



NFI Group Inc. Announces Bought Deal Financing for Gross Proceeds of Approximately C\$250 Million

February 3, 2021

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Equity offering will strengthen NFI's balance sheet, reduce leverage, improve liquidity, and position the company to capitalize on operational enhancements and growth opportunities

Winnipeg, Manitoba, CANADA – February 3, 2021: (TSX:NFI) NFI Group Inc. ("NFI" or the "Company"), one of the world's leading independent bus and coach manufacturers, today announced that it has entered into an agreement with a syndicate of underwriters (the "Underwriters") led by Scotiabank, BMO Capital Markets and CIBC Capital Markets, pursuant to which the Company will issue from treasury, and the Underwriters will purchase on a bought deal basis, 8,446,000 common shares (the "Shares") at a price of C\$29.60 per Share for gross proceeds to the Company of approximately C\$250 million (the "Offering").

The Company has also granted to the Underwriters an over-allotment option to purchase up to an additional 1,266,900 Shares at a price of C\$29.60 per Share, representing 15% of the size of the Offering. The over-allotment option may be exercised until 30 days following the closing of the Offering. The Shares will be offered by way of a short form prospectus in each of the provinces and territories of Canada. The Shares may also be offered by way of private placement in the United States pursuant to applicable registration exemptions.

The Company intends to use the net proceeds of the Offering to reduce the outstanding balance under its revolving senior credit facility. This is expected to strengthen NFI's balance sheet, reduce leverage and interest expense and significantly increase liquidity. NFI believes that this will provide the Company with additional financial flexibility to pursue its operational and strategic goals, such as investments in NFI's zero-emission products and electric propulsion technology, investments required under the previously disclosed NFI Forward cost-reduction initiative and other potential growth opportunities.

The Company also announced that it expects Adjusted EBITDA^[1] for the fiscal year ending December 27, 2020 to be near the high end of its previously announced guidance of US\$145 million to US\$155 million. The Company cautions that this indication is preliminary, unaudited and subject to change as management completes its year-end financial procedures. NFI plans to announce its fourth quarter and 2020 year-end results on March 4, 2021 prior to market open.

"NFI is on a strong path to recovery that is expected to deliver growth and profitability as we lead the transition to a cleaner, more efficient zero-emission future. While the COVID-19 pandemic has had a dramatic impact on NFI's customers and our business, we saw a strong finish to 2020 and anticipate Adjusted EBITDA will be in-line with our expectations," said Paul Soubry, President and CEO. "Today's financing will help strengthen our balance sheet and provide us with flexibility to capitalize on opportunities, both internal and external, to best position NFI for the future."

The Offering is expected to close on or about March 1, 2021 and is subject to customary regulatory approvals, including the approval of the Toronto Stock Exchange and applicable securities regulatory authorities.

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

In addition, to Scotiabank, BMO Capital Markets and CIBC Capital Markets the underwriting syndicate also includes National Bank Financial, TD Securities, Bank of America, ATB Financial, Laurentian Securities and Stifel GMP.

About NFI

NFI is a leading independent global bus manufacturer providing a comprehensive suite of mass transportation solutions in ten countries under brands: New Flyer® (heavy-duty transit buses), Alexander Dennis Limited (single and double-deck buses), Plaxton (motor coaches), MCI® (motor coaches), ARBOC® (low-floor cutaway and medium-duty buses), and NFI Parts™. NFI vehicles incorporate the widest range of drive systems available including: clean diesel, natural gas, diesel-electric hybrid, and zero-emission electric (trolley, battery, and fuel cell). In total, NFI now supports over 105,000 buses and coaches currently in service around the world.

Leveraging 450 years of combined experience, NFI is leading the battery-electric transition 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.

NFI common shares are traded on the Toronto Stock Exchange under the symbol NFI. Further information is available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, www.arbocsv.com, www.nfi.parts, and www.alexander-dennis.com.

For further information, please contact:

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Non-IFRS Measures

References to "Adjusted EBITDA" are to earnings before interest, income taxes, depreciation and amortization after adjusting for the effects of certain non-recurring and/or non-operations related items that do not reflect the current ongoing cash operations of the Company as described in the Company's disclosure documents available on SEDAR at www.sedar.com.

