NFI Completing Comprehensive Refinancing Plan

August 25, 2023

Gross Proceeds of $444 Million Positions NFI to Capitalize on Operational Recovery, Record Backlog and Market Demand

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

WINNIPEG, Manitoba, Aug. 25, 2023 (GLOBE NEWSWIRE) -- **(TSX: NFI, OTC: NFYEF, TSX: NFI.DB, NFI.R)** NFI Group Inc. ("NFI" or the "Company"), a leading independent bus and coach manufacturer and a leader in electric mass mobility solutions, announced that it is in the process of completing all elements of its previously announced comprehensive refinancing plan (the "Refinancing Plan") to raise total gross proceeds of approximately $444 million, with completion of closing expected later today.

Under the Refinancing Plan, NFI is:

- completing amendments, including financial covenant waivers, to the Company's existing North American senior secured credit facility (the "North American Facility") and UK senior secured credit facility (the "UK Facility", and together with the North American Facility, the "Secured Facilities");
- completing a $251.2 million[1] permanent repayment to the Secured Facilities and extending their maturities to April 30, 2026;
- completing equity financings for total gross proceeds of approximately $263.6 million[2] through a combination of two private placements and a bought deal public offering of subscription receipts, which are being exchanged for common shares of NFI ("Shares");
- completing a $180.4 million[1] second lien debt financing (the "Second Lien Financing"); and
- extending the maturity of Manitoba Development Corporation's and Export Development Canada's ("EDC") senior unsecured debt facilities to April 30, 2026; and effecting a $25.0 million permanent repayment of the EDC facility, which was viewed as a temporary financing to support working capital.

"The completion of this Refinancing Plan positions NFI to capitalize on our record $6.7 billion backlog and current unprecedented market demand, while remaining laser focused on operational execution," said Paul Soubry, President and CEO of NFI. "Through this plan, we are improving our liquidity, strengthening our balance sheet, increasing our financial flexibility, and establishing a covenant profile matched to our projected financial trajectory to the benefit of all NFI stakeholders."

The parties to the transactions of the Refinancing Plan have commenced the closing process, with funding expected to be initiated and received shortly. NFI intends to issue a further news release later today to confirm completion of funding and closing of the Refinancing Plan.

Equity Financings

In connection with the Refinancing Plan, the Company is completing:

- the previously announced private placement of an aggregate of 21,656,624 Shares to certain funds and accounts managed by Coliseum Capital Management, LLC (collectively, "Coliseum") at a price per Share equal to $6.1567, for aggregate gross proceeds to NFI of approximately $133.3 million (the "Coliseum Private Placement").
- the previously announced private placement of an aggregate of 5,000,000 Shares to certain funds managed and/or advised by a leading global asset manager at a price per Share equal to C$10.10, for aggregate gross proceeds to NFI of C$50.5 million (approximately $37.3 million[1]) (together with the Coliseum Private Placement, the "Private Placements").
- the previously announced bought deal public offering of 15,102,950 subscription receipts (the "Subscription Receipts") at a price of C$8.25 per Subscription Receipt, for aggregate gross proceeds to NFI of approximately C$125.9 million (approximately $92.9 million[1]) (the "Subscription Receipt Offering"), inclusive of interest earned in escrow. Each outstanding Subscription Receipt will be exchanged, for no additional consideration or action on the part of the holder, for one Share, resulting in the issuance of 15,102,950 Shares (the "Subscription Receipt Conversion" and, together with the Private Placements, the "Equity Financings"). The net proceeds from the Subscription Receipt Offering, will be released from escrow to NFI in accordance with their terms.

The Equity Financings will result in the issuance by NFI of a total of 41,759,574 new Shares for aggregate gross proceeds to NFI of approximately $263.6 million. Following completion of the Equity Financings, Coliseum will become NFI's largest shareholder, with a total ownership interest of approximately 26.2%.

NFI expects that the Subscription Receipts will be halted from trading and delisted from the Toronto Stock Exchange ("TSX") after the close of markets today and that the Shares issued in exchange for the Subscription Receipts will immediately commence trading on the TSX.

Second Lien Financing

As part of the Refinancing Plan, NFI worked with its financial advisor, BMO Capital Markets ("BMO") to execute a broad investor solicitation process for a second lien financing and held detailed discussions with multiple interested investors.

NFI's board of directors (the "Board") and its advisors received and thoughtfully reviewed several financing proposals. In its review the Board evaluated each proposal's financial terms, prepayment flexibility, and the ability to consummate a transaction with certainty and in a timely manner. Following this review process, the Board unanimously approved a $180.4 million Second Lien Financing with Coliseum.

Mr. Adam Gray, managing partner and co-founder of Coliseum, who also serves as a director on the Board, recused himself from all matters related to the Refinancing Plan starting in late February 2023, and was absent from all Board meetings where the Refinancing Plan was discussed, including the review of proposed equity and debt financing solutions.

Terms of the completed $180.4 million Second Lien Financing include the following:

- a five-year term and a 97% original issue discount ("OID"), generating net proceeds of $175.0 million, before fees and commissions;
- annual coupon of 14.5%, payable semi-annually; and
- non-callable for the first 12 months, callable at 106% of face value for months 13 to 24, callable at 103% of face value for months 25 to 36 and callable at par from 36 months onwards.

The Second Lien Financing is a senior secured second lien obligation 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.

"This significant investment builds upon our longstanding commitment to NFI and underscores the tremendous upside potential we see in the Company's future," commented Mr. Adam Gray. "The Refinancing Plan provides NFI with the runway and flexibility required to capitalize on the strong market tailwinds in public transportation and the transition to zero-emission mobility, while allowing management to remain focused on operational excellence, innovation, customized manufacturing, and unparalleled customer service. We are excited to support Paul and the entire NFI team as they continue to execute on a strategic plan that we are confident will maximize value for all NFI shareholders."

"On behalf of the Board, I would like to express gratitude to the Company's banking partners, debt holders, shareholders, employees, customers, and suppliers for their support throughout this process," said Wendy Kei, Chair of NFI's Board. "The Board, following detailed reviews and consultation with our financial and legal advisors, feels that the Refinancing Plan offers the best solutions for NFI and demonstrates the strong support of its shareholders. With the completion of the plan, we will focus on advancing the progress displayed with our second quarter results, furthering our business' long-term sustainability objectives, and driving profitable financial growth."

Improvements to Liquidity and Changes to Secured Facilities

Through the Refinancing Plan, NFI will add approximately $136.8 million[1] of additional liquidity as outlined in the table below:

Sources and Uses – Liquidity	($'000)
Total gross proceeds from Equity Financings and Second Lien Financing	$443,965
Estimated commissions and fees	$(31,000)
Secured Facilities repayment	$(251,200)
EDC facility (used to support working capital) repayment	$(25,000)
Total Additional Liquidity[3]	**$136,765**

3. Liquidity is a non-IFRS measure. See "Non-IFRS Measures".

Through the Refinancing Plan, the following changes to the profile and capacity of the Secured Facilities are being effected:

- The $1.0 billion revolving North American Facility is converting to a $400 million first lien term loan and a $361 million first lien revolving credit facility (total combined borrowing capacity of $761 million).
- The £40 million revolving UK Facility is converting to a £16.0 million term loan and a £14.4 million revolving credit facility (total combined borrowing capacity of £30.4 million).

First Lien capacity change following completion of the Refinancing Plan ***(USD $'000)***	**Pre-Transaction**	**Change**	**Post-Transaction**
North America Facility			
Revolving credit facility	$1,000,000	$(639,000)	$361,000
First lien term loan		$400,000	$400,000
UK Facility			
Revolving credit facility[4]	$50,796	$(32,668)	$18,128

First lien term loan[4]		$20,418	$20,418
Total capacity	**$1,050,796**	**$(251,251)**	**$799,545**
Minimum liquidity	$(25,000)		$(50,000)
Total capacity after minimum liquidity	**$1,025,796**		**$749,545**

4. GBP/USD pre-transaction rate of 1.2699 utilized and Refinancing Plan utilized a rate of 1.2761

The updated monthly and quarterly covenants under the Secured Facilities will be as follows:

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)**
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 and any senior unsecured or second lien indebtedness, less unrestricted cash and cash equivalents up to a maximum of $50 million, 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 trailing-twelve month 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 and Liquidity are Non-IFRS Measures. See “Non-IFRS Measures”.

BMO acted as NFI’s lead financial advisor in respect of the Refinancing Plan and agent on the Coliseum Private Placement and Torys LLP was NFI’s legal advisor.

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; ATB Financial and ICICI Bank Canada.

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

MI 61-101 Matters

The Second Lien Financing constitutes a “related party transaction” for purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) as Coliseum, through the funds and accounts that it manages, owns, controls or directs, greater than 10% of the outstanding Shares. The Second Lien Financing was reviewed and unanimously approved by the Board (excluding Adam Gray). The Second Lien Financing, which is not convertible into securities of NFI, is exempt from the minority approval requirements under section 5.7(1)(f) of MI 61-101 because the Second Lien Financing is on reasonable commercial terms that are not less advantageous to NFI than alternative second lien financings that may have been available at the time that terms were agreed with Coliseum. Furthermore, a formal valuation is not required under MI 61-101 as the Second Lien Financing is not the type of related party transaction that requires a formal valuation.

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 Second Lien Financing as the terms thereof were only recently finalized and approved by all parties.

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 unsecured 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.

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Appendix: Pro-forma metrics

Pro-forma calculations for NFI's second quarter 2023 balance sheet and earnings per Share measures, reflecting impacts of the Refinancing Plan, are provided below. After completion of the Refinancing Plan NFI will have 118,949,728 Shares outstanding as of August 25, 2023:

Refinancing Plan impacts ($'000,000, other than per Share amounts)			
	2023 Q2[1]	**Refinancing Plan Impact**	**Pro-Forma 2023 Q2**
Cash and Equivalents[6]	$57.5	$ -	$57.5
North American Credit[5 6]	$885.0	($369.2)	$515.9
UK Credit[5 6]	$50.8	($18.9)	$31.9
Senior Secured Indebtedness[5 6]	**$935.8**	**($388.0)**	**$547.8**
Second Lien	$ -	$180.4	$180.4
Total Secured Indebtedness	**$935.8**	**($207.6)**	**$728.2**
Senior Unsecured Indebtedness			
Convertible Debentures	$232.4	$ -	$232.4
Manitoba Senior unsecured	$37.8	$ -	$37.8
EDC Senior unsecured	$50.0	($25.0)	$25.0
Total Indebtedness	**$1,256.0**	**($232.6)**	**$1,023.4**
Total Equity	**$495.1**	**$263.6**	**$758.7**
Estimated commissions and fees related to Equity Financing[7]	$ -	($13.1)	($13.1)
Estimated commissions and fees related to indebtedness[7]	$ -	($17.9)	($17.9)
Total Capitalization (net of fees)[7]	**$1,751.1**	**$ -**	**$1,751.1**
Shares outstanding	77.2	41.8	118.9
Net loss per Share[8]	($0.62)	$0.22	($0.40)

Adjusted Net Loss per Share[8]	($0.46)	$0.16	($0.30)

[5] Balances as at Q2 2023 are presented at face value. Totals may not add due to rounding.

[6] Assumes all remaining cash proceeds used to temporarily pay down Revolving Credit Facilities.

[7] Fee split between Secured Facilities, Second Lien Financing and Equity Financings to be finalized and updated with third quarter 2023 financial results.

[8] Calculated as of 2023 Q2 utilizing a net loss of $48.1 million and Adjusted Net Loss of $35.2 million with a Shares outstanding figure of 77,176,763 as of July 2, 2023. Pro-forma calculations based on the same net loss and Adjusted Net Loss figures with an updated Shares outstanding figure of 118,949,728.

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 Earnings (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 Earnings (Loss) per Share” are to Adjusted Net Earnings (Loss) divided by the average number of Shares outstanding. References to “Adjusted Earnings (Loss) per Share” on a pro forma basis are to Adjusted Net Earnings (Loss) divided by the number of Shares outstanding on a post-closing basis.

Management believes Adjusted EBITDA, Adjusted Net Earnings (Loss) and Adjusted Net Earnings (Loss) per Share are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA, Adjusted Net Earnings (Loss) and Adjusted Earnings (Loss) per Share 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 Net Earnings (Loss) and Adjusted EBITDA should not be construed as an alternative to net earnings or loss or cash flows from operating activities determined in accordance with IFRS as an indicator of NFI’s performance.

NFI's method of calculating Adjusted EBITDA, Adjusted Net Earnings (Loss) and Adjusted Earnings (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. Dividends paid from Free Cash Flow are not assured, and the actual amount of dividends received by holders of Shares will depend on, among other things, the Company's financial performance, debt covenants and obligations, working capital requirements and future capital requirements, all of which are susceptible to a number of risks, as described in NFI’s public filings available on SEDAR+ at www.sedarplus.ca.

"Liquidity" is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. The Company defines liquidity as cash on-hand plus available capacity under its credit facilities.

Please see "Non-IFRS and Other Financial Measures" in the Company’s most recent Management’s Discussion and Analysis, which is available on the Company’s profile on SEDAR+ at www.sedarplus.ca, for further details on certain non-IFRS measures, including the relevant reconciliation of Adjusted Net Earnings (Loss) per Share to its most directly comparable IFRS measure, which information is incorporated by reference herein.

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 completion of the 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. 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, the expectations with respect to the completion of the Refinancing Plan may not be correct, that the Company’s future growth, financial condition, ability to generate sufficient cash flow and maintain adequate liquidity 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 that may be necessary for the Company's operations; 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, 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 dividend 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 the income and other tax interpretations, legislation and regulations pertaining to the Company's activities being subject to continual change. While the completion of the Refinancing Plan will significantly improve Company's liquidity, a number of liquidity risks will remain, including with respect to the timing of customer and supplier payments, the pace of the reduction of work-in-progress and the ramping up of production.

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 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 "NFI Forward" initiatives include: the Company's ability to successfully execute the initiative and to generate the planned savings in the expected time frame or at all; management may have overestimated the amount of savings and production efficiencies that can be generated or may have underestimated the amount of costs to be expended; the implementation of the initiative may take longer than planned to achieve the expected savings; further restructuring and cost-cutting may be required in order to achieve the objectives of the initiative; the estimated amount of savings generated under the initiative may not be sufficient to achieve the planned benefits; combining business units and/or reducing the number of production or parts facilities may not achieve the efficiencies anticipated; and the impact of the continuing global COVID-19 pandemic, supply chain challenges and inflationary pressures. There can be no assurance that the Company will be able to achieve the anticipated financial and operational benefits, cost savings or other benefits of the initiative.

Factors relating to the Company's financial guidance and targets include, in addition to the factors set out above, the degree to which actual future events accord with, or vary from, the expectations of, and assumptions used by, the Company's management in preparing the financial guidance and targets and the Company's ability to successfully execute the "NFI Forward" initiatives and to generate the planned savings in the expected time frame or at all.

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.

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[1] GBP/USD rate of 1.2761 (closing rate on August 22, 2023) utilized for all GBP transactions.

[2] CAD/USD rate of 1.3543 (closing rate on August 22, 2023) utilized for all CAD transactions.