

BASIS OF PRESENTATION

This Management's Discussion and Analysis ("MD&A") for Westport Fuel Systems Inc. ("Westport", the "Company", "we", "us", "our") for the three months and year ended December 31, 2025 is intended to assist readers in analyzing our financial results and should be read in conjunction with the audited consolidated financial statements, including the accompanying notes, for the fiscal year ended December 31, 2025 ("Annual Financial Statements"). Our Annual Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The Company's reporting currency is the United States dollar ("U.S. dollar"). This MD&A is dated as of April 23, 2026.

Additional information relating to Westport, including our annual report, Form 20-F, for the year ended December 31, 2025, is available on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov. All financial information is reported in U.S. dollars unless otherwise noted.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements that are based on the beliefs of management and reflects our current expectations as contemplated under applicable Canadian securities laws and the safe harbor provisions of Section 21E of the United States Securities Act of 1934, as amended. Forward-looking information generally can be identified by the use of forward-looking terminology such as "expect", "anticipate", "believe", "estimate", "plan", "project", "intend", "may", "will", "should", "could", "would", "continue", "forecast", "outlook", or similar expressions, including the negative of such items. Such forward-looking statements include, but are not limited to, future strategic initiatives and future growth, future of our development programs (including those relating to Cespira's HPDI fuel system and Hydrogen), our expectations for 2025 and beyond, including the demand for our products or our HPDI joint venture's products (including from Cespira's HPDI 2.0™ fuel systems), timing and progress of development, validation and commercialization activities (including expected timing of field testing and commercialization paths); expected timing of receipt of amounts (including holdback receivables); expectations regarding output, efficiency and operational performance; liquidity outlook and the Company's ability to fund operations over the next twelve months; plans and ability to improve liquidity through financings or other alternatives (including potential use of the Company's shelf prospectus); anticipated funding of, and contributions to, the Company's joint venture arrangements (including expected funding levels and the Company's expected share of such funding); and other statements regarding the Company's future plans, objectives, strategies, results, performance, condition or prospects.

These forward-looking statements are neither promises nor guarantees but involve known and unknown risks and uncertainties that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed in or implied by these forward-looking statements. These risks include risks related to revenue growth, operating results, liquidity, our industry and products, the general economy, conditions of the capital and debt markets, our ability to obtain additional financing on acceptable terms or at all, the Company's liquidity and ability to continue as a going concern, government or accounting policies and regulations, regulatory investigations, climate change legislation or regulations, technology innovations, as well as other factors discussed below and elsewhere in this report, including the risk factors contained in the Company's most recent annual report, Form 20-F, filed on SEDAR+ at www.sedarplus.ca. The forward-looking statements contained in this MD&A are based upon a number of material factors and assumptions which include, without limitation, management's current expectations, estimates, projections, beliefs and information currently available to management. These statements are also based on assumptions relating to market acceptance of our products, product development delays in contractual commitments, the ability to attract and retain business partners, competition from other technologies, conditions or events affecting cash flows or our ability to continue as a going concern, price differential between compressed natural gas, liquefied natural gas, and liquefied petroleum gas relative to petroleum-based fuels, unforeseen claims, exposure to factors beyond our control as well as the additional factors

referenced in our AIF. Readers should not place undue reliance on any such forward-looking statements, which are pertinent only as of the date they were made.

The forward-looking statements contained in this document speak only as of the date of this MD&A. Except as required by applicable legislation, Westport does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after this MD&A, including the occurrence of unanticipated events. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

GENERAL DEVELOPMENTS

- On July 29, 2025, Westport sold its Light-Duty segment to a wholly-owned vehicle of Heliaca Investments Coöperatief U.A. ("Purchaser"), a Netherlands based investment firm supported by Ramphastos Investments B.V., a Dutch venture capital and private equity firm for total consideration of \$60.0 million.
- On August 26, 2025, Westport announced the resignation of Chief Financial Officer William Larkin and appointed Elizabeth Owens as successor.
- On September 29, 2025, Westport filed a final short form base shelf prospectus (the "Shelf Prospectus") with the relevant Canadian securities regulatory authorities allowing the Company to offer up to \$100.0 million of common shares, preferred shares, subscription receipts, warrants, debt securities, or units, or any combination thereof during the 25-month period that the Shelf Prospectus will be effective.
- On October 14, 2025, Westport announced that Cespira, its joint venture with the Volvo Group, signed an agreement to supply components for a customer truck trial with a second OEM.
- On November 6, 2025, Westport revealed a proprietary CNG solution that leverages advanced high-pressure storage technology, designed to deliver the performance required for Cespira's HPDI™ fuel system. This breakthrough enables faster time-to-market for CNG-powered HPDI applications and prioritizes reduced lifecycle costs by optimizing system design. Field testing for Westport's CNG solution is expected to begin in 2026, with the path to commercialization expected to follow.
- On January 2, 2026, Westport announced the retirement of Dan Hancock, Chair of the Board of Directors, effective December 31, 2025 and appointed Tony Guglielmin as his successor as Chair. Westport also welcomed Brad Kotush to its Board of Directors effective January 1, 2026.
- On January 19, 2026, Westport announced start of production at two key High-Pressure Controls facilities in Ontario, Canada and Changzhou, China.
- On February 4, 2026, Westport announced receiving a \$6.5 million payment for its Light-Duty divestiture. The payment was for its first tranche of holdback receivables expected to be received starting in 2026.

BUSINESS OVERVIEW

Westport is a technology and innovation company connecting synergistic technologies to power a cleaner tomorrow. As a supplier of affordable, alternative fuel, low-emissions transportation technologies, the Company designs, manufactures, and supplies advanced components and systems that enable the transition from traditional fuels to alternative energy solutions.

Westport's technologies support a wide range of alternative fuels – including natural gas, renewable natural gas, and hydrogen – enabling OEMs and commercial transportation industries to meet performance demands, regulatory requirements, and climate targets in a cost-effective way. With decades of expertise and a commitment to engineering excellence, Westport is helping our partners achieve sustainability goals—without compromising performance or cost-efficiency – making clean, scalable transport solutions a reality.

Westport is headquartered in Vancouver, Canada, with operations in Cambridge, Ontario; Calgary, Alberta; and China and Europe. With a focus on engineering, manufacturing, and supplying

alternative fuel systems and components for transportation applications, Westport's product offerings, sold under its AFS and GFI brands and through Cespira, Westport's joint venture with the Volvo Group ("Volvo"), enable the use of several alternative fuels in the transportation sector that provide economic and/or environmental advantages as compared to diesel, gasoline, or battery powered electric vehicles.

Our portfolio includes our High-Pressure Controls segment sold under the AFS and GFI brands and a 55% ownership in Cespira, a joint venture with Volvo. Our High-Pressure Controls segment designs, develops, and produces components, including pressure regulators, valves, filters, electronic control units ("ECUs") and high-pressure hydrogen components for transportation and industrial applications. We partner with fuel cell, hydrogen engine and alternative fuel engine manufacturers offering versatile solutions that serve a variety of fuel types. Cespira launched in 2024 and is committed to advancing the development and commercialization of Cespira's HPDI™ fuel system, a fully OEM-integrated gaseous fuel system that enables heavy-duty diesel engines to operate with a range of alternative fuels including natural gas, RNG, hydrogen and others without any performance or efficiency compromises relative to the base diesel engine platform. As part of Westport and Cespira's portfolio of solutions, Cespira's LNG HPDI 2.0 fuel system is on the road today and is a complete system offering OEMs the flexibility to differentiate their natural gas product lines easily while also maintaining maximum commonality with their conventional diesel fueled products.

Business Segments

Westport develops and supplies advanced alternative-fuel systems, components, and technologies that enable global transportation and industrial customers to affordably reduce emissions and transition toward cleaner mobility solutions. Our technologies, products, and services are sold under our established brands and form the foundation for sustainable growth in both existing and emerging markets worldwide. We operate through the following segments:

Cespira

In June 2024, Westport and Volvo entered into a series of joint venture agreements (collectively, the "JV Agreement"), to establish Cespira, focused on promoting, developing, and commercializing the HPDI fuel system technology (see Material Contracts – Joint Venture Governance Agreements). Under the terms of the agreement, Westport owns a 55% equity interest in Cespira, while Volvo owns 45%. The JV prioritizes scaling the HPDI fuel system and supporting the global transition to carbon-neutral, internal combustion engine technologies, particularly within heavy-duty, long-haul trucking, where multiple propulsion technologies are required to achieve substantial decarbonization. Cespira designs, assembles, and supplies LNG HPDI 2.0 fuel systems, related components, and engineering services to engine manufacturers and commercial vehicle OEMs. The fully integrated LNG HPDI 2.0 fuel systems enable diesel engines to operate predominantly on alternative gaseous fuels - such as renewable natural gas (RNG) - while maintaining equivalent power, torque, and fuel efficiency relative to conventional compression ignition engines fueled with diesel fuel. This can provide a cost-effective pathway to meaningful greenhouse gas reductions. The JV is also advancing the application of HPDI fuel systems for hydrogen and other alternative fuels in internal combustion engines, expanding its relevance to future decarbonization strategies.

High-Pressure Controls

The High-Pressure Controls segment designs, engineers, manufacturers, and supplies components for transportation and industrial applications, using gaseous fuels such as hydrogen. This segment represents Westport's off-engine product portfolio, supplying regulators, valves, ECUs, pressure components, and related engineered solutions to OEM and Tier-1 customers worldwide. These technologies support fuel-cell vehicles, hydrogen fueled internal combustion engines, and natural gas mobility platforms.

Westport's High-Pressure Controls segment, with its GFI-branded products, has decades of engineering expertise in developing high-quality and often customized components tailored for global automotive, truck, bus, rail, construction, and industrial OEMs. The business is positioned at the

forefront of the clean-energy transition, with solutions supporting both current alternative-fuel deployment and hydrogen-powered mobility.

Through our GFI-branded operations, with manufacturing facilities in Canada and China, we deliver components used in passenger vehicles, buses, mid-duty and heavy-duty trucks, rail applications, construction and industrial equipment.

Heavy-Duty OEM

The Heavy-Duty OEM segment represents historical results from our heavy-duty business for the period January 1, 2024, until the formation of the Cespira joint venture which occurred on June 3, 2024. Subsequently, the Heavy-Duty OEM segment reflected activity from a transitional services agreement with Cespira, which was put in place primarily to support the JV in the short-term as the organization established its manufacturing operations. On June 30, 2025, the transitional services agreement (TSA) ended.

RISKS, LONG-TERM PROFITABILITY & LIQUIDITY

Government Regulation and Inflationary Environment

Government regulation is a key factor in driving accelerated global demand and adoption of reduced emission vehicles. Supportive government policy combined with rising corporate adherence to emission reduction goals are creating growth catalysts for Westport in some of its key markets. While we have benefited historically from certain government environmental policies, mandates and regulations around the world, there can be no assurance that these policies, mandates, and regulations will be continued. If these are discontinued, if current requirements are relaxed, or if other regulations are implemented that may impact our business, we may experience a material impact on our competitive position.

Global inflation trends remain inconsistent, with inflationary pressures easing in developed countries, while continuing to impact certain emerging and developed markets. Westport sources its components from global suppliers and continues to face inflationary pressure on production input costs. Specifically, the cost of semiconductors, raw materials, and parts has increased, along with higher labor costs, all of which are contributing to margin compression.

Interest Rates

In response to inflationary pressures, central banks in major markets had raised interest rates to multi-decade highs. While some regions, including Canada, the United States, and Europe, had reduced rates, current levels remain restrictive and are having a significant impact on both the automotive and clean energy sectors. There continues to be uncertainty around inflation and many central banks have been holding interest rates steady for the past year, resulting in slowing of capital investment and infrastructure development.

Automotive manufacturers and OEMs are facing challenges as higher interest rates are compressing profit margins. This environment is leading to delays and cancellations of clean energy investments as companies prioritize cost-cutting measures. Additionally, elevated interest rates have contributed to a slowdown in global economic growth, particularly in emerging markets where economic conditions are already volatile, are facing heightened financial pressures, which could further dampen demand for clean energy solutions.

Hydrogen Eco-System Uncertainty

The hydrogen industry is currently facing economic challenges associated with limited load of available hydrogen which has resulted in high operational costs across the value chain. This has led to delays and cancellations of projects. Key cost factors, such as rising renewable electricity prices and increased electrolyzer costs, are having a significant impact on the economics of renewable (green) hydrogen projects. These higher costs, coupled with uncertainties surrounding fuel supply and

infrastructure development, make it challenging to predict when hydrogen technology for transport will become a viable decarbonization solution.

Fuel Prices

European natural gas prices are still significantly below the record highs of 2022. Lower demand, influenced by reduced economic activity and previous mild weather, has contributed to price moderation. Additionally, the diversification of gas imports continues to be a key focus of European energy policy. Long-term forecasts suggest that natural gas prices will remain well below 2022 peaks. This outlook reinforces the impact of fuel's cost-effectiveness and its role in advancing the transition to natural gas-powered vehicles

Refer to our discussion in our annual report Form 20-F "Risk Factors" and "Business Overview" for more information.

Liquidity and Going Concern

We believe that we have considered all possible impacts of known events arising from the risks discussed above related to supply chain, and fuel prices in the preparation of the annual financial statements for the year ended December 31, 2025. However, changes in circumstances due to the forementioned risks could affect our judgments and estimates associated with our liquidity and other critical accounting assessments.

For the year ended December 31, 2025, we continue to sustain operating losses and use cash to support our business activities. Cash used in operating activities of continuing operations was \$14.2 million primarily driven by our loss from continuing operations, partially offset by changes in working capital.

As at December 31, 2025, we had cash and cash equivalents of \$27.2 million and an outstanding term loan, net of deferred financing fees, with Export Development Canada ("EDC") of \$2.9 million. Based on our projected capital expenditures, debt servicing obligations and operating requirements under our current business plan, we are projecting that our cash and cash equivalents will not be sufficient to fund our operations through the next twelve months from the date of the issuance of this MD&A. These conditions raise substantial doubt about Westport's ability continue as a going concern within one year after the date of this MD&A is issued.

We plan to improve our liquidity position by raising funds from public markets, borrowing debt, or other financing alternatives. These plans are not final and are subject to market and other conditions not in our control. As such, there can be no assurances that Westport will be successful in obtaining sufficient funding. Accordingly, we concluded under the accounting standards that these plans do not alleviate the substantial doubt about Westport's ability to continue as a going concern.

OVERVIEW OF FINANCIAL RESULTS FOR 2025

Revenues for the year ended December 31, 2025 decreased by 43% to \$23.3 million compared to \$40.7 million in the prior year. The decrease was primarily driven by the end of the transitional service agreement between Westport and Cespira to provide inventory and contract manufacturing in Q2 2025 in our Heavy-Duty OEM segment, resulting in a decrease \$16.3 million compared to prior year. The slowdown in the hydrogen industry, beginning early in 2025, along with the move of our manufacturing capability from Italy to Canada and China in the third and fourth quarters of 2025, negatively impacted sales in our High-Pressure Controls segment in 2025.

Cespira's revenue for the year ended December 31, 2025 was \$77.4 million, an increase of \$34.4 million, or 80% compared to prior year. Cespira continued its growth in 2025, for more information on Cespira's results refer to "Selected Cespira Statement of Operations information" within this MD&A.

We reported a net loss from continuing operations of \$29.6 million for the year ended December 31, 2025 compared to a net loss from continuing operations of \$31.3 million for the prior year. The net change was primarily the result of:

- Lower operating expenditures across research and development, and selling, general and administrative expenses.
- Favorable change in foreign exchange rates resulting in a net gain in 2025.
- In the prior year, a gain on deconsolidation recognized on the formation of Cespira reduced the net loss from continuing operations in the prior year, without the gain, the improvement in our current year net loss from continuing operations compared to prior year would be greater.
- Partial offset by the loss from investments accounted for by the equity method of \$15.8 million in 2025 compared to a loss of \$6.7 million in the prior year.

Cash and cash equivalents were \$27.2 million as at December 31, 2025. Cash used in operating activities from continuing operations during the year was \$14.2 million, primarily driven by our operating loss from continuing operations. Cash provided by investing activities included the sale of our Light-Duty segment, partially offset by capital contributions to Cespira and the purchase of property, plant, and equipment for the new facilities in Canada and China. Cash used in financing activities from continuing operations was related to net debt repayments of \$4.0 million in the year, which included a short-term loan from the Purchaser of \$5.8 million in July 2025.

We reported negative adjusted EBITDA of \$17.3 million (see "Non-GAAP Measures" section in this MD&A) during the year ended December 31, 2025 as compared to negative adjusted EBITDA of \$11.4 million in the prior year.

SELECTED FINANCIAL INFORMATION

The following tables sets forth a summary of our financial results:

Selected Consolidated Statements of Operations Data

	Years ended December 31,	
	2025	2024
<i>(in thousands of U.S. dollars, except for per share amounts and shares outstanding)</i>		
Revenue	\$ 23,318	\$ 40,698
Cost of revenue	\$ 20,638	\$ 37,855
Gross profit	\$ 2,680	\$ 2,843
Gross margin ¹	11 %	7 %
Loss from continuing operations	\$ (14,229)	\$ (37,712)
Loss from investments accounted for by the equity method	\$ (15,845)	\$ (6,715)
Net loss from continuing operations	\$ (29,571)	\$ (31,268)
Net income (loss) from discontinued operations	\$ (32,055)	\$ 9,427
Net loss for the year	\$ (61,626)	\$ (21,841)
Net loss per share from continuing operations - basic & diluted	\$ (1.71)	\$ (1.81)
Net income (loss) per share from discontinued operations - basic & diluted	\$ (1.85)	\$ 0.55
Net loss per share - basic & diluted	\$ (3.56)	\$ (1.26)
Weighted average basic & diluted shares outstanding	17,343,595	17,248,090
EBIT ¹	\$ (59,074)	\$ (15,224)
EBITDA ¹	\$ (53,693)	\$ (6,563)
Adjusted EBITDA ¹	\$ (17,276)	\$ (11,416)

¹These financial measures or ratios are non-GAAP financial measures or ratios. See the section 'Non-GAAP Financial Measures' for explanations and discussions of these non-GAAP financial measures or ratios.

	Three Months Ended December 31,	
	2025	2024
<i>(in thousands of U.S. dollars, except for per share amounts)</i>		
Revenue	\$ 1,880	\$ 7,284
Gross profit	\$ (169)	\$ 363
Gross margin ¹	(9)%	5 %
Loss from investments accounted for by the equity method	\$ (5,078)	\$ (2,611)
Net loss from continuing operations	\$ (8,813)	\$ (13,425)
Net income (loss) from discontinued operations	\$ (2,292)	\$ 3,283
Net loss for the period	\$ (11,105)	\$ (10,142)
Net loss per share from continuing operations - basic & diluted	\$ (0.51)	\$ (0.78)
Net income (loss) per share from discontinued operations - basic & diluted	\$ (0.13)	\$ 0.19
Net loss per share - basic & diluted	\$ (0.65)	\$ (0.58)
Weighted average basic & diluted shares outstanding	17,361,895	17,267,810
EBIT ¹	\$ (10,854)	\$ (8,011)
EBITDA ¹	\$ (10,695)	\$ (6,103)
Adjusted EBITDA ¹	\$ (9,939)	\$ (1,883)

¹These financial measures or ratios are non-GAAP financial measures or ratios. See the section 'Non-GAAP Financial Measures' for explanations and discussions of these non-GAAP financial measures or ratios.

Selected Balance Sheet Data

The following table sets forth a summary of our financial position:

	December 31, 2025	December 31, 2024
<i>(in thousands of U.S. dollars)</i>		
Cash and short-term investments	\$ 27,158	\$ 14,754
Net working capital ¹	(4,229)	6,734
Total assets	94,009	291,621
Long-term debt, including current portion	2,924	6,837
Non-current liabilities ¹	3,647	43,271
Total liabilities	25,196	154,596
Shareholder's equity	68,813	137,025

¹These financial measures or ratios are non-GAAP financial measures or ratios. See the section 'Non-GAAP Financial Measures' for explanations and discussions of these non-GAAP financial measures or ratios.

RESULTS FROM OPERATIONS

Revenue for the three months and year ended December 31, 2025

(in thousands of U.S. dollars)	Three months ended December 31,		Change		Years ended December 31,		Change	
	2025	2024	\$	%	2025	2024	\$	%
High-Pressure Controls	1,880	1,570	310	20 %	8,272	9,383	(1,111)	(12)%
Heavy-Duty OEM	—	5,714	(5,714)	(100)%	15,046	31,315	(16,269)	(52)%
Total revenue	<u>\$ 1,880</u>	<u>\$ 7,284</u>	<u>\$ (5,404)</u>	<u>(74)%</u>	<u>\$ 23,318</u>	<u>\$ 40,698</u>	<u>\$ (17,380)</u>	<u>(43)%</u>

High-Pressure Controls

Revenue for the three months and year ended December 31, 2025 was \$1.9 million and \$8.3 million, respectively, compared with \$1.6 million and \$9.4 million for the three months and year ended December 31, 2024.

Revenue for the three months ended December 31, 2025 increased by \$0.3 million compared to the prior year period. Revenue for the year ended December 31, 2025 decreased by \$1.1 million compared to the prior year.

The decrease in revenue for the year ended December 31, 2025 compared to the prior year period were primarily driven by the general slowdown in hydrogen infrastructure development that began in the first half of 2025, leading to a slower adoption of automotive and industrial applications powered by hydrogen. In Q3 2025, we moved our manufacturing capacity from Italy to our new facilities in Canada and China, which required shutting down our operations. In late Q4 2025, we resumed selling products to our customers to meet the backlogged demand from the aforementioned shutdown. In early 2026, we announced start of production at both facilities and expect output and efficiency to increase over the year.

Heavy-Duty OEM

Revenue for the three months and year ended December 31, 2025 was nil and \$15.0 million, respectively, compared to \$5.7 million and \$31.3 million for the comparative periods.

The decrease in revenue for the three months and year ended December 31, 2025 is a result of the transfer of the business into Cespira. Further, the decrease was driven by our transitional service agreement with Cespira to provide inventory and contract manufacturing which ended in Q2 2025. Refer to the "Selected Cespira Statement of Operations information" within this MD&A for more information on the performance of the HPDI business.

Gross profit (loss) for the three months ended December 31, 2025

(in thousands of U.S. dollars)	Three months ended December 31,		Three months ended December 31,		Change	
	2025	% of Revenue	2024	% of Revenue	\$	%
High-Pressure Controls	(169)	(9)%	144	9 %	(313)	(217)%
Heavy-Duty OEM	—	— %	219	4 %	(219)	(100)%
Total gross profit (loss)	<u>\$ (169)</u>	<u>(9)%</u>	<u>\$ 363</u>	<u>5 %</u>	<u>\$ (532)</u>	<u>(147)%</u>

High-Pressure Controls

Gross profit for the three months ended December 31, 2025 decreased by \$0.3 million to negative \$0.2 million, or negative 9% of revenue, compared to \$0.1 million, or 9% of revenue, for the same prior year period. In the current quarter, we recorded an inventory provision for excess and obsolete parts and materials of \$0.4 million, of which \$0.2 million is related to a commercial program that was cancelled in 2025.

Heavy-Duty OEM

There was no activity in the quarter as the aforementioned transitional service agreement has ended in Q2 2025 as planned.

Gross profit for the year ended December 31, 2025

(in thousands of U.S. dollars)	Year ended		Year ended		Change	
	December 31,		December 31,			
	2025	% of Revenue	2024	% of Revenue	\$	%
High-Pressure Controls	910	11 %	2,191	23 %	(1,281)	(58)%
Heavy-Duty OEM	1,770	12 %	652	2 %	1,118	171 %
Total gross profit	<u>\$ 2,680</u>	<u>11 %</u>	<u>\$ 2,843</u>	<u>7 %</u>	<u>\$ (163)</u>	<u>(6)%</u>

High-Pressure Controls

Gross profit for the year ended December 31, 2025 decreased by \$1.3 million to \$0.9 million, or 11% of revenue, compared to \$2.2 million, or 23% of revenue, for the prior year. The general slowdown of the industry continues to impact volumes and margins of our products sold in the year. Competition in China has resulted in a downward pressure on the margins of products sold locally.

Heavy-Duty OEM

Gross profit increased by \$1.1 million to \$1.8 million, or 12% of revenue, for the year ended December 31, 2025 compared to \$0.7 million, or 2% of revenue, for the prior year. In the prior year, we recorded an inventory write-down of \$0.4 million.

Research and Development Expenses ("R&D")

(in thousands of U.S. dollars)	Three months ended		Change		Years ended		Change	
	December 31,				December 31,			
	2025	2024	\$	%	2025	2024	\$	%
High-Pressure Controls	352	1,128	(776)	(69)%	5,332	5,336	(4)	— %
Heavy-Duty OEM	—	—	—	— %	159	4,196	(4,037)	(96)%
Corporate	245	—	245	— %	292	—	292	— %
Total R&D	<u>\$ 597</u>	<u>\$ 1,128</u>	<u>\$ (531)</u>	<u>(47)%</u>	<u>\$ 5,783</u>	<u>\$ 9,532</u>	<u>\$ (3,749)</u>	<u>(39)%</u>

High-Pressure Controls

R&D expenses for the three months and year ended December 31, 2025 were \$0.4 million and \$5.3 million, respectively, compared to \$1.1 million and \$5.3 million for the same prior year periods. This was primarily related to research and development activities for our new 700 bar products, including pressure regulators, manifolds, and tank valves. Multiple components for hydrogen internal combustion engines and fuel-cell vehicles remain in active development phases with global OEM partners.

In the prior quarter, we recorded a provision for estimated losses on a hydrogen development program. At that time, there were ongoing negotiations with our customer and the final outcome was uncertain. The provision was reversed in Q4 2025 and the actual impact was recorded as an impairment of \$0.5 million to our property, plant and equipment and write-off of inventory of \$0.2 million for certain dedicated equipment and components for the program.

Heavy-Duty OEM

There was no activity in the quarter as the aforementioned transitional service agreement has ended in Q2 2025 as planned.

Corporate

We incurred research and development costs primarily for engineering labor, materials, and outside services support for validation and testing for one of our new strategic initiatives.

Selling, General and Administrative Expenses ("SG&A")

(in thousands of U.S. dollars)	Three months ended December 31,		Change		Years ended December 31,		Change	
	2025	2024	\$	%	2025	2024	\$	%
High-Pressure Controls	677	524	153	29 %	2,119	1,716	403	23 %
Heavy-Duty OEM	—	64	(64)	(100)%	159	3,924	(3,765)	(96)%
Corporate	2,862	4,063	(1,201)	(30)%	13,160	17,792	(4,632)	(26)%
Total SG&A	<u>\$ 3,539</u>	<u>\$ 4,651</u>	<u>\$ (1,112)</u>	<u>(24)%</u>	<u>\$ 15,438</u>	<u>\$ 23,432</u>	<u>\$ (7,994)</u>	<u>(34)%</u>

High-Pressure Controls

SG&A expenses for the three months and year ended December 31, 2025 were \$0.7 million and \$2.1 million, respectively, compared to \$0.5 million and \$1.7 million for the same prior year periods.

The SG&A expenses for the three months ended December 31, 2025 and year ended December 31, 2025 increased by \$0.2 million and \$0.4 million, respectively. The increase in SG&A expenses was primarily driven by the increased activity at our two new manufacturing facilities in Canada and China.

Heavy-Duty OEM

There was no activity in the quarter as the aforementioned transitional service agreement had ended in Q2 2025 as planned.

Corporate

SG&A expenses for the three months and year ended December 31, 2025 were \$2.9 million and \$13.2 million, respectively, compared to \$4.1 million and \$17.8 million for the same prior year periods.

The SG&A expenses for the three months ended December 31, 2025 decreased by \$1.2 million, which was primarily driven by lower compensation costs partially offset by increased outside services incurred for our plans in improving our liquidity position.

The SG&A expenses for year ended December 31, 2025 decreased by \$4.6 million, which was primarily driven by our cost-cutting initiatives resulting in lower compensation costs, partially offset by certain restructuring costs incurred in the prior quarter for the departure of an executive.

Other significant expense and income items for the year ended December 31, 2025

(in thousands of U.S. dollars)	Years ended December 31,	
	2025	2024
Foreign exchange (gain) loss	\$ (5,365)	\$ 6,227
Depreciation and amortization:		
Cost of revenue depreciation and amortization	220	1,522
Operating expense depreciation and amortization	515	661
Total depreciation and amortization	<u>\$ 735</u>	<u>\$ 2,183</u>
Loss from investments accounted for by the equity method	\$ (15,845)	\$ (6,715)

Foreign exchange gains and losses reflect net realized gains and losses on foreign currency transactions and net unrealized gains and losses on our net U.S. dollar denominated monetary assets and liabilities in our Canadian operations that were mainly comprised of cash and cash equivalents, accounts receivable and accounts payable. In addition, we have foreign exchange exposure on Euro denominated monetary assets and liabilities where the functional currency of the subsidiary is not in Euro. For the year ended December 31, 2025, we recognized a foreign exchange gain of \$5.4 million compared to a foreign exchange loss of \$6.2 million for the year ended December 31, 2024. The gain recognized in the current year primarily relates to unrealized foreign exchange gain resulting from the remeasurement of U.S. dollar denominated debt in our Canadian legal entities.

Depreciation and amortization for the years ended December 31, 2025 and December 31, 2024 were \$0.7 million and \$2.2 million, respectively. Depreciation and amortization decreased year-over-year, primarily driven by the transition of the HPDI business into Cespira on June 3, 2024.

Loss from investments accounted for by the equity method for the years ended December 31, 2025 and December 31, 2024 was loss of \$15.8 million and loss of \$6.7 million, respectively. This was primarily driven by our 55% ownership interest in Cespira, which had 12 months of activity in 2025 compared to 7 months of activity in 2024.

Interest on debt and amortization of discount

(in thousands of U.S. dollars)	Three months ended December 31,		Years ended December 31,	
	2025	2024	2025	2024
Interest expense on long-term debt	\$ 113	\$ 224	\$ 613	\$ 1,083

The decreases in interest expense on long-term debt for the three months ended and for the year ended December 31, 2025 compared to prior year periods was driven by the reduction in the outstanding balance of the EDC term loan.

Income tax expense from continuing operations for the year ended December 31, 2025 was \$0.1 million compared to \$0.5 million in the prior year.

Related party transactions

Westport's related parties are Cespira, directors, officers and shareholders that own more than 10% of our shares.

We engage in transactions with Cespira primarily through cross-charges, provision of services and the sale of inventory under a transitional services agreement. The transitional services of sale of inventory and contract manufacturing ended on June 30, 2025.

Related party transactions with Cespira	Years ended December 31,			
	2025		2024	
Sales of goods, services, and other income	\$	15,684	\$	9,598
Inventory purchased, services and other expenses		1,525		1,320

Related party balances with Cespira	December 31,			
	2025		2024	
Receivables (note 6 in the annual financial statements)	\$	274	\$	4,973
Payables (note 11 in the annual financial statements)	\$	78	\$	1,137

Selected Cespira Statement of Operations information

We account for Cespira using the equity method of accounting. However, due to its significance to our long-term strategy and operating results, we disclose certain of Cespira's financial information in notes 8 and 17 in our Annual Financial Statements. Cespira's financial statements are reported in Euro and translated using the period average foreign exchange rates between Euro and U.S. Dollars. The fluctuations in foreign exchange rates between 2025 and 2024 impacted the results presented below.

The following table sets forth a summary of Cespira's financial results for the three months and year ended December 31, 2025 and the period between June 3, 2024 to December 31, 2024:

(in thousands of U.S. dollars)	Three months ended December 31,		Change		Years ended December 31,		Change	
	2025	2024	\$	%	2025	2024	\$	%
Product revenue	\$ 23,414	\$ 18,051	\$ 5,363	30 %	\$ 62,356	\$ 32,919	\$29,437	89 %
Service revenue	5,882	4,855	\$ 1,027	21 %	15,087	10,166	\$ 4,921	48 %
Total revenue	29,296	22,906	\$ 6,390	28 %	77,443	43,085	\$34,358	80 %
Gross (loss) profit	(1,054)	458	(1,512)	(330)%	(3,501)	451	(3,952)	(876)%
Gross margin ¹	(4)%	2 %			(5)%	1 %		
Research & development	(384)	1,764	(2,148)	(122)%	5,641	4,715	926	20 %
Selling, general, & administrative	4,391	3,466	925	27 %	13,195	6,528	6,667	102 %
Operating loss	(7,791)	(4,583)	(3,208)	70 %	(27,549)	(12,091)	(15,458)	128 %
Net loss	(9,500)	(4,825)	(4,675)	97 %	(29,278)	(12,231)	(17,047)	139 %

¹Gross margin is non-GAAP financial measure. See the section 'Non-GAAP Financial Measures' for explanations and discussions of these non-GAAP financial measures or ratios.

Product revenue

Cespira's product revenue was \$23.4 million for the three months ended December 31, 2025 compared to \$18.1 million in the prior year period. The increase in product revenue was primarily driven by an increase in sales volume to their initial OEM customer.

Cespira's product revenue was \$62.4 million for the year ended December 31, 2025 compared to \$32.9 million in the prior year. The increase in product revenue was primarily driven by the full year of sales volume in the 2025 compared to 7 months of sales in the prior year.

Service revenue

Cespira's service revenue was \$5.9 million for the three months ended December 31, 2025 compared to \$4.9 million in the prior year period.

Cespira's service revenue was \$15.1 million for the year ended December 31, 2025 compared to \$10.2 million in the prior year.

Cespira provided engineering services to OEM customers for product development, testing, integration, and validation. In 2025, Cespira provided engineering services to their initial OEM customer for the upcoming regulations in the European market. The increase in the current quarter relates to the increased engineering services delivered to their customers. Cespira recognizes its service revenue using the output method, driven primarily by achieving project milestones.

Gross profit

Cespira's gross profit was negative \$1.1 million for the three months ended December 31, 2025 compared to \$0.5 million in the prior year period. In the current quarter, Cespira recognized a provision for obsolete inventory of \$1.7 million as a new variant of a certain product was launched and a loss on onerous contract of \$2.8 million for a certain engineering project.

Cespira's gross profit was negative \$3.5 million for the year ended December 31, 2025 compared to \$0.5 million in the prior year. The gross profit decrease was due to the aforementioned provision for obsolete inventory and loss on onerous contract, partially offset by increased sales volume in the year.

Research & development

Cespira's research & development was a recovery of \$0.4 million for the three months ended December 31, 2025 as a result of an adjustment to recognize certain research and development costs as direct costs against service revenues earned in the quarter.

Cespira's research & development expenses were \$5.6 million for the year ended December 31, 2025 compared to \$4.7 million in the prior year. The increase in research and development expenses was primarily driven by 12 months of activity in 2025 compared to 7 months of activity in 2024.

Selling, general, & administrative

Cespira's SG&A expenses were \$4.4 million for the three months ended December 31, 2025 compared to \$3.5 million in the prior year period. Included in the current quarter is a settlement with a supplier impacted by the launch of the new product variant.

Cespira's SG&A expenses were \$13.2 million for the year ended December 31, 2025 compared to \$6.5 million in the prior year. The increase in SG&A expenses was primarily driven by 12 months of activity in 2025 compared to 7 months of activity in 2024.

Operating loss

Cespira's operating loss was \$7.8 million for the three months ended December 31, 2025 compared to \$4.6 million in the prior year period. Included in the current year is a provision for a onerous contract of \$2.8 million and an impairment loss on PP&E for \$0.4 million related to obsolete production equipment.

Cespira's operating loss was \$27.5 million for the year ended December 31, 2025 compared to \$12.1 million in the prior year. The increase in operating loss was primarily driven by the full year activity in 2025 compared to 7 months of activity in the prior year.

CAPITAL REQUIREMENTS, RESOURCES AND LIQUIDITY

Our cash and cash equivalents position increased by \$12.4 million to \$27.2 million at December 31, 2025 compared to \$14.8 million at December 31, 2024. The increase in cash was primarily driven by the sale of our Light-Duty segment, partially offset by cash used in our operating activities and debt repayments.

Cash Flow from Operating Activities from Continuing Operations

For the year ended December 31, 2025, net cash used in operating activities from continuing operations was \$14.2 million compared to net cash used in operation activities from continuing operations of \$5.8 million for the year ended December 31, 2024, a \$8.4 million increase in net cash used in operating activities from continuing operations. The increase in net cash used in operating activities for the current year was primarily driven by the change in our working capital in the prior year after the formation of the joint venture in June 2024, partially offset by the lower operating losses in the current year.

Cash Flow from Investing Activities from Continuing Operations

For the year ended December 31, 2025, our net cash provided by investing activities from continuing operations was \$15.8 million compared to net cash provided by investing activities from continuing operations of \$16.3 million for the year ended December 31, 2024. The decrease in net cash provided by investing activities were primarily driven by purchases of property, plant and equipment of \$2.7 million and capital contributions to Cespira of \$21.7 million in the year ended December 31, 2025, partially offset by the sale of the Light-Duty segment. In the prior year, we received proceeds from sale of investments which included cash proceeds of \$27.3 million from Volvo for the purchase of a 45% ownership interest in Cespira as part of the formation of the joint venture.

The Company and its joint venture partner, Volvo, have jointly committed to funding approximately \$20.0 million to Cespira for fiscal year 2026. Our expected portion of capital contributions to Cespira is 55% or \$11.0 million. Compared to our 2025 annual capital contributions of \$21.7 million, this is a significant reduction in required funding reflecting the improvement in net cash flows used in Cespira.

Cash Flow from Financing Activities from Continuing Operations

For the year ended December 31, 2025, our net cash used in financing activities was \$4.0 million, compared to net cash used in financing activities of \$18.7 million during the year ended December 31, 2024. On November 30, 2024, we closed our revolving financing facility with Royal Bank of Canada and reduced our use of the credit facility. In July 2025, we borrowed \$5.8 million from the Purchaser for short-term liquidity as we prepared for the sale of the Light-Duty segment. We continued to repay our term loan to EDC in 2025.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

	Carrying amount	Contractual cash flows	< 1 year	1 - 3 years	4-5 years
Accounts payable and accrued liabilities	\$ 17,933	\$ 17,933	\$ 17,933	\$ —	\$ —
Long-term debt, principal (1)	2,924	2,924	2,924	—	—
Long-term debt, interest (1)	—	270	270	—	—
Operating lease obligations	1,785	2,093	493	945	655
	<u>\$ 22,642</u>	<u>\$ 23,220</u>	<u>\$ 21,620</u>	<u>\$ 945</u>	<u>\$ 655</u>

Notes

(1) For details of our long-term debt, principal and interest, see note 12 of the annual financial statements.

SHARES OUTSTANDING

On September 29, 2025, we filed a Shelf Prospectus with the relevant Canadian securities regulatory authorities allowing us to offer up to US \$100.0 million of common shares, preferred shares, subscription receipts, warrants, debt securities, or units, or any combination thereof during the 25-month period that the Shelf Prospectus will be effective. We may use the Shelf Prospectus as part of our plans to improve our liquidity position in the current year.

For the year ended December 31, 2025, the weighted average number of shares used in calculating our earnings per share was 17,343,595. During the year ended December 31, 2025, 427,691 share units were granted to directors, executives and employees (2024 - 224,050 share units). This included nil Restricted Share Units ("RSUs") (2024 - 104,215 RSUs), 290,540 Performance Share Units ("PSUs") (2024 - nil PSUs) and 119,835 Deferred Share Units (2024 - 102,206 DSUs). The common shares, share options and share units outstanding and exercisable as at the following dates are shown below:

(weighted average exercise prices are presented in Canadian dollars)

	December 31, 2025		April 23, 2026	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Common shares outstanding	17,375,213		17,395,734	
Share units				
Outstanding	713,061	11.51	557,834	N/A
Exercisable	491	31.07	491	N/A

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Annual Financials Statements are prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions that affect the amounts reported in our Annual Financial Statements. We have identified several policies as critical to our business operations and in understanding our results of operations. These policies, which require the use of judgment, estimates and assumptions in determining the reported amounts of assets, liabilities, revenues, expenses and related disclosure of our long-term investments in Cespira. The application of these and other accounting policies are described in note 3 of the Annual Financial Statements. Actual amounts may vary significantly from estimates used.

Variable interest entities ("VIEs") and impairment of long-term investments accounted for by the equity method

We identified Cespira Canada LP and Cespira Sweden AB as VIEs, as the entities are dependent on funding from its owners. The funding and ownership interests of the entities are split on a 55/45 basis between the owners of the VIEs. The voting rights and power to exercise control is shared equally on a 50/50 basis between the owners of the VIEs. Therefore, we have determined that we are not the primary beneficiary of the VIEs. We account for our investment in VIEs for which we are not primary beneficiaries of using the equity method of accounting.

Identifying a VIE and determining the primary beneficiary of a VIE requires the use of our judgment, estimates, and assumptions including determining the most significant activities and decisions that impact the economic performance of a VIE and the beneficiary who has the power over those decisions. If events and circumstances change in a VIE, it may have a significant impact in how we account for the entity.

We evaluate our long-term investments for impairment when an investee has recognized a series of operating losses or recognizes an impairment loss in its financial statements. In such an event, we measure the fair value of the investee against its carrying amount. We estimate the fair value of our long-term investment using the expected future cash flows discounted at a rate commensurate with the risks of the investee.

If the fair value is lower than the carrying amount, we will consider whether the loss is other than temporary. Factors considered when evaluating whether a loss is other than temporary include:

- (i) the length of time and extent to which the fair value of the investee has been less than its carrying amount
- (ii) the investee's financial condition and near term prospects, including recent operating losses or specific events that may negatively influence its future earning potential; and
- (iii) our intent and ability to retain the investment for a period of time sufficient to allow for an anticipated recovery in fair value.

When we conclude the loss is other than temporary, we would record an impairment against the investment's carrying amount and report the impairment loss in our consolidated statement of operations and comprehensive loss. As at December 31, 2025, we concluded that there was no impairment loss in our investment in Cespira.

Property, plant, & equipment ("PP&E") and Right-of-use assets

We consider whether or not there has been an impairment in our long-lived assets, such as plant and equipment, furniture and leasehold improvements and right-of-use assets, whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If such assets are not recoverable, we are required to write down the assets to fair value. When quoted

market values are not available, we use the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value to determine whether or not a write down is required.

Impairment of PP&E

We have significant long-lived assets related to our High-Pressure Controls segment in our new Canada and China manufacturing facilities. In the current year, we had hydrogen development program cancellation by a customer that resulted in certain dedicated PP&E impacted by the cancellation. As a result, we recognized an impairment loss of \$0.5 million in the year. Although there is a general slowdown in the hydrogen infrastructure development, leading to a slower adoption of automotive and industrial applications powered by hydrogen, we continue to see a demand for our products and ongoing activity in research and development with our global OEM partners. The long-lived assets in our High-Pressure Controls segment are fuel agnostic and not solely for hydrogen applications. As of December 31, 2025, we have concluded that there are no other impairment indicators.

NEW ACCOUNTING PRONOUNCEMENTS AND DEVELOPMENTS

New accounting standard adopted in 2025:

ASU 2023-09 - Income Taxes (Topic 740): Improvement to Income Tax Disclosures

The ASU amends the rules on income tax disclosures by modifying or eliminating certain existing income tax disclosure requirements in addition to establishing new requirements. The amendments address investor requests for more transparency about income taxes, including jurisdictional information, by requiring consistent categories and greater disaggregation of information. The ASU's two primary amendments relate to the rate reconciliation and income taxes paid annual disclosures.

Reconciling items presented in the rate reconciliation are in dollar amounts and percentages, and are disaggregated into specified categories with certain reconciling items further broken out by nature and/or jurisdiction using a 5% threshold of domestic federal taxes. Income taxes paid are disaggregated between federal, provincial/territorial, and foreign taxing jurisdictions using a 5% threshold of total income taxes paid net of refunds received.

The ASU is effective for annual periods beginning after December 15, 2024. The Company adopted this standard prospectively in the fourth quarter of 2025 with an effective date of January 1, 2025 and has included the disaggregation of rate reconciliation items and income tax payments by specified categories, nature and/or jurisdiction as described within note 14 - Income taxes.

Upcoming accounting standards not yet adopted in 2025:

ASU 2024-03 - Disaggregation of Income Statement Expenses (Subtopic 202-40)

The ASU aims to provide stakeholders a clearer understanding of an entity's expenses and enhance their ability to assess performance, forecast expenses and evaluate the entity's potential for future cash flows. The ASU amends the rules on income statement expense disclosures and requires public business entities to disaggregate and disclose, in tabular format in the notes to financial statements, specified categories of expenses contained within certain income statement expense line items; to integrate certain amounts that were already required to be disclosed under current GAAP with the new disaggregation requirements and to qualitatively disclose descriptions of the amounts remaining that were not separately disaggregated. The ASU also requires public business entities to disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of those selling expenses. This ASU does not change or remove the current disclosure requirements of expense line items on the face of the Consolidated Statements of Income.

The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments in this ASU should be applied either prospectively to Consolidated Financial Statements issued for reporting periods following the effective date, or retrospectively to any or all prior periods presented in the Consolidated Financial Statements. While this guidance may have an impact on the disclosures, the Company does not expect this guidance to have a material impact on its financial position, operations, and cash flows.

The Company has evaluated other recently issued ASU's effective on or after December 31, 2025 and does not expect their adoption to have a material impact on its consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**Evaluation of Disclosure Controls and Procedures**

Our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act and applicable Canadian securities law requirements is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and applicable Canadian securities law requirements, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") (our principal executive officer and principal financial officer, respectively), as appropriate to allow timely decisions regarding required disclosures.

We evaluated the effectiveness of our internal controls over financial reporting as of December 31, 2025 with the participation, and under the supervision of our management, including our CEO and CFO. Based upon this evaluation, our CEO and CFO concluded that as of December 31, 2025, our internal controls and procedures over financial reporting were effective for the period.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, our CEO and CFO and effected by our board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external reporting purposes in accordance with U.S. GAAP and the requirements of the SEC, as applicable. There are inherent limitations in the effectiveness of internal control over financial reporting, including the possibility that misstatements may not be prevented or detected.

Because of these inherent limitations, internal control systems, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met, and no evaluation of controls can provide absolute assurance that all control issues have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under potential future conditions, regardless of how remote. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management, including the CEO and CFO, has evaluated the effectiveness of our internal control over financial reporting, based on the criteria in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has determined that our internal control over financial reporting was effective as of December 31, 2025.

KPMG LLP ("KPMG"), our independent registered public accounting firm, has audited our annual financial statements and expressed an unqualified opinion thereon. KPMG has also expressed an unqualified opinion on the effective operation of our internal control over financial reporting as of December 31, 2025. KPMG's audit report on effectiveness of internal control over financial reporting is included in the Annual Financial Statements.

Changes in Internal Control Over Financial Reporting

As a result of the disposal of the Light-Duty segment, during the year ended December 31, 2025, there have been changes to our internal controls over financial reporting. There were no other changes to our internal controls over financial reporting that materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

SUMMARY OF QUARTERLY RESULTS AND DISCUSSION OF THE QUARTER ENDED DECEMBER 31, 2025

Our revenues and operating results can vary significantly from quarter to quarter depending on the timing of product deliveries, product mix, product launch dates, R&D project cycles, timing of related government funding, impairment charges, restructuring charges, stock-based compensation awards and foreign exchange impacts. Net income and net loss has and can vary significantly from one quarter to another depending on operating results, gains and losses from investing activities, recognition of tax benefits and other similar events..

The following table provides summary unaudited consolidated financial data for our last eight quarters:

Selected Consolidated Quarterly Operations Data

<i>Three months ended (in thousands of U.S. dollars except for per share amounts)</i>	<i>31- Mar-24</i>	<i>30- Jun-24</i>	<i>30- Sep-24</i>	<i>31- Dec-24</i>	<i>31- Mar-25</i>	<i>30- Jun-25</i>	<i>30- Sep-25</i>	<i>31- Dec-25</i>
Total revenue	\$77,574	\$83,386	\$66,251	\$75,088	\$70,955	\$88,870	\$21,617	\$1,880
Continuing operations	\$14,428	\$14,109	\$4,877	\$7,284	\$7,323	\$12,498	\$1,617	\$1,880
Discontinued operations	\$63,146	\$69,277	\$61,374	\$67,804	\$63,631	\$76,372	\$19,999	\$—
Gross profit	\$11,723	\$17,122	\$14,466	\$14,280	\$15,225	\$15,996	\$4,771	\$ (169)
Continuing operations	\$ (542)	\$2,359	\$663	\$363	\$1,535	\$843	\$471	\$ (169)
Discontinued operations	\$12,265	\$14,763	\$13,803	\$13,917	\$13,690	\$15,153	\$4,299	\$—
Gross margin ¹	15 %	21 %	22 %	19 %	21 %	18 %	22 %	(9)%
Continuing operations	(4)%	17 %	14 %	5 %	21 %	7 %	29 %	(9)%
Discontinued operations	19 %	21 %	22 %	21 %	22 %	20 %	21 %	#DIV/0!
Loss from investments accounted for by the equity method	\$—	\$ (688)	\$ (2,781)	\$ (1,964)	\$ (3,799)	\$ (3,299)	\$ (3,078)	\$ (5,078)
Continuing operations	\$—	\$ (1,102)	\$ (3,002)	\$ (2,611)	\$ (3,884)	\$ (3,686)	\$ (3,197)	\$ (5,078)
Discontinued operations	\$—	\$414	\$221	\$647	\$85	\$387	\$119	\$—
Net income (loss)	\$ (13,648)	\$5,817	\$ (3,868)	\$ (10,141)	\$ (2,451)	\$ (34,344)	\$ (13,726)	\$ (11,105)
Continuing operations	\$ (16,020)	\$4,146	\$ (5,968)	\$ (13,665)	\$ (5,296)	\$ (5,053)	\$ (10,411)	\$ (8,811)
Discontinued operations	\$2,373	\$1,671	\$2,100	\$3,524	\$2,845	\$ (29,291)	\$ (3,315)	\$ (2,294)
EBITDA ¹	\$ (9,195)	\$9,036	\$ (301)	\$ (6,103)	\$ (135)	\$ (30,049)	\$ (12,814)	\$ (10,695)
Adjusted EBITDA ¹	\$ (6,349)	\$ (2,406)	\$ (778)	\$ (1,883)	\$ (7)	\$ (1,017)	\$ (6,313)	\$ (9,939)
U.S. dollar to Euro average exchange rate	0.92	0.93	0.91	0.94	0.95	0.88	0.86	0.86
U.S. dollar to Canadian dollar average exchange rate	1.35	1.37	1.36	1.39	1.43	1.38	1.38	1.40
Earnings (loss) per share:								
Basic & Diluted	(0.79)	0.34	(0.22)	(0.57)	(0.14)	(1.98)	(0.79)	(0.65)
Continuing operations	(0.93)	0.24	(0.35)	(0.77)	(0.31)	(0.29)	(0.60)	(0.51)
Discontinued operations	0.14	0.10	0.12	0.20	0.16	(1.69)	(0.19)	(0.13)

Notes

(1) These financial measures of ratios are non-GAAP financial measures or ratios. See the section, 'Non-GAAP Financial Measures' for explanations and discussion of these non-GAAP financial measures or ratios.

REPORTABLE SEGMENTS & RECONCILIATIONS

The Company discloses segment information under three reportable segments, consistent with the manner in which its Chief Operating Decision Maker ("CODM") evaluates its businesses. The Company's CODM is its Chief Executive Officer. These segments are the strategic pillars of the Company and are managed separately as each represents a specific grouping of related automotive components and systems. The reportable segments are further described below. In prior years, the Company presented its results under four reportable segments: Light-Duty, High-Pressure Controls, Heavy-Duty OEM, and Cespira.

On July 29, 2025, the Company sold its Light-Duty segment to the Purchaser (note 5). The Company now reports its results in the following three reportable segments: High-Pressure Controls, Heavy-Duty OEM, and Cespira. The prior year comparatives were recast to reflect this change in reportable segments.

- High-Pressure Controls: This segment's products include fuel cell and hydrogen fuel system solutions and components.
- Heavy-Duty OEM: Prior to June 3, 2024, this segment's products include HPDI related fuel system solutions and components. Subsequently, this segment's operations were related to the transitional services agreement between the Company and Cespira for inventory and contract manufacturing. The transitional service agreement for these services ended on June 30, 2025 when Cespira completed their independent set up for inventory manufacturing.
- Cespira: This segment's products include HPDI related fuel system solutions and components after June 3, 2024.

Segment earnings or losses before income taxes, interest, depreciation, and amortization ("Segment EBITDA") is the measure of segment profitability used by the Company. The accounting policies of our reportable segments are the same as those applied in our consolidated financial statements. Management prepared the financial results of the Company's reportable segments on basis that is consistent with the manner in which Management internally disaggregates financial information to assist in making internal operating decisions. Certain common costs and expenses, primarily corporate functions, among segments differently than we would for stand-alone financial information prepared in accordance with GAAP. These include certain costs and expenses of shared services, such as IT, human resources, legal, finance and supply chain management. Segment EBITDA is not defined under US GAAP and may not be comparable to similarly titled measures used by other companies and should not be considered a substitute for net earnings or other results reported in accordance with GAAP. Reconciliations of reportable segment information to consolidated statement of operations can be found in section "NON-GAAP FINANCIAL MEASURES & RECONCILIATIONS" within this MD&A.

Year ended December 31, 2025				
	High-Pressure Controls	Heavy-Duty OEM	Cespira	Total Segment
Revenue	\$ 8,272	\$ 15,046	\$ 77,443	\$ 100,761
Cost of revenue	7,362	13,276	80,944	101,582
Gross profit (loss)	910	1,770	(3,501)	(821)
Operating expenses:				
Research & development	5,332	159	5,641	11,132
General & administrative	1,729	133	11,903	13,765
Sales & marketing	390	26	1,292	1,708
Depreciation & amortization	355	—	3,283	3,638
Add back: Depreciation & amortization ¹	575	—	6,567	7,142
Segment EBITDA	<u>\$ (6,321)</u>	<u>\$ 1,452</u>	<u>\$ (19,053)</u>	<u>\$ (23,922)</u>

Year ended December 31, 2024				
	High-Pressure Controls	Heavy-Duty OEM	Cespira	Total Segment
Revenue	\$ 9,383	\$ 31,315	\$ 43,085	\$ 83,783
Cost of revenue	7,192	30,663	42,634	80,489
Gross profit	2,191	652	451	3,294
Operating expenses:				
Research & development	5,336	4,196	4,715	14,247
General & administrative	1,033	3,068	5,555	9,656
Sales & marketing	683	856	973	2,512
Depreciation & amortization	153	131	1,720	2,004
Add back: Depreciation & amortization ¹	401	1,405	3,845	5,651
Segment EBITDA	<u>\$ (4,613)</u>	<u>\$ (6,194)</u>	<u>\$ (8,667)</u>	<u>\$ (19,474)</u>

Year ended December 31, 2025				
	Total Segment	Less: Cespira	Add: Corporate & unallocated	Total Consolidated
Revenue	\$ 100,761	\$ 77,443	\$ —	\$ 23,318
Cost of revenue	101,582	80,944	—	20,638
Gross profit (loss)	(821)	(3,501)	—	2,680
Operating expenses:				
Research & development	11,132	5,641	292	5,783
General & administrative	13,765	11,903	12,095	13,957
Sales & marketing	1,708	1,292	1,065	1,481
Depreciation & amortization	3,638	3,283	160	515
Equity loss	—	—	(15,845)	(15,845)

Year ended December 31, 2024				
	Total Segment	Less: Cespira	Add: Corporate & unallocated	Total Consolidated
Revenue	\$ 83,783	\$ 43,085	\$ —	\$ 40,698
Cost of revenue	80,489	42,634	—	37,855
Gross profit	3,294	451	—	2,843
Operating expenses:				
Research & development	14,247	4,715	—	9,532
General & administrative	9,656	5,555	16,622	20,723
Sales & marketing	2,512	973	1,170	2,709
Depreciation & amortization	2,004	1,720	377	661
Equity loss	—	—	(6,715)	(6,715)

Years ended December 31,		
Reconciliation of Segment EBITDA to Loss before income taxes	2025	2024
Total Segment EBITDA	\$ (23,922)	\$ (19,474)
Adjustments:		
Depreciation & amortization	735	2,183
Cespira's Segment EBITDA	(19,053)	(8,667)
Cespira's equity loss	15,845	6,715
Corporate and unallocated operating expenses	13,452	17,792
Foreign exchange loss (gain)	(5,365)	6,227
Loss on sale of assets	—	703
Gain on deconsolidation	—	(15,198)
Loss on sale of investment	—	352
Impairment of long-term investment	538	—
Interest on long-term debt and accretion of royalty payable	613	1,083
Interest and other income, net of bank charges	(1,259)	88
Loss before income taxes	<u>\$ (29,428)</u>	<u>\$ (30,752)</u>

NON-GAAP FINANCIAL MEASURES & RECONCILIATIONS

In addition to the results presented in accordance with U.S. GAAP, we used EBIT, EBITDA, Adjusted EBITDA, gross margin, net working capital, and other non-current liabilities (collectively, the "Non-GAAP Measures") throughout this MD&A. We believe these non-GAAP measures provide additional information that is useful to stakeholders in understanding our underlying performance and trends through the same financial measures employed by our management. We believe that EBIT, EBITDA, and Adjusted EBITDA are useful to both management and investors in their analysis of our ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations and fund capital expenditures. Management also uses these non-GAAP measures in its review and evaluation of the financial performance of the Company. EBITDA is also frequently used by stakeholders for valuation purposes whereby EBITDA is multiplied by a factor or "EBITDA multiple" that is based on an observed or inferred relationship between EBITDA and market values to determine the approximate total enterprise value of a company. We believe these non-GAAP financial measures also provide additional insight to stakeholders as supplemental information to our U.S. GAAP results and as a basis to compare our financial performance period-over-period and to compare our financial performance with that of other companies. We believe that these non-GAAP financial measures facilitate comparisons of our core operating results from period to period and to other companies by, in the case of EBITDA, removing the effects of our capital structure (net interest income

on cash deposits, interest expense on outstanding debt and debt facilities), asset base (depreciