



2Q22 Financial Results

August 9, 2022

Westport Fuel Systems

Forward-Looking Statements

This presentation contains forward-looking statements, including statements regarding revenue and cash usage expectations, future strategic initiatives and future growth, future of our development programs (including those relating to HPDI and hydrogen), the impact of the Russia-Ukraine conflict, COVID-19 and ongoing semiconductor shortages on our business, the demand for our products, the future success of our business and technology strategies, intentions of partners and potential customers, the performance and competitiveness of Westport Fuel Systems' products and expansion of product coverage, future market opportunities, speed of adoption of natural gas or hydrogen for transportation and terms and timing of future agreements as well as Westport Fuel Systems management's response to any of the aforementioned factors.

These statements are neither promises nor guarantees, but involve known and unknown risks and uncertainties and are based on both the views of management and assumptions that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activities, performance or achievements expressed in or implied by these forward looking statements. These risks, uncertainties and assumptions include those related to our revenue growth, operating results, industry and products, the general economy, inflation, conditions of and access to the capital and debt markets, access to required semiconductors, solvency, governmental policies and regulation, technology innovations, fluctuations in foreign exchange rates, operating expenses, continued reduction in expenses, ability to successfully commercialize new products, the performance of our joint ventures, instability of commodity prices, volatility of global fuel prices, new environmental regulations, the acceptance of and shift to natural gas and hydrogen vehicles, the development of competing technologies, our ability to adequately develop and deploy our technology, the actions and determinations of our joint venture and development partners, the effects and duration of the Russia-Ukraine conflict, COVID-19 and the ongoing semiconductor shortage as well as other risk factors and assumptions that may affect our actual results, performance or achievements or financial position discussed in our most recent Annual Information Form and other filings with securities regulators.

Readers should not place undue reliance on any such forward-looking statements, which speak only as of the date they were made. We disclaim any obligation to publicly update or revise such statements to reflect any change in our expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in these forward looking statements except as required by National Instrument 51-102. The contents of any website, RSS feed or Twitter account referenced in this press release are not incorporated by reference herein.

Speaking Today...



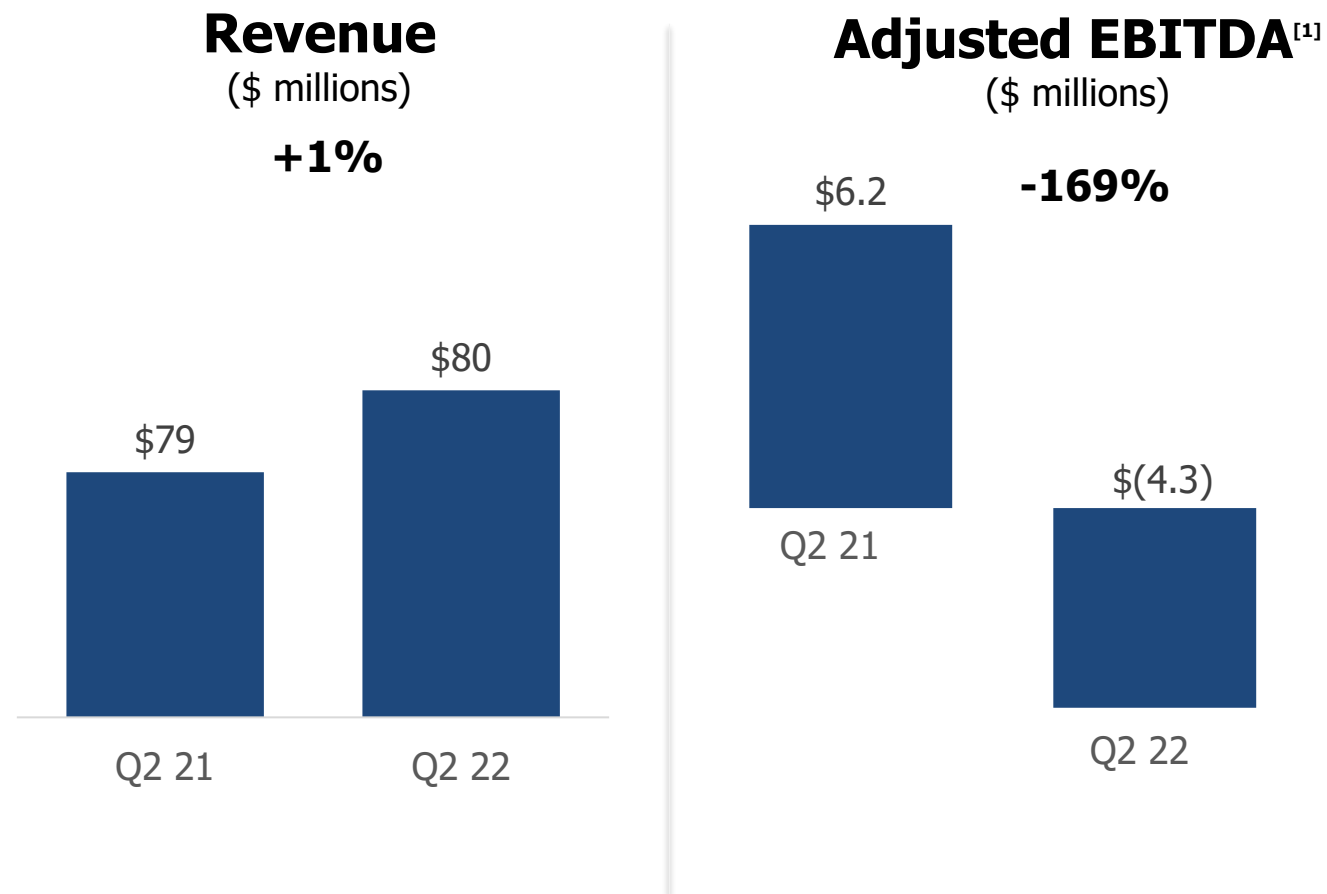
David M. Johnson
Chief Executive Officer



Richard Oraziotti
Chief Financial Officer

Strong Results Despite Significant Macro Headwinds

- Revenue of \$80.0M, up 1% despite challenging headwinds & foreign currency translation from weakening Euro
- Adjusted EBITDA decreased to -\$4.3M
 - margin pressure from supply chain & inflation on production cost
 - Loss of CWI equity income
- Awarded €38M program to supply LPG fuel systems to a global OEM
- Unveiled demonstrator vehicle with hydrogen HPDI fuel system for internal combustion engines for heavy-duty truck applications

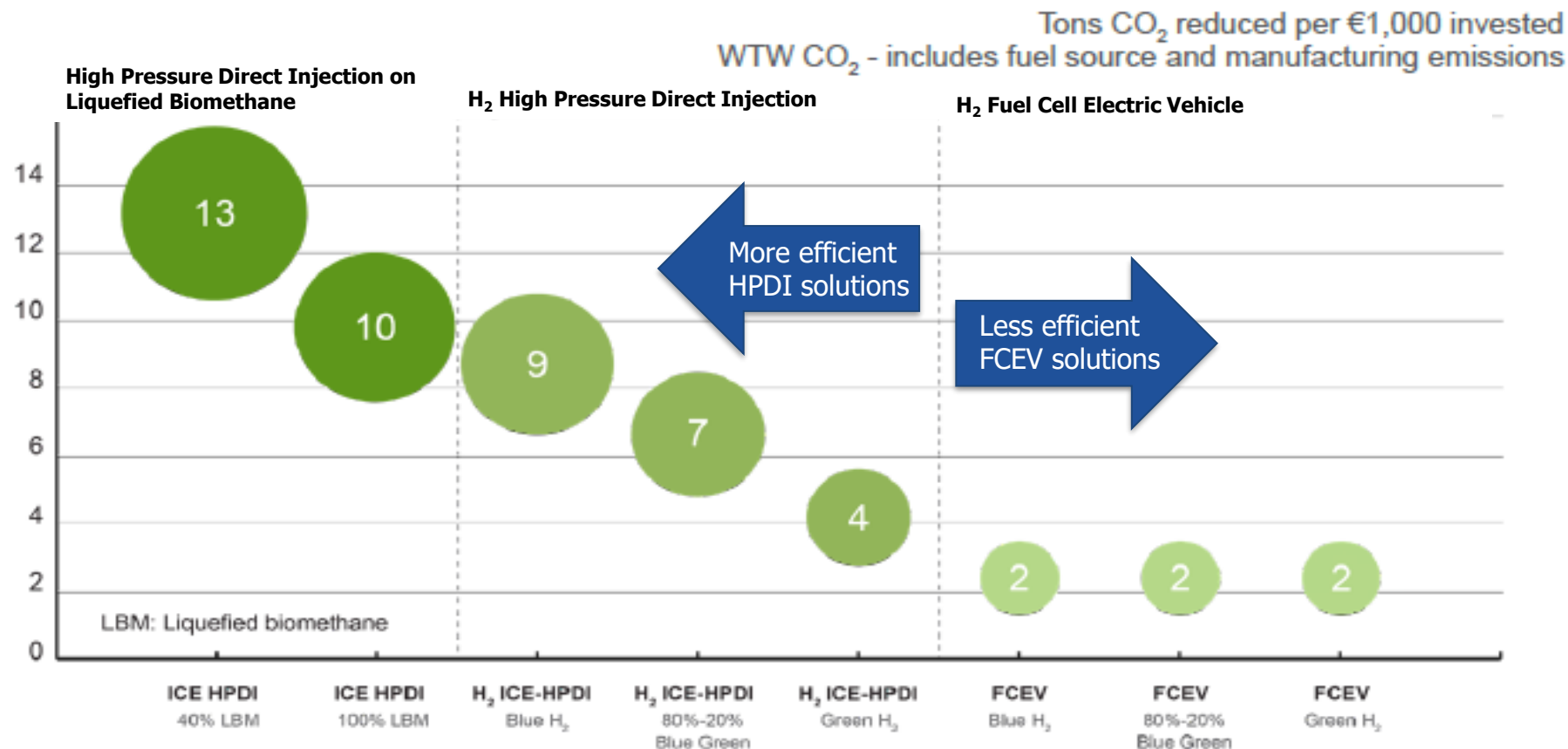


¹ Adjusted earnings before interest, taxes and depreciation is a non-GAAP measure. Please refer to GAAP and NON-GAAP FINANCIAL MEASURES in Westport's Management Discussion and Analysis for the reconciliation.

HPDI Growth Story Driven by Cost Efficiency

HPDI solutions are more cost effective than fuel cells for CO2 abatement

- 4x more cost effective using blue hydrogen
- 6x more cost effective using 40% liquid biomethane. HPDI is doing this today in markets like Germany where LNG is already 60% bio-LNG



HPDI for heavy-duty, long-haul applications offers **superior fuel efficiency** and **responds NOW to EU CO2 2025 regulations**

Source: Westport Fuel Systems, AVL TCO Study

Introducing H2-HPDI to the Market



Strong feedback and interest shown for H2-HPDI at ACT Expo

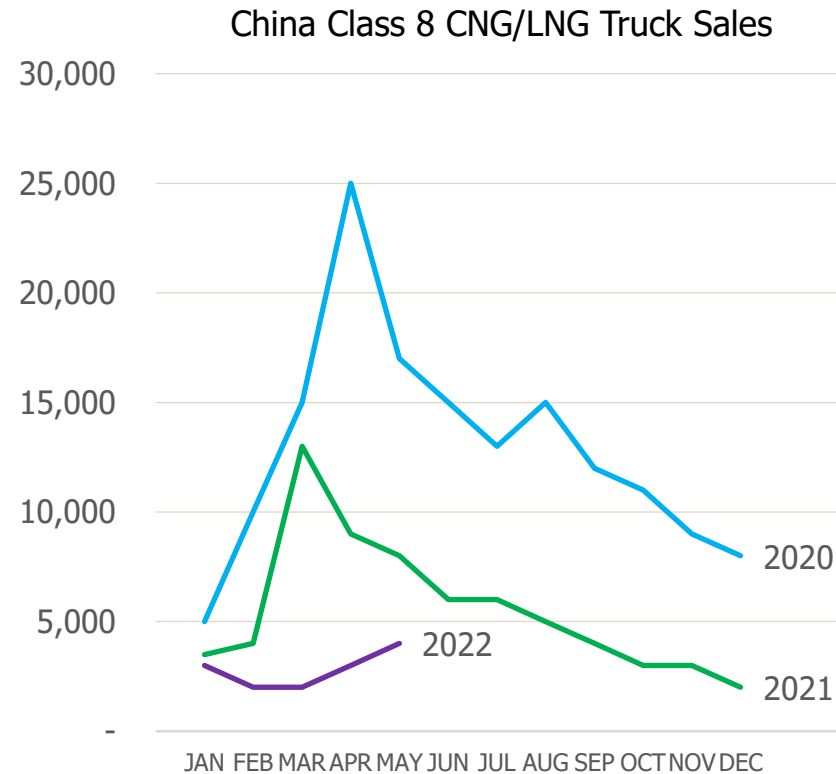
Showcasing H2-HPDI at IAA Transportation in Hanover, Germany in September

Hydrogen HPDI in Action

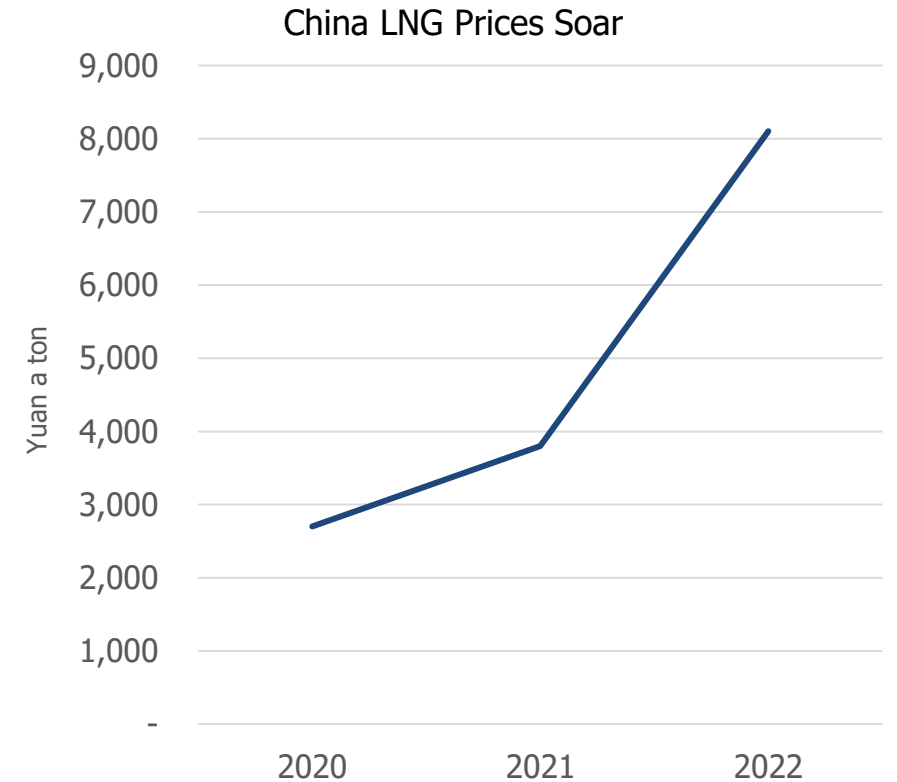


LNG Pricing Impacts Truck Sales in China

- **HPDI vehicle testing continues in China**
- High LNG prices negatively impact market sentiment
- Small recovery for Class 8 truck sales volumes in Q2 2022



Source: CV World, National Bureau of Statistics, Bloomberg, Global Petrol Price



Average price per liter of diesel in China is \$1.18 (roughly 10,000 yuan per ton)

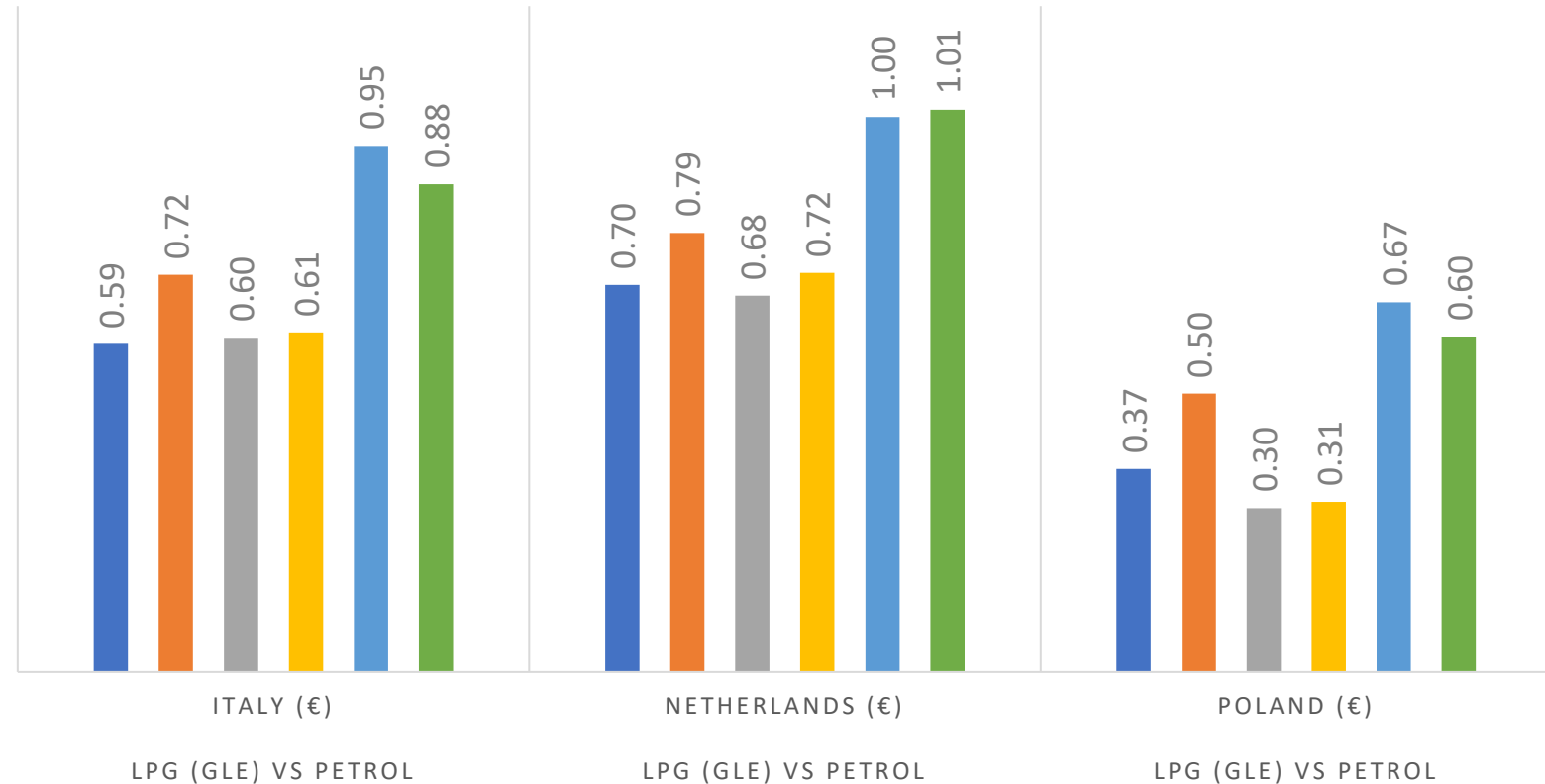
LPG Price Advantage Drives LPG Business

LPG price advantage drives growth in independent aftermarket and light duty OEM

- LPG price advantage supportive in several of our key markets

FUEL SAVINGS IN KEY MARKETS

■ Jan-21 ■ Jun-21 ■ Dec-21 ■ Jan-22 ■ Jun-22 ■ Jul-22



Source: Westport Fuel Systems, LPG Europe

Major OEMs Offering a Range of CNG Models in India

Growing market share in India

- 50% increase in sales as compared to Q2 2021
- Significant increase in infrastructure for CNG underway. LNG and H2 on the horizon
- More than 4,000 CNG stations in place and nearly 1,000 to be commissioned in the next year
- OEMs participating in alternative fuel programs for CNG with existing and new engine platforms
- Investments in green hydrogen focused on significantly reducing consumer costs



Key passenger vehicle, commercial vehicle and three-wheeler **OEMs** have upscaled their CNG programs with their **high selling models now offering a CNG option**

Source: Westport Fuel Systems Internal Research

Positive Outlook Despite Headwinds

Current headwinds

- Industry wide semiconductor chip supply challenges expected to persist
- Instability of commodity prices
- Volatile global fuel prices
- Russia & Ukraine conflict
- Foreign exchange pressure
- Inflation



Long-term outlook remains positive

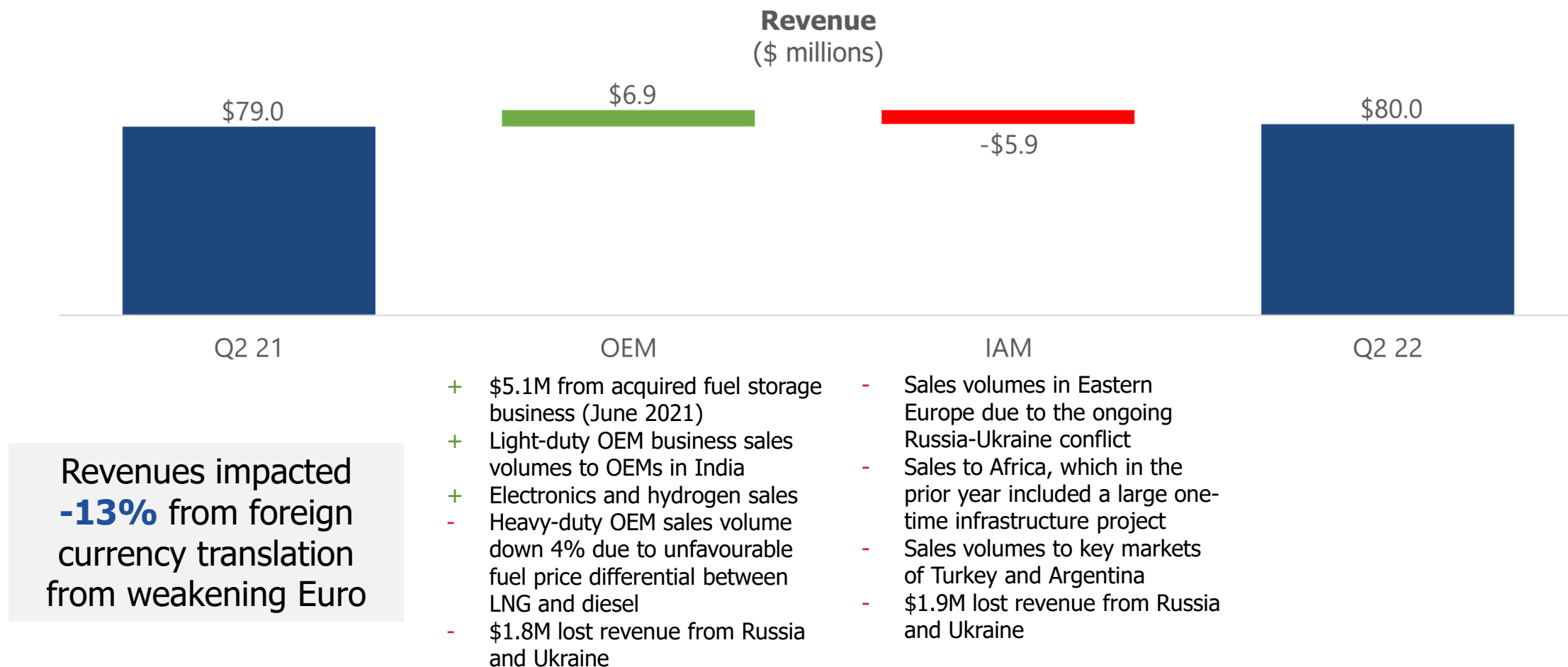
The world still needs clean, reliable and affordable transport

Global recognition of Hydrogen is growing, we have the necessary enabling technologies to respond

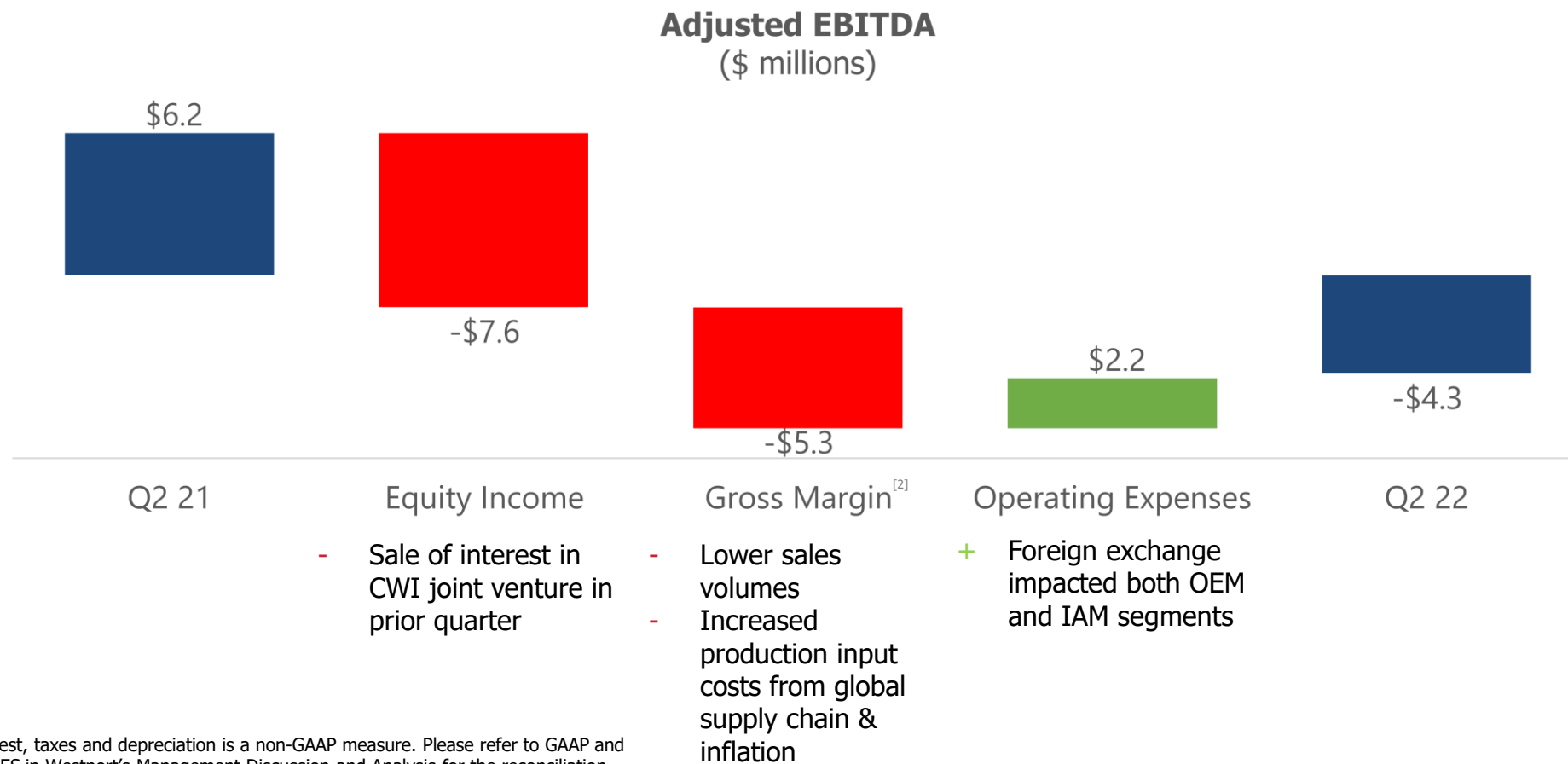
Growing market share in current and new markets drive increased product recognition

Customers need lower cost solutions

Revenue Growth Despite Macro Headwinds



Adjusted EBITDA^[1] Year Over Year



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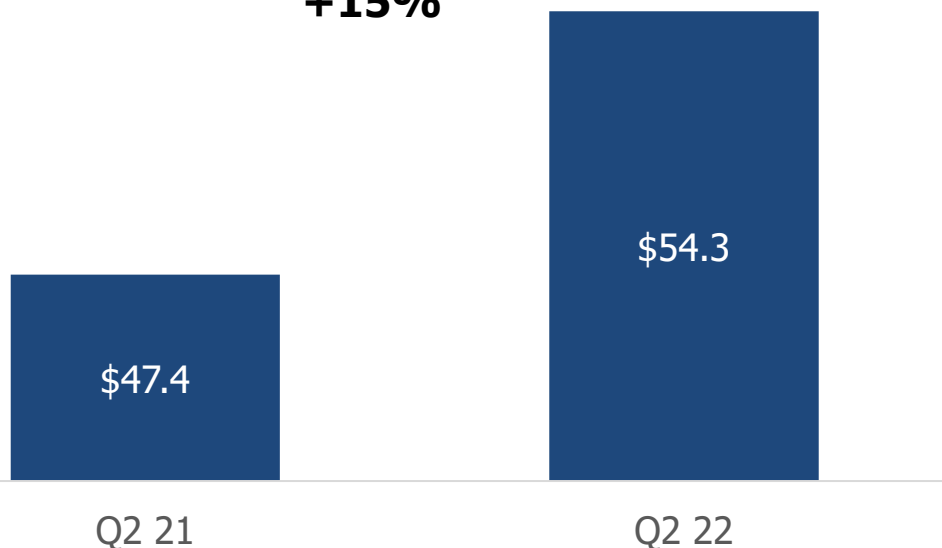
² Gross margin is a non-GAAP measure. Please refer to GAAP and NON-GAAP FINANCIAL MEASURES in Westport's Management Discussion and Analysis for the reconciliation

Financial Performance - OEM

Revenue

(\$ Millions)

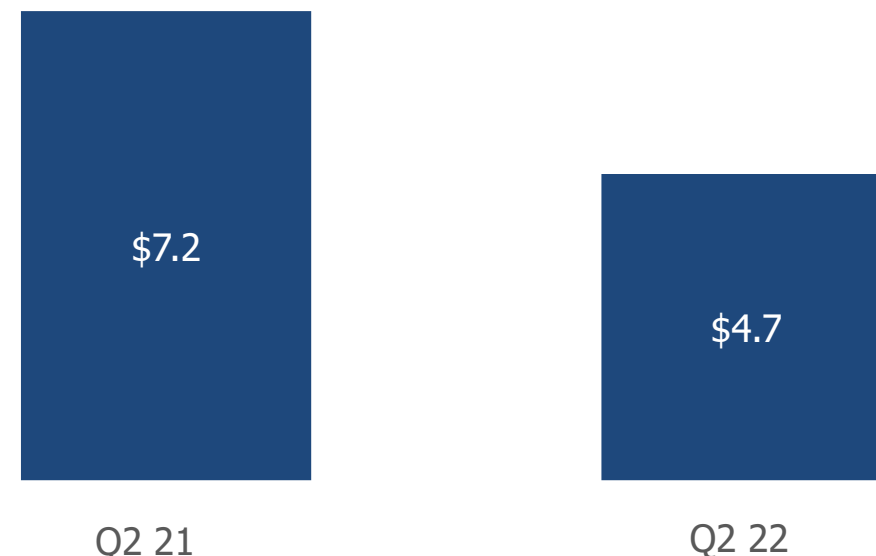
+15%



Gross Margin

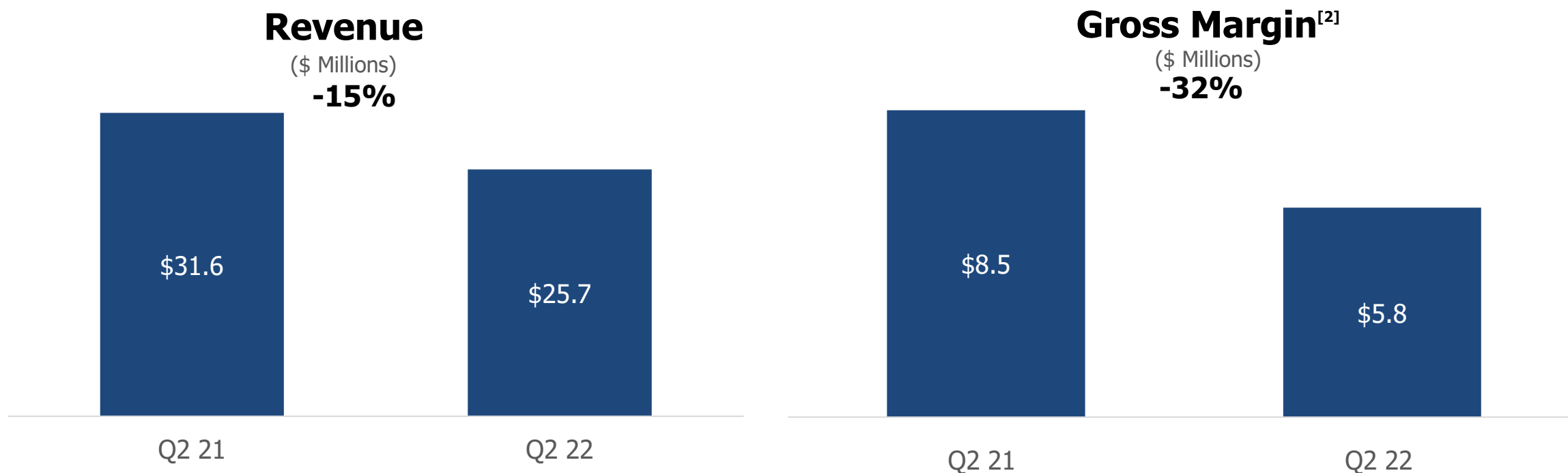
(\$ Millions)

-35%



- \$5.1M from the acquired fuel storage business
- Increased light-duty OEM business sales volumes to OEMs in India
- Heavy-duty OEM sales volume decreased by 4% compared to the second quarter of 2021 due to fuel price volatility
- Growth in electronics products and hydrogen components offset by lower sales to OEM Russian customers
- Gross margin decrease driven primarily by HD OEM due to lower comparative sales volumes, a contracted annual price discount to our OEM launch partner in first quarter 2022 and warranty costs
- Lower sales volumes to European OEMs and a decrease in LD OEM margins due to changes in overall market mix of sales
- Continued margin pressure from higher production input costs for materials, utilities and other costs driven by ongoing supply chain shortages and inflationary environment

Financial Performance – Independent Aftermarket



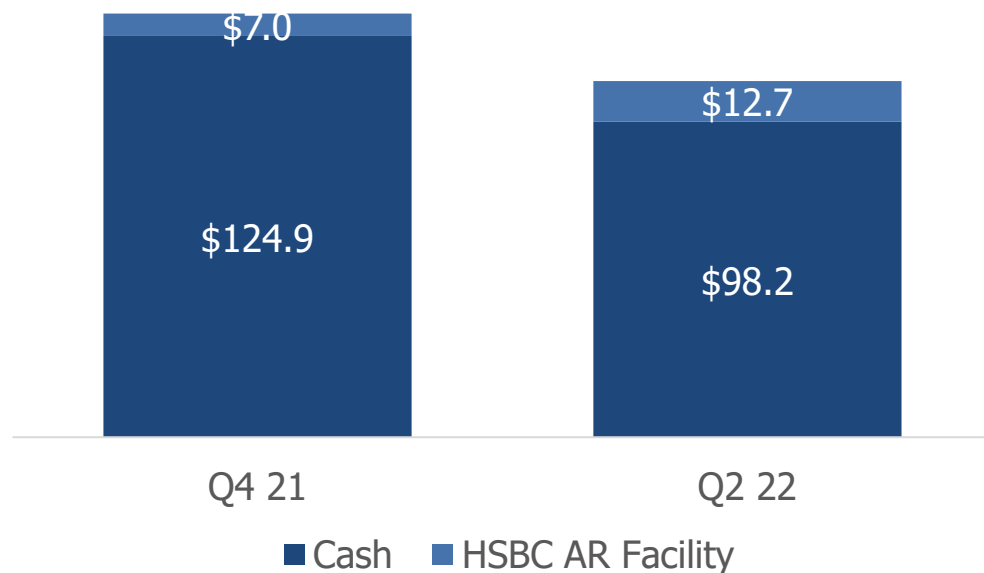
- Decrease in revenue was primarily driven by lower sales volumes to Eastern Europe, especially Russia, due to the ongoing Russia-Ukraine conflict and volatile fuel prices
- Lower sales to Africa, which in the prior year included a large one-time infrastructure project
- Lower sales volumes to key markets of Turkey and Argentina
- Revenues affected by foreign exchange impacted as highlighted previously
- Gross margin impacted by lower sales volumes and higher production input costs incurred in materials, utility costs and transportation costs

^[2]Gross margin is a non-GAAP measure. Please refer to GAAP and NON-GAAP FINANCIAL MEASURES in Westport's Management Discussion and Analysis for the reconciliation.

Liquidity

Cash and Liquidity

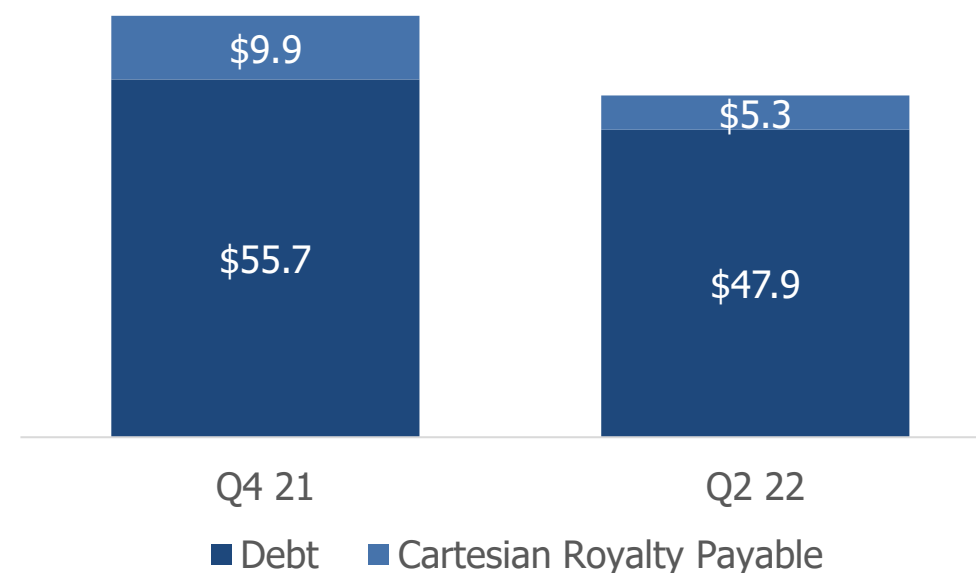
(\$ Millions)



- Operating cash flow used \$33.4M in 1H22
 - Operating loss of \$10.9M
 - Significant working capital change due to \$11.9M build up of inventory & payment of suppliers and warranty liability
- CapEx of \$6m
- Proceeds of \$32M from termination of CWI

Debt & Cartesian Royalty Payable

(\$ Millions)



- Debt repayments of \$16.4 million in 2022

In Closing

- HPDI is the most affordable and available way to reduce CO₂ in long-haul transport
- LPG fuel advantage providing grounding for growth for both IAM and LD OEM business
- Our business in India continues to grow alongside the regulatory tailwinds in that market



Appendix



Selected Quarterly Data

	Three months ended					FY	Three months ended					FY	Three months ended		Six months ended
	1Q20	2Q20	3Q20	4Q20	2020		1Q21	2Q21	3Q21	4Q21	2021		1Q22	2Q22	
Revenue	\$ 67.2	\$ 36.0	\$ 65.4	\$ 83.9	\$ 252.5		\$ 76.4	\$ 79.0	\$ 74.3	\$ 82.7	\$ 312.4		\$ 76.5	\$ 80.0	\$ 156.5
OEM	34.2	19.1	37.4	58.8	149.5		42.7	47.4	48.0	57.4	195.5		51.8	54.3	106.1
IAM	33.0	16.9	28.0	25.1	103.0		33.7	31.6	26.3	25.3	116.9		24.7	25.7	50.4
Gross margin ^[2]	\$ 4.3	\$ 12.2	\$ 10.0	\$ 13.0	\$ 39.5		\$ 13.0	\$ 15.7	\$ 10.1	\$ 9.3	\$ 48.1		\$ 9.9	\$ 10.5	\$ 20.4
OEM	(6.1)	9.2	2.6	6.6	12.3		4.9	7.2	3.1	5.1	20.3		5.0	4.7	9.7
IAM	10.4	3.0	7.4	6.4	27.2		8.1	8.5	7.0	4.2	27.8		4.9	5.8	10.7
Gross margin %	6%	34%	15%	15%	16%		17%	20%	14%	11%	15%		13%	13%	13%
OEM	(18%)	48%	7%	11%	8%		11%	15%	6%	9%	10%		10%	9%	9%
IAM	32%	18%	26%	25%	26%		24%	27%	27%	17%	24%		20%	23%	21%
EBITDA	\$ (11.1)	\$ 9.2	\$ 4.9	\$ 13.1	\$ 16.1		\$ 1.9	\$ 13.9	\$ (1.2)	\$ 8.4	\$ 23.0		\$ 11.7	\$ (7.7)	\$ 4.0
Adjusted EBITDA ^[1]	\$ (3.6)	\$ 6.2	\$ 4.0	\$ 8.1	\$ 14.7		\$ 2.7	\$ 6.2	\$ (1.4)	\$ 10.0	\$ 17.5		\$ (6.1)	\$ (4.3)	\$ (10.4)

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