required to allow Paul and his management team to focus fully upon advancing NFI's mission and leadership position. As governments around the world make record investments into public transit to achieve emission reduction targets, NFI is well-positioned to leverage its deep transport experience, unparalleled service, technology innovation and customized manufacturing, to achieve financial outperformance."

The Investment Agreement entitles Coliseum to pre-emptive rights to purchase additional securities in certain circumstances to maintain its proportionate interest in the Company. Coliseum has also agreed to certain disposition and standstill restrictions, including a requirement to hold the Shares it acquires through the Private Placement for a period of at least one year and a restriction on acquisitions of additional NFI securities (other than under its pre-emptive right) until the later of May 31, 2024, or nine months after Coliseum no longer has a representative on the Board. Coliseum will also be entitled to customary registration rights (which would permit Coliseum to sell its shares in a broad distribution to investors) pursuant to a registration rights agreement to be entered into between the parties on closing of the Private Placement.

In addition, pursuant to the terms of the Investment Agreement, NFI, in its sole discretion, may choose to complete an issuance of Shares (or subscription receipts each convertible into one Share) to investors other than Coliseum, at a price per security at least equal to the Subscription Price and for gross proceeds to NFI of no more than \$75,000,000 (an "**Alternative Offering**"), prior to or concurrently with closing of the Private Placement. In the event of an Alternative Offering, the number of Shares to be purchased by Coliseum will be reduced by an amount equal to the gross proceeds received by NFI from such Alternative Offering (subject to a maximum reduction of \$50,000,000).

Following completion of the Private Placement, Coliseum will hold 33,901,102 Shares (or 25,779,868 Shares if \$50,000,000 of gross proceeds are raised from an Alternative Offering at the Subscription Price), representing approximately 33.39% (or 25.39% if \$50,000,000 of gross proceeds are raised from an Alternative Offering at the Subscription Price) of NFI's issued and outstanding Shares, on a post-closing basis.

Mr. Soubry concluded, "While the past three years have been challenged by the COVID-19 pandemic, associated supply chain disruption, and heightened inflation impacts, we believe that the future is extremely bright at NFI. The revised credit arrangements and this infusion of capital will solidify our position as we work to deliver upon our record backlog and achieve our near-term guidance and longer-term outlook."

Closing of the Private Placement is subject to customary conditions precedent and applicable regulatory approvals, including (i) receipt of the requisite approvals by the holders of Shares under applicable securities laws and the policies of the Toronto Stock Exchange ("**TSX**"), and (ii) receipt of requisite regulatory approvals, including under the *Competition Act* (Canada) and the *United States Hart-Scott-Rodino Antitrust Improvements Act of 1976*. Furthermore, completion of the Private Placement is conditional upon the concurrent completion of the previously announced amendments to NFI's existing credit facilities. If, among other things, NFI shareholders do not approve the Private Placement, Coliseum will be entitled to a break fee of 1% of the maximum aggregate Subscription Price per month until termination and be entitled, subject to applicable regulatory restrictions, to acquire a certain number of Shares at the Subscription Price and participate at a level up to 50% in future equity offerings (at the applicable offering price) until May 31, 2024.

The Private Placement is expected to close on or prior to June 30, 2023.

The Company intends to seek the requisite shareholder approval for the Private Placement at a special meeting of shareholders expected to be held in

June 2023. A management information circular containing details of the Private Placement and voting instructions for shareholders will be mailed to shareholders as soon as practicable. This information will also be available on NFI's website and filed on SEDAR at www.sedar.com.

Board Recommendation

The negotiation of the Private Placement was supervised by and with the active involvement of the Board (excluding Adam Gray), with the assistance of NFI's legal and financial advisors. The Private Placement resulted from a process involving discussions with, and receipt of proposals from, multiple potential investors. Following the evaluation of alternatives available to the Company and extensive negotiations, the Board (excluding Adam Gray) unanimously determined that the Private Placement is in the best interests of NFI and recommends that the shareholders of the Company, other than Coliseum, its affiliates, and other interested parties (the "**Minority Shareholders**"), vote in favour of the Private Placement at the special meeting of shareholders to be held to approve the Private Placement.

Regulatory Matters

Coliseum, through the funds and accounts that it manages, owns, controls or directs greater than 10% of the outstanding Shares. As such, the Private Placement constitutes a "related party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and is subject to approval by the Minority Shareholders in accordance with MI 61-101. NFI, however, is relying on the exemption from the formal valuation requirement of MI 61-101 contained in section 5.5(c) of MI 61-101 in respect of the Private Placement as the Shares to be issued are being distributed for cash consideration, neither the Company nor Coliseum have knowledge of any material undisclosed information concerning the Company, and the circular to be prepared for shareholders in connection with the special meeting to approve the Private Placement will include the requisite disclosure contemplated by section 5.5(c) of MI 61-101.

Further details will be included in a material change report to be filed by the Company. Such material change report has not been filed 21 days before the entering into of the Investment Agreement as the terms thereof were not finalized and approved by all parties until immediately prior to the entering into of such agreement.

Additional Information

A copy of the Investment Agreement will be filed on the Company's profile on SEDAR at www.sedar.com. The above description of the terms and conditions of the Investment Agreement is qualified in its entirety by the full text of the Investment Agreement. The management information circular will also be filed on the Company's profile on SEDAR at www.sedar.com.

BMO Capital Markets is acting as financial advisor and private placement agent, Torys LLP is acting as legal counsel to NFI and Norton Rose Fulbright Canada LLP is acting as legal counsel to Coliseum in connection with the Private Placement.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Adjustment to May 10, 2023 Press Release

NFI's press release dated May 10, 2023, announcing NFI's comprehensive refinancing plan, had an error within the covenant table under the "Anticipated Financial Covenants Under the Amendments" heading. Under the columns with Senior Secured Net Leverage Ratio and Total Net Leverage Ratio, the covenant should have read <= (less than or equal to) instead of the reported >= (greater than or equal to).

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 Shares trade on the 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.

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 Private Placement and the intended use of proceeds thereof, 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. 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, and complete the financing transactions in accordance with the Company's previously announced refinancing plan (including the Private Placement), 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. There can be no assurance that the Private Placement or the other financing transactions would be completed.

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.

¹ USD/CAD exchange rate of \$1.34 utilized for share price and estimated gross proceeds calculations.