



2021 Financial Results

Friday, August 6, 2021



Westport Fuel Systems

Forward-Looking Statements

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Speaking Today...



David M. Johnson
Chief Executive Officer



Richard Oraziotti
Chief Financial Officer

NGVs deliver the most cost-effective NOx emissions reductions



Source: <https://ngvamerica.org/environment/>

Driving Innovation to Power a Cleaner Tomorrow

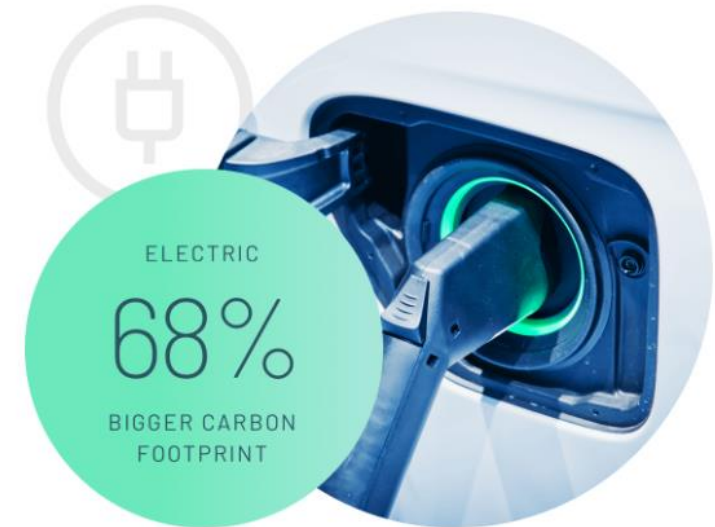
Affordability is key

- Our products are available NOW, affordable NOW and reducing greenhouse gas emissions NOW

Our business is growing quickly:

- Europe represents ~70% of sales
- Opportunities in China, India, Africa, and N. America

Life-cycle emissions: BEV vs piston-engine car



Source: <https://ngvamerica.org/environment/>

Our customers aren't waiting for technological breakthroughs to reduce carbon emissions.

NGVs supported by high profile fleet operators



Source: NGVA America www.ngvaamerica.org

Financial Highlights – 2Q21

Revenue

\$79.0 million



119% in 2Q20

Net Income ^[1]

\$17.2 million



vs. \$3.5m in 2Q20

Cash and Liquidity ^[2]

\$160.7 million



vs. \$59.7 million
in 2Q20

[1] Primarily the result of sales growth, an \$8.9m tax recovery in Italy and a nearly \$6m gain from the Stako acquisition

[2] \$115m gross proceeds of Marketed Public Offering

Update on North America

- Highly successful joint venture with CWI, scheduled to end this year
- Current HPDI partners are global
- Momentum for gaseous fuels growing
- HPDI outperforms spark ignited options

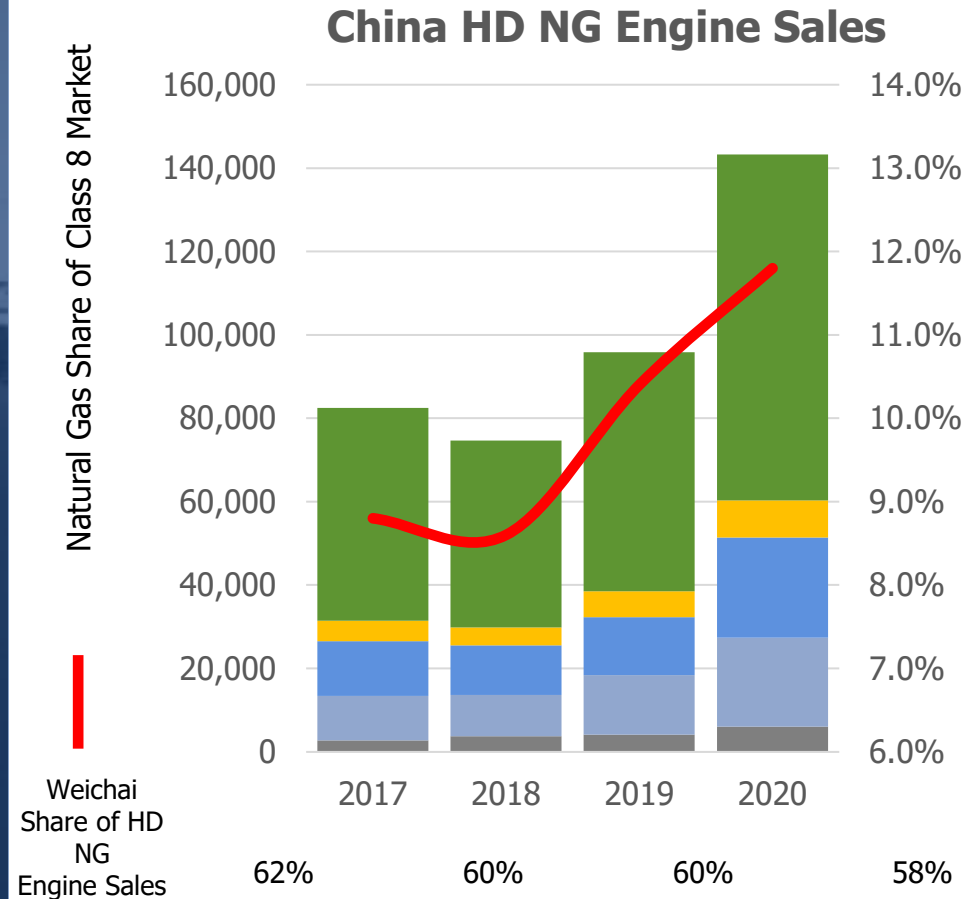


Source:
www.Kenworth.com

UPS
www.ups.com

China: Poised for Growth

- Increasing role for natural gas in national energy mix
- Our partner is the leading supplier of natural gas engines
- World's largest truck market ~1.2 million vehicles/year
- ~100,000 natural gas trucks sold per year

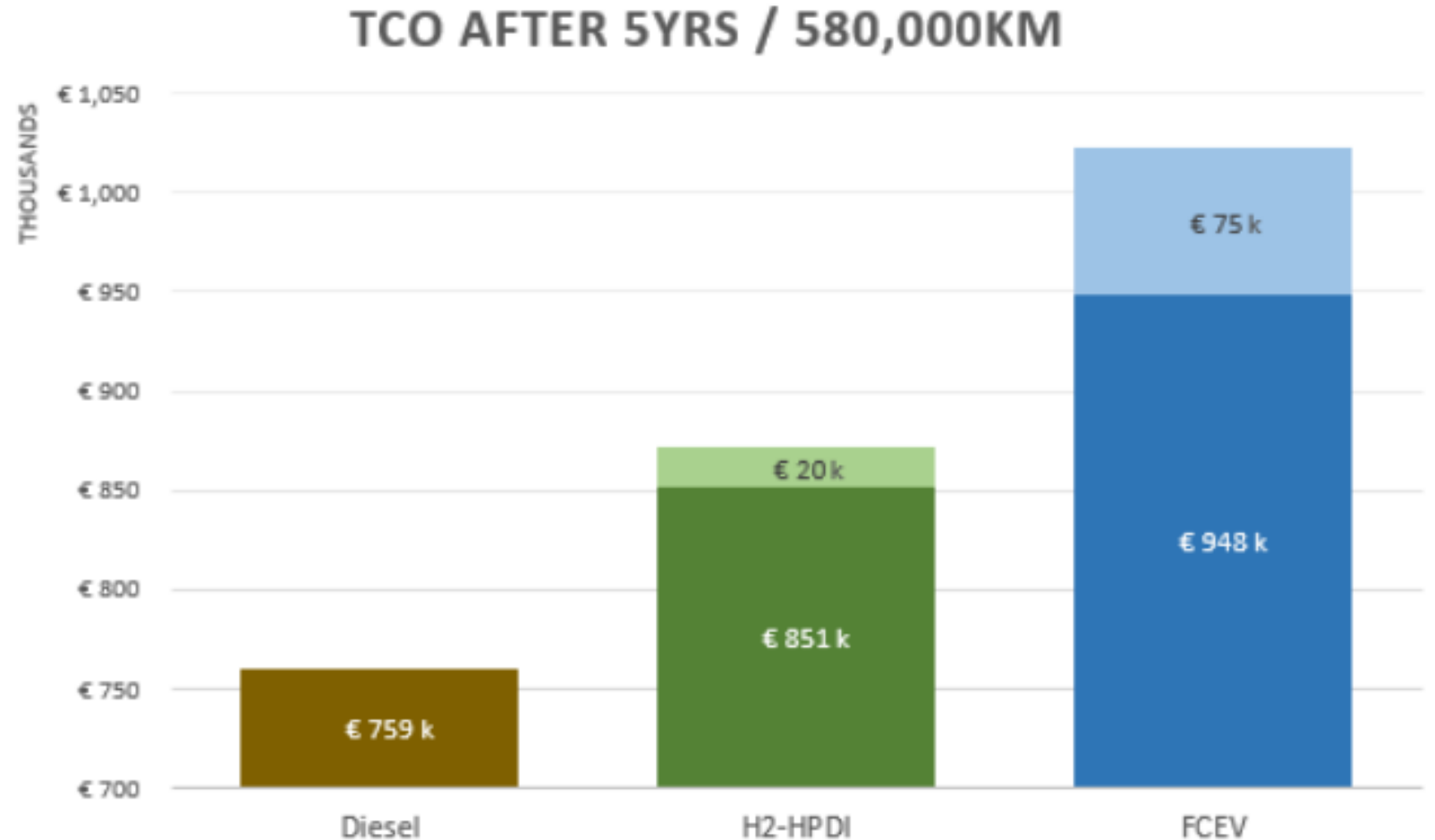


Source: PSR Database and WFS Analysis (2019)

Source: Power Systems Research ACEA, WFS analysis WFS Internal

Hydrogen HPDI – The Path To Zero Carbon

- H2-HPDI offers compelling TCO for high load applications
- Growing interest in H2-HPDI from OEMs
- H2-HPDI offers a pathway to green hydrogen via natural gas
- Scania development project underway
- Additional development underway with Tupy and AVL



Source: AVL/Westport
TCO study, 2021

Financial Highlights – Second Quarter 2021

Consolidated Financial Data

GAAP (\$ millions, except per share)	2Q21A	1Q21A	2Q20A	O/(U)
Revenues	\$ 79.0	\$ 76.4	\$ 36.0	\$ 43.0
Gross Margin ⁽¹⁾	15.7	13.0	12.2	3.5
Gross Margin % ⁽¹⁾	20%	17%	34%	
Income (loss) from Continuing Operations	(3.7)	(8.2)	3.0	(6.7)
Equity Income - CWI and Other	8.1	6.6	4.1	4.0
Net Income (loss)	17.2	(3.1)	3.0	14.2
Net Income per Share	0.11	(0.02)	0.02	0.09
Operating Cash Flow	(8.7)	(2.6)	(9.1)	0.4
Cash and Cash Equivalents	160.7	59.7	28.9	131.8

Non-GAAP (\$ millions)	2Q21A	1Q21A	2Q20A	O/(U)
EBITDA	\$ 13.9	\$ 1.9	\$ 9.2	\$ 4.7
Adjusted EBITDA	6.2	2.7	6.2	0.0
Adjusted Operating Cash Flow	(2.3)	5.3	(5.7)	3.4

Note 1: 2Q20A gross margin includes a one-time \$7.7 insurance recovery related to the \$10m Pressure Relief Device field service campaign recorded in 1Q20. Excluding the insurance recovery, the gross margin % would have been 13%.

Commentary

- Revenues higher 119% YoY driven by the ramp up of HPDI product sales and the continued recovery of sales volumes in our light-duty OEM and Independent After Market businesses
- Gross margin increased YoY mainly due to higher sales volumes despite headwinds from the ongoing semiconductor shortages and supply chain issues
- Gross margin percentage improved due to:
 - Recovery in higher margin aftermarket sales volumes
 - Higher YoY sales volumes to initial HPDI launch partner and higher margin development work
- CWI income increased by \$4.0m primarily due to recovery in sales volumes from impact of COVID-19 and \$1.0m tax recovery
- Net income also benefited from some extraordinary items:
 - Bargain purchase gain of \$5.9m on acquisition of Stako
 - A \$8.9m tax recovery related to an Italian Government COVID-19 tax relief program
- Adjusted EBITDA in 2Q20 included the one-time \$7.7m insurance recovery. Excluding that, adjusted EBITDA increased by \$7.7m

Business Segments – Operational Performance

OEM

(\$ millions except Gross Margin %)	2Q21A	1Q21A	2Q20A	O/(U)
Revenues	\$ 47.4	\$ 42.7	\$ 19.1	\$ 28.3
Gross Margin ⁽¹⁾	7.2	4.9	9.2	(2.0)
Gross Margin % ⁽¹⁾	15%	11%	48%	
Operating Loss	(3.4)	(6.5)	1.1	(4.5)
Depreciation	2.0	2.1	2.1	(0.1)

Note 1: 2Q20A gross margin includes a one-time \$7.7 insurance recovery related to the \$10m Pressure Relief Device field service campaign recorded in 1Q20. Excluding the insurance recovery, the gross margin % would have been 13%.

Independent After Market

(\$ millions except Gross Margin %)	2Q21A	1Q21A	2Q20A	O/(U)
Revenues	\$ 31.6	\$ 33.7	\$ 16.9	\$ 14.7
Gross Margin	8.5	8.1	3.0	5.5
Gross Margin %	27%	24%	18%	
Operating Income	1.1	1.6	(1.2)	2.3
Depreciation	1.7	1.3	1.2	0.5

Commentary

- Revenue increased YoY by 178% driven by:
 - Higher HPDI product sales to initial OEM launch partner despite challenges of semiconductor shortage on production
 - Sales volumes of LD OEM, DOEM and Electronics businesses recovering to pre-COVID-19 levels
- Excluding one-time \$7.7m insurance recovery in 2Q20, gross margin increased by \$5.7m due to higher sales volumes

Commentary

- Revenue increased by 87% YoY driven by general economic recovery from COVID-19
- Gross margin was impacted by sales mix to lower margin emerging markets and the challenging recovery in Western Europe
- Continued improvement expected in after market revenues in 2H21, but temper expectations due to the ongoing global shortage of semiconductors which could impact the IAM business

Improved liquidity to fund our growth

Cash & Liquidity	2Q21	4Q20	2Q20
Cash balance	\$161	\$64	\$29
HSBC AR Facility	\$14	\$6	\$0
Total Liquidity	\$175	\$70	\$29

Liabilities	2Q21	4Q20	2Q20
Convertible debt	\$2	\$4	\$17
EDC term loan + Bridge loan	\$18	\$20	\$13
HSBC AR Facility	\$6	\$18	\$4
UniCredit Loans	\$32	\$31	\$16
Deutsche Bank	\$8	\$8	n/a
Other Banks	\$3	\$4	\$5
Total Debt	\$69	\$85	\$55
Cartesian Royalty Payable	\$10	\$16	\$14
Total Liabilities	\$79	\$101	\$69

Marketed Equity Offering:

- Successfully raised \$115m with an oversubscription on 8 June 2021
- 20,930,000 common shares issued, including 2,730,000 over-allotment, at \$5.50 per common share
- Main use of proceeds:
 - CapEx to expand production capacity and research and development for its HPDI technology
 - Acquire bolt-on businesses with complementary capabilities or technologies to existing businesses
 - Further strengthen the balance sheet

Debt Financing:

- Refinanced new €7.5m loan with UniCredit in 2Q21 under the Decreto Liquidità program maturing 31 March 2027.
- EDC Term Loan and COVID-19 Bridge Loan
 - Negotiations underway to refinance these loans into a long-term credit facility to support funding of HPDI technology commercialization and R&D
 - Waivers received from EDC to defer \$2m principal payment on Term Loan due 15 June 2021 and extend \$6m principal repayment of COVID-19 Bridge Loan to 15 September 2021



2H21 Focus

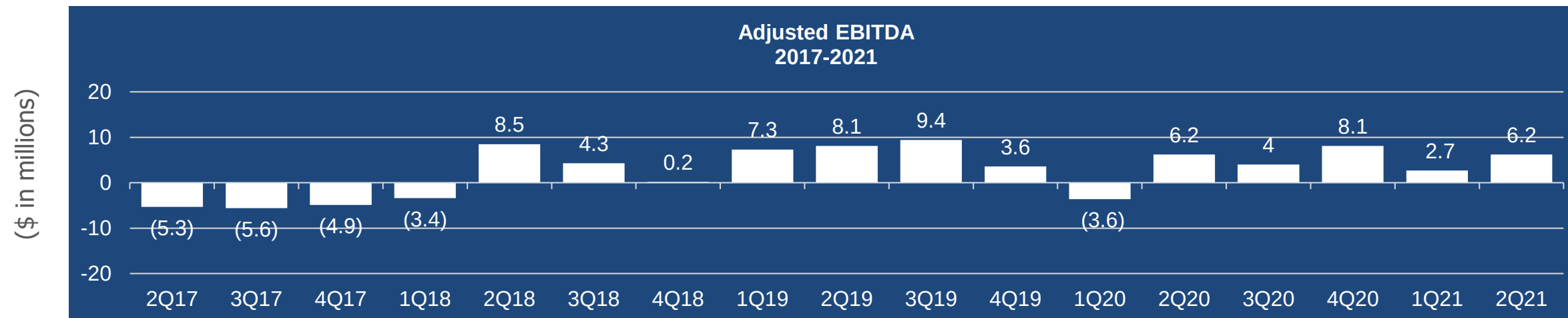
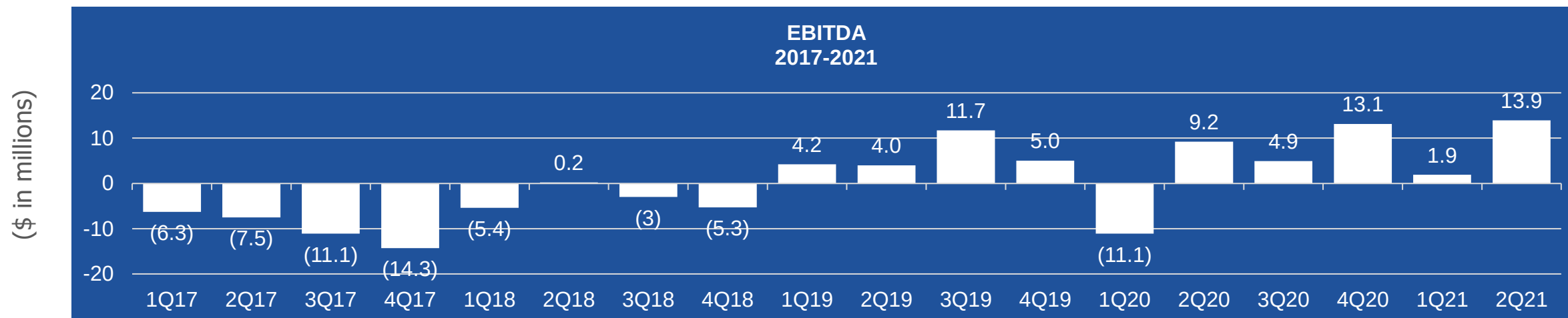
1. Growth in existing new markets
2. Launch in new markets
3. Development of HPDI with hydrogen
4. Further recovery and continued growth across all other business units



Questions?

WestportTM
Fuel Systems

Appendix: Improving EBITDA and Adjusted EBITDA



NGV popularity continues to build



U.S. transit buses now running on CNG or LNG.



Airports operating NGVs in their private fleets or championing policies that encourage use by private fleets.



New refuse trucks running on natural gas.

Source: US Data, NGVA America

www.ngvaamerica.org

Truck Fleet Testimonials



"Along with biogas, liquefied natural gas (LNG) is also on the solutions list when seeking to cut logistics emissions. A fleet running on liquefied gas makes it possible to flexibly switch from natural gas to biogas without needing to replace the fleet."

Gasum and Posti^[14]



"We're deploying these trucks on high-mileage contracts covering between 150,000 to 250,000km per annum, and we're confident they will help us to reduce total cost of ownership thanks to lower fuel costs."

Gregory Distribution^[3]



"A Volvo LNG-powered truck would help slash CO₂ emissions by 20% compared to a diesel truck. LNG trucks are currently the most sustainable alternative to diesel and the only alternative that is currently available for long-distance transport."

H.Z. Logistics^[13]



"The higher capital price for gas trucks means it makes sense to run them longer, but having put the Volvos through their paces for two years, we have absolute faith in their ability to go the distance – even in our 24/7 operation, where trucks rarely stop"

Sean Clifton, ASDA^[15]

Media Sources

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- [3] Gregory Distribution puts seven Volvo LNG trucks on trial: Oct 15, 2020 (<https://www.thetruckexpert.co.uk/gregory-distribution-puts-seven-volvo-lng-trucks-on-the-road-as-part-of-major-trial/>)
- [4] Volvo Trucks sees increased interest in gas as an alternative to diesel for heavy-duty truck operations in Europe: Sep 22, 2020 (<https://www.automotiveworld.com/news-releases/volvo-trucks-sees-increased-interest-in-gas-as-an-alternative-to-diesel-for-heavy-duty-truck-operations-in-europe/>)
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- [6] Volvo Trucks to test LNG trucks for possible South African debut: Nov 5, 2020 (<https://www.engineeringnews.co.za/article/volvo-trucks-to-test-lng-trucks-for-possible-south-african-debut-2020-11-05>)
- [7] Refuelling milestone for Volvo FM LNG truck: March 28, 2018 (<https://airqualitynews.com/2018/03/28/refuelling-landmark-for-volvo-fm-lng-truck/>)
- [8] Armstrong Logistics takes delivery of five LNG-powered Volvo FHs: Feb 11, 2021 (<https://www.commercialmotor.com/news/product/armstrong-logistics-takes-delivery-five-lng-powered-volvo-fhs>)
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- [11] Limpens Buys Volvo FH LNG trucks for Sustainable Operations: May 18, 2019 (<https://www.ngvglobal.com/blog/limpens-buys-volvo-fh-lng-trucks-for-sustainable-operations-0518>)
- [12] Volvo Trucks reports increased interest in LNG and bio-LNG: Sep 23, 2020 (<https://www.bioenergy-news.com/news/volvo-trucks-reports-increased-interest-in-lng-and-bio-lng/>)
- [13] Dutch logistics firm launches LNG-powered truck fleet: April 29, 2021 (<https://lngprime.com/europe/dutch-logistics-firm-launches-lng-powered-truck-fleet/18595/>)
- [14] Posti switches to use of biogas in heavy-duty transport in Finland: October 27, 2020 (<https://www.gnvmagazine.com/en/posti-switches-to-use-of-biogas-in-heavy-duty-transport-in-finland/>)