Management believes Adjusted EBITDA is a useful measure in evaluating the performance of the Company. However, Adjusted EBITDA is not a recognized earnings measure under IFRS and does not have a standardized meaning prescribed by IFRS. Readers of this press release are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings or loss or cash flows from operating activities determined in accordance with IFRS as an indicator of NFI's performance. Historical reconciliation of net earnings to Adjusted EBITDA has been provided in the Company's disclosure documents available on SEDAR at www.sedar.com. NFI's method of calculating Adjusted EBITDA may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers.

Forward-Looking Statements

Certain statements in this press release are "forward-looking statements", which reflect the expectations of management regarding the intended use of proceeds of the Offering, Company's future growth, financial performance and results of operations and the Company's strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic. The words "believes", "views", "anticipates", "plans", "expects", "intends", "projects", "forecasts", "estimates", "guidance" and "targets", "may", "will" and similar expressions are intended to identify forward looking statements. These forward-looking statements reflect management's current expectations regarding future events (including the recovery of the Company's markets and the expected benefits to be obtained through its "NFI Forward" initiative) and the Company's financial and operating performance and speak only as of the date of this press release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will 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 may not be able to achieve its targets for sales growth, 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 could have an adverse effect on the 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 Company's common shares (the "Common Shares") may cease to exist, which may limit the ability of shareholders to trade Common Shares; the market price for the Common Shares 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 Common Shares or if the Company's results of operations do not meet their expectations, the Common 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 Common Share price and trading volume of the Common Shares could decline; competition in the industry and entrance of new competitors; current requirements under "Buy America" regulations may change and/or become more onerous or suppliers' "Buy America" content may change; failure of the Company to comply with the U.S. Disadvantaged Business Enterprise ("DBE") program requirements or the failure to have its DBE goals approved by the U.S. Federal Transit Administration; absence of fixed term customer contracts, exercise of options and customer suspension or termination for convenience; local content bidding preferences in the United States may create a competitive disadvantage; uncertainty resulting from the exit of the UK from the European Union; requirements under Canadian content policies may change and/or become more onerous; 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; dependence on limited sources or unique sources of supply; dependence on supply of engines that comply with emission regulations; a disruption, termination or alteration of the supply of vehicle chassis or other critical components from third-party suppliers could materially adversely affect the sales of certain of the Company's products; the Company's profitability can be adversely affected by increases in raw material and component costs; the Company may incur material losses and costs as a result of product warranty costs, recalls and remediation of transit buses and motor coaches; production delays may result in liquidated damages under the Company's contracts with its customers; catastrophic events 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 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 restrictive covenants in the credit facilities could impact the Company's business and affect its ability to pursue its business strategies; payment of dividends is not guaranteed; a significant amount of the Company's cash is distributed, which may restrict potential growth; the Company is dependent on its subsidiaries for all

cash available for distributions; future sales or the possibility of future sales of a substantial number of Common Shares may impact the price of the Common Shares and could result in dilution; if the Company is required to write down goodwill or other intangible assets, its financial condition and operating results would be negatively affected; income tax risk due to the Company's operations being complex and income tax interpretations, regulations and legislation that pertain to its activities are subject to continual change; investment eligibility and Canadian federal income tax risks; certain U.S. tax rules may limit the ability of NF Holdings and its U.S. subsidiaries (the "NF Group") to deduct interest expense for U.S. federal income tax purposes and may increase the NF Group's tax liability and certain financing transactions could be characterized as "hybrid transactions" for U.S. tax purposes, which could increase the NF Group's tax liability.

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); production rates may be further decreased as a result of the pandemic; supply delays and shortages of parts and components and disruption to labour supply as a result of the pandemic; the pandemic will likely adversely affect operations of customers and reduce and delay, for an unknown period, customers' purchases of the Company's products; the anticipated recovery of the Company's markets in the future may be delayed or increase in demand may be lower than expected as a result of the continuing effects of the pandemic; the Company's ability to obtain access to additional capital if required; and the Company's financial performance and condition, obligations, cash flow and liquidity and its ability to maintain compliance with the covenants under its credit facilities, which may also negatively impact the ability of the Company to pay dividends. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period, obtain future satisfactory covenant relief under its credit facilities, if required, 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, 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" initiative 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. 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.

The Company cautions that the foregoing factors are not exhaustive of all potential risks. These factors and other risks and uncertainties are discussed in the Company's press releases, Annual Information Form and materials filed with the Canadian securities regulatory authorities which are available on SEDAR at www.sedar.com. Due to the potential impact of these and other factors, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

[1] *Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by IFRS. Therefore, it may not be comparable to similar measures presented by other issuers. See "Non-IFRS Measures" at the end of this press release.*