NFI Announces C$88 Million Bought Deal Public Offering of Subscription Receipts and Provides Update to Comprehensive Refinancing Plan

May 30, 2023

NFI also provides Supplemental Information relating to its Special Meeting of Shareholders

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WINNIPEG, Manitoba, May 30, 2023 (GLOBE NEWSWIRE) -- **(TSX: NFI, OTC: NFYEF, TSX: NFI.DB)** NFI Group Inc. ("**NFI**" or the " **Company**"), a leading independent bus and coach manufacturer and a leader in electric mass mobility solutions, today announced an update to its previously announced comprehensive refinancing plan (the "**Refinancing Plan**"), as NFI has entered into an agreement with a syndicate of underwriters co-led by BMO Capital Markets, CIBC Capital Markets, National Bank Financial and Scotiabank (the "**Joint Bookrunners**" and collectively with the syndicate, the "**Underwriters**"), pursuant to which the Company will issue, on a "bought deal" basis, 10,709,000 subscription receipts (the "**Subscription Receipts**") at a price of C$8.25 (approximately US$6.07) per Subscription Receipt (the " **Offering Price**"), for gross proceeds of approximately C$88 million (approximately US$65 million) (the "**Offering**").

The Company has also granted the Underwriters an over-allotment option to purchase up to an additional 1,606,350 Subscription Receipts, representing 15% of the size of the Offering, on the same terms as the Offering, exercisable in whole or in part at any time on or prior to June 27, 2023 (the "**Over-Allotment Option**"), to cover over-allotments, if any.

The Company intends to use the net proceeds of the Offering (together with the net proceeds of the Private Placement (as defined below)) to repay outstanding indebtedness under NFI's existing credit facilities and for working capital and general corporate purposes, once the proceeds from the Offering are released from escrow.

Each Subscription Receipt represents the right of the holder to receive, without payment of additional consideration, one common share of NFI (each, a "**Share**") upon satisfaction of certain escrow release conditions, including that the other elements of the Refinancing Plan close concurrently.

"Since the announcement of our comprehensive refinancing plan, we've received significant interest from new and existing shareholders regarding participation in an equity or second lien financing. This bought deal will allow us to capitalize on this interest and, when combined with the private placement with Coliseum, will increase our total equity proceeds to $200 million. Coliseum has expressed their support and have agreed to amend the terms of our private placement to reflect this offering," said Pipasu Soni, Chief Financial Officer, NFI. "We've also advanced the proposed second lien debt financing, which is expected to generate $200 million in total proceeds, through numerous positive conversations with potential partners. The expected combined proceeds of $400 million will lower our total debt balances, improve liquidity and strengthen our financial position as we look to drive volume, revenue and Adjusted EBITDA recovery in 2023 and beyond. Today's announcements also support our expectation that we will complete our full refinancing plan by June 30."

The Subscription Receipts will be offered in each of the provinces and territories of Canada (other than Quebec) by way of a prospectus supplement to the Company's short form base shelf prospectus dated February 27, 2023, and by way of private placement in the United States to "qualified institutional buyers" pursuant to Rule 144A under the United States Securities Act of 1933, as amended, and such other jurisdictions as may be agreed to by the Company on a private placement basis.

Closing of the Offering is expected to occur on or about June 6, 2023. The Offering is subject to customary regulatory approvals, including the approval of the Toronto Stock Exchange.

Amendment to Investment Agreement

As previously announced on May 11, 2023, as part of the Refinancing Plan, the Company entered into an investment agreement (the "**Investment Agreement**") with Coliseum Capital Management, LLC (" **CCM**"), Coliseum Capital Partners, L.P. (" **CCP**") and Blackwell Partners LLC – Series A ("**Blackwell**"), a fund and an account managed by CCM, respectively (CCP and Blackwell, collectively, the " **Investors**"), pursuant to which the Investors have agreed to purchase from the Company an aggregate of 24,363,702 Shares at a subscription price of US$6.1567 (approximately C$8.25) per Share (the "**Subscription Price**"), for aggregate gross proceeds to NFI of approximately US$150 million (approximately C$201 million) (the "**Private Placement**").

In conjunction with the Offering, the Company, CCM and the Investors have entered into an amendment to the Investment Agreement, pursuant to which the parties have agreed that the aggregate Subscription Price for the Shares to be purchased by the Investors in the Private Placement (and the corresponding number of Common Shares to be purchased) shall be reduced to the extent the gross proceeds received by NFI from the Offering (including, for greater certainty, any exercise of the Over-Allotment Option) exceeds US$50 million, subject to a maximum reduction of US$25 million.

The total gross proceeds to NFI from the Private Placement and the Offering are expected to be US$200 million as follows:

- if the Over-Allotment Option is not exercised, US$135 million from the Private Placement and US$65 million from the Offering; or
- if the Over-Allotment Option is exercised in full, US$125 million from the Private Placement and US$75 million from the Offering.

The following table sets forth Coliseum's Share ownership prior to and following completion of the Private Placement and the Offering, with or without the exercise of the Over-Allotment Option:

Name	Current Ownership Interest	Ownership Interest following Completion of the Private Placement and the Offering (No Over-Allotment Exercise)	Ownership Interest following Completion of the Private Placement and the Offering (Over-Allotment Exercised in Full)
CCP	7,447,624	24,989,490	23,690,092
Blackwell	2,089,776[(1)]	6,476,242	6,150,393
Coliseum Total	**9,537,400**	**31,464,732**	**29,840,485**
Total Issued and Outstanding Shares	77,176,763	109,813,095	109,795,198
Coliseum Ownership %	**12.4%[(2)]**	**28.7%[(3)]**	**27.2%[(3)]**

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Notes:
(1) As of May 25, 2023, Blackwell also beneficially owned 954,601 Shares that are not managed by CCM.
(2) Based on 77,176,763 Shares outstanding as of May 26, 2023.
(3) On a post-closing basis taking into account the number of Shares issued in the Private Placement and the Offering.

The above information supplements the disclosure contained in the Information Circular (as defined below). See "Special Meeting of Shareholders" below.

Amendments to the Company's Credit Facilities

Under the Refinancing Plan, NFI will amend its existing senior secured credit facilities and extend its senior unsecured debt facilities with the Manitoba Development Corporation ("**MDC**") and Export Development Canada ("**EDC**"). As previously announced on May 10, 2023, the Company has received confirmation of credit approval from its banking partners for proposed amendments to its North American and UK senior secured credit facilities and MDC and EDC have confirmed their intention to extend the maturity of their respective senior unsecured debt facilities to April 30, 2026. The Company continues to work with these parties to finalize the documentation relating to such facilities.

Second Lien Debt Financing

As previously announced, in furtherance of the Refinancing Plan, the Company plans to raise gross proceeds of approximately US$200 million from a second lien debt financing (the "**Second Lien Debt Financing**"). The total expected proceeds from the Second Lien Debt Financing were originally expected to be in a range of US$200 million to US$250 million, but have been updated to US$200 million to reflect the expected increased proceeds from the Offering and the Private Placement. NFI is in discussions with a number of potential investors who have expressed interest in participating in such financing. The Second Lien Debt Financing is expected to be on customary market terms, with an anticipated coupon in the range of 12% to 15% and an anticipated maturity of 3.5 to 5 years.

Closing of Refinancing Plan Transactions

NFI expects to close all of the components of the Refinancing Plan, which includes the amendments to the Company's credit facilities, the Private Placement and the Second Lien Debt Financing, concurrently and, in any event, prior to the end of June 2023. At the time of such closing, all Subscription Receipts issued in the Offering will be automatically exchanged for Shares and the proceeds from the Offering will be released from escrow to NFI.

Special Meeting of Shareholders

As previously disclosed, the Company will host a special meeting of its shareholders (the "**Meeting**") on Tuesday, June 27, 2023 at 9:00 a.m. (Central time) in a virtual-only meeting format, by way of a live audio-only webcast. The purpose of the Meeting is to consider and, if deemed advisable, to approve the Private Placement. The record date for determining the shareholders entitled to vote at the Meeting has been set as the close of business on May 23, 2023. The notice of meeting, form of proxy and management information circular (the "**Information Circular**") have been filed and are available under the Company's SEDAR profile at www.sedar.com. These materials are also in the process of being mailed to NFI's shareholders.

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.

About NFI

Leveraging 450 years of combined experience, NFI is leading the electrification of mass mobility around the world. With zero-emission buses and coaches, infrastructure, and technology, NFI meets today's urban demands for scalable smart mobility solutions. Together, NFI is enabling more livable cities through connected, clean, and sustainable transportation.

With 7,700 team members in ten countries, NFI is a leading global bus manufacturer of mass mobility solutions under the brands New Flyer® (heavy-duty transit buses), MCI® (motor coaches), Alexander Dennis Limited (single and double-deck buses), Plaxton (motor coaches), ARBOC® (low-floor cutaway and medium-duty buses), and NFI Parts™. NFI currently offers the widest range of sustainable drive systems available, including zero-emission electric (trolley, battery, and fuel cell), natural gas, electric hybrid, and clean diesel. In total, NFI supports its installed base of over 100,000 buses and coaches around the world. NFI's Shares trade on the TSX under the symbol NFI and its convertible debentures ("**Debentures**") trade on the TSX under the symbol NFI.DB. News and information is available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, www.nfi.parts, www.alexander-dennis.com, www.arbocsv.com, and www.carfaircomposites.com.

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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 Offering and the Private Placement and the intended use of proceeds thereof, the anticipated terms of the Second Lien Debt Financing, other matters relating to 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, 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 Offering, the Private Placement, the Second Lien Debt Financing or the other transactions comprising the Refinancing Plan would be completed.

A number of factors that may cause actual results to differ materially from the results discussed in the forward-looking statements include: the Company’s business, operating results, financial condition and liquidity may be materially adversely impacted by the ongoing COVID-19 pandemic and related supply chain and operational challenges, inflationary effects and labour supply challenges; the Company’s business, operating results, financial condition and liquidity may be materially adversely impacted by the ongoing Russian invasion of Ukraine due to factors including but not limited to further supply chain disruptions, inflationary pressures and tariffs on certain raw materials and components; funding may not continue to be available to the Company’s customers at current levels or at all; the Company’s business is affected by economic factors and adverse developments in economic conditions which could have an adverse effect on the demand for the Company's products and the results of its operations; currency fluctuations could adversely affect the Company's financial results or competitive position; interest rates could change substantially, materially impacting the Company’s revenue and profitability; an active, liquid trading market for the Shares and/or the Debentures may cease to exist, which may limit the ability of security holders to trade Shares and/or Debentures; the market price for the Shares and/or the Debentures may be volatile; if securities or industry analysts do not publish research or reports about the Company and its business, if they adversely change their recommendations regarding the Shares or if the Company’s results of operations do not meet their expectations, the Share price and trading volume could decline, in addition, if securities or industry analysts publish inaccurate or unfavorable research about the Company or its business, the Share price and trading volume of the Shares could decline; competition in the industry and entrance of new competitors; current requirements under U.S. “Buy America” regulations may change and/or become more onerous or suppliers' “Buy America” content may change; failure of the Company to comply with the U.S. Disadvantaged Business Enterprise (“**DBE**”) program requirements or the failure to have its DBE goals approved by the U.S. FTA; absence of fixed term customer contracts, exercise of options and customer suspension or termination for convenience; local content bidding preferences in the United States may create a competitive disadvantage; requirements under Canadian content policies may change and/or become more onerous; the Company’s business may be materially impacted by climate change matters, including risks related to the transition to a lower-carbon economy; operational risk resulting from inadequate or failed internal processes, people and/or systems or from external events, including fiduciary breaches, regulatory compliance failures, legal disputes, business disruption, pandemics, floods, technology failures, processing errors, business integration, damage to physical assets, employee safety and insurance coverage; international operations subject the Company to additional risks and costs and may cause profitability to decline; compliance with international trade regulations, tariffs and duties; dependence on unique or limited sources of supply (such as engines, components containing microprocessors or, in other cases, for example, the supply of transmissions, batteries for battery-electric buses, axles or structural steel tubing) resulting in the Company's raw materials and components not being readily available from alternative sources of supply, being available only in limited supply, or creating challenges where a particular component may be specified by a customer, the Company’s products have been engineered or designed with a component unique to one supplier or a supplier may have limited or no supply of such raw materials or components or sells such raw materials or components to the Company on less than favorable commercial terms; the Company’s vehicles and certain other products contain electrical components, electronics, microprocessors control modules, and other computer chips, for which there has been a surge in demand, resulting in a worldwide supply shortage of such chips in the transportation industry, and a shortage or disruption of the supply of such microchips could materially disrupt the Company's operations and its ability to deliver products to customers; dependence on supply of engines that comply with emission regulations; a disruption, termination or alteration of the supply of vehicle chassis or other critical components from third-party suppliers could materially adversely affect the sales of certain of the Company’s products; the Company’s profitability can be adversely affected by increases in raw material and component costs; the Company may incur material losses and costs as a result of product warranty costs, recalls, failure to comply with motor vehicle manufacturing regulations and standards and the remediation of transit buses and motor coaches; production delays may result in liquidated damages under the Company's contracts with its customers; catastrophic events, including those related to impacts of climate change, may lead to production curtailments or shutdowns; the Company may not be able to successfully renegotiate collective bargaining agreements when they expire and may be adversely affected by labour disruptions and shortages of labour; the Company's operations are subject to risks and hazards that may result in monetary losses and liabilities not covered by insurance or which exceed its insurance coverage; the Company may be adversely affected by rising insurance costs; the Company may not be able to maintain performance bonds or letters of credit required by its contracts or obtain performance bonds and letters of credit required for new contracts; the Company is subject to litigation in the ordinary course of business and may incur material losses and costs as a result of product liability and other claims; the Company may have difficulty selling pre-owned coaches and realizing expected resale values; the Company may incur costs in connection with regulations relating to axle weight restrictions and vehicle lengths; the Company may be subject to claims and liabilities under environmental, health and safety laws; dependence on management information systems and cyber security risks; the Company's ability to execute its strategy and conduct operations is dependent upon its ability to attract, train and retain qualified personnel, including its ability to retain and attract executives, senior management and key employees; the Company may be exposed to liabilities under applicable anti-corruption laws and any determination that it violated these laws could have a material adverse effect on its business; the Company's risk management policies and procedures may not be fully effective in achieving their intended purposes; internal controls over financial reporting, no matter how well designed, have inherent limitations; there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures; ability to successfully execute strategic plans and maintain profitability; development of competitive or disruptive products, services or technology; development and testing of new products or model variants; acquisition risk; reliance on third-party manufacturers; third-party distribution/dealer agreements; availability to the Company of future financing; the Company may not be able to generate the necessary amount of cash to service its 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.