NFI provides update on its comprehensive refinancing plan, including the finalization of indicative terms for a $200 million second lien financing, and announces preliminary second quarter 2023 results

July 25, 2023

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

WINNIPEG, Manitoba, July 25, 2023 (GLOBE NEWSWIRE) -- **(TSX: NFI, OTC: NFYEF, TSX: NFI.DB, TSX: NFI.R)** NFI Group Inc. ("NFI" or the "Company"), a leading independent bus and coach manufacturer and a leader in electric mass mobility solutions, today provided an update on the expected timing to complete its previously announced comprehensive refinancing plan (the "Refinancing Plan"), announced that it has finalized indicative terms for a $200 million second lien debt financing ("Second Lien Debt"), and provided preliminary second quarter 2023 financial results, with full financial results to be released on August 16, 2023.

Refinancing Plan Update

The Company expects to concurrently close all elements of the Refinancing Plan prior to August 31, 2023 (previously August 2, 2023). Additional time is required to document and complete the Second Lien Debt and finalize all closing procedures of the mutually conditional transactions included within the Refinancing Plan.

To support the updated timing, NFI has requested, among other things, an extension of the date for the completion of the required amendments and the financial covenant waivers under the Company's existing North American senior secured credit facility (the "North American Facility") and its UK senior secured credit facility (the "UK Facility", and collectively with the North American Facility, the "Secured Facilities") to August 31, 2023. NFI anticipates that it will receive the requested relief prior to July 31, 2023.

To date, under the Refinancing Plan NFI has:

- received confirmation of credit approval from its banking partners for proposed amendments to the Secured Facilities with revised maturity dates extending to April 30, 2026;
- secured $225 million of equity commitments through a combination of a private placement transaction (the "Private Placement"), which was approved by shareholders on June 27, 2023, and for which regulatory approvals have been received, and a bought deal public offering of subscription receipts to be exchanged for common shares of NFI ("Shares") on completion of the Refinancing Plan;
- received confirmation of intention to extend the maturity of Manitoba Development Corporation's and Export Development Canada's senior unsecured debt facilities to April 30, 2026, with both facilities extensions subject to final approvals and documentation; and
- finalized indicative terms for a planned $200 million Second Lien Debt financing.

As all the financing transactions described above are mutually conditional, the Company expects to close all elements of the Refinancing Plan at the same time prior to August 31, 2023.

Second Lien Debt

The indicative terms for the Second Lien Debt include an annual coupon at the higher end of the previously disclosed expected range of 12% to 15%, payable semi-annually, with a maturity of 5 years.

The Second Lien Debt financing is expected to be completed with a group of investors and expected to be closed concurrently with the other components of the Refinancing Plan, prior to August 31, 2023.

The Second Lien Debt will be senior secured second lien obligations of NFI and its material subsidiaries, which will rank behind the Secured Facilities and all other first lien secured indebtedness of NFI and such subsidiaries, rank ahead of any subordinated obligations of NFI and its subsidiaries, and, by virtue of being secured, rank ahead of any unsecured obligations.

The Second Lien Debt financing is subject to negotiation of binding documentation. It is possible that the terms relating to the Second Lien Debt financing described herein could change as the documentation is finalized.

Preliminary Second Quarter 2023 Results

To provide the necessary time to finalize its financial results, NFI has changed the planned release of its second quarter 2023 results from August 2, 2023, to August 16, 2023.

For the second quarter of 2023, NFI expects that the financial results will reflect the following:

- Revenue of $640 million to $660 million

- Adjusted EBITDA[1] of $10 million to $12 million
- Net loss of $48 million to $52 million, representing a net loss of $0.62 to $0.67 per Share and expected Adjusted Net Loss per Share[1] of $0.45 to $0.50
- An ending backlog[1] of over 9,800 EUs with an expected value of more than $6.6 billion

The expected year-over-year revenue and Adjusted EBITDA growth are primarily driven by higher vehicle deliveries and aftermarket volumes.

While NFI finalizes its Refinancing Plan, which is expected to significantly improve NFI's liquidity position, the Company remains focused on cash management and liquidity. The Company is executing on efforts to reduce inventory and accelerate customer payments, including the pursuit of advance payments and deposits from customers, wherever possible, and exploring other potential opportunities to generate cash flows.

At the end of the second quarter, NFI had elevated bus and coach inventory levels as certain vehicles were impacted by supply related disruption, and there were some delivery delays associated with select battery-electric vehicles. In addition, accounts receivable balances were temporarily elevated stemming from quarterly deliveries and buses going through customer acceptance programs. NFI expects significant cash inflows during the third quarter as these temporary working capital balances are converted to cash.

Based on the strength of its firm and option backlog, growing order book, first quarter results and expected second quarter results, plus a planned increase in production rates during the second half of 2023, NFI reaffirms its full year 2023 financial guidance, including an expected $30 million to $60 million of Adjusted EBITDA[1]. Please see the Company's March 1, 2023, press release and the 2022 Management's Discussion and Analysis for details on the assumptions that drive 2023 financial guidance, as well as certain applicable risks. Management's expectations regarding 2023 financial guidance are also subject to the risks and other factors referred to in "Forward-Looking Statements".

The Company cautions that the figures presented above are preliminary, unaudited and subject to change as management completes its quarter-end financial procedures. NFI will release its second quarter 2023 financial results on Wednesday, August 16, 2023, prior to market open. A conference call for analysts and interested listeners will be held on August 16, 2023, from 8:30 a.m. Eastern Time (ET) until approximately 9:30 a.m. ET. An accompanying results presentation will be available prior to market open on August 16, 2023, at www.nfigroup.com.

For attendees who wish to join by webcast, registration is not required; the event can be accessed at https://edge.media-server.com/mmc/p/f6cpc95g. NFI encourages attendees to join via webcast as the results presentation will be presented and users can also submit questions to management through the platform.

Attendees who wish to join by phone must visit the following link and pre-register: https://register.vevent.com/register/BI0dc92246abb54d698c630515cc951b12. An email will be sent to the user's registered email address, which will provide the call-in details. Due to the possibility of emails being held up in spam filters, we highly recommend that attendees wishing to join via phone register ahead of time to ensure receipt of their access details.

A replay of the call will be accessible from about 12:00 p.m. ET on August 16, 2023, until 11:59 p.m. ET on August 16, 2024, at https://edge.media-server.com/mmc/p/f6cpc95g. The replay will also be available on NFI's website at: www.nfigroup.com.

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 Toronto Stock Exchange ("TSX") under the symbol NFI, its convertible unsecured debentures trade on the TSX under the symbol NFI.DB and its subscription receipts trade on the TSX under the symbol NFI.R. 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 investor inquiries, please contact:
Stephen King
P: 204-792-1300
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.

References to "Adjusted Net Loss" are to net earnings (loss) after adjusting for the after tax effects of certain non-recurring and/or non-operational related items that do not reflect the current ongoing cash operations of the Company including: fair value adjustments of total return swap, unrealized foreign exchange loss or gain, unrealized gain or loss on the interest rate swap, impairment loss on goodwill, portion of the total return swap realized, costs associated with assessing strategic and corporate initiatives, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, equity settled stock-based compensation, gain or loss on disposal of property, plant and equipment, past service costs and other pension costs or recovery, recovery on currency transactions, expenses incurred outside the normal course of operations prior year sales tax provision, COVID-19 costs and non-operating restructuring costs.

References to "Adjusted Net Loss per Share" are to Adjusted Net Loss divided by the average number of Shares outstanding. Management believes Adjusted EBITDA and Adjusted Net Loss per Share, are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA and Adjusted Net Loss per Share are not recognized earnings or cash flow measure under IFRS and do not have standardized meanings prescribed by IFRS. Readers of this press release are cautioned that Adjusted EBITDA and Adjusted Net Loss per Share 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 and Adjusted Net Loss per Share may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers.

"Backlog" 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 Second Lien Debt transaction, the use of proceed thereof, the receipt of the requested relief under the Secured Facilities, the Company's financial results for Q2 2023, the completion of the Company's Refinancing Plan, 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" and "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, 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 requested relief under the Secured Facilities will be obtained or that the transactions comprising the Refinancing Plan will be completed on the terms disclosed or otherwise.

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 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] Adjusted EBITDA and Adjusted Net Loss per Share are non-IFRS measures, and Backlog is a supplementary financial measure. Such measures are not defined terms under IFRS and do not have standardized meanings, so they may not be a reliable way to compare NFI to other companies. See "Non-IFRS Measures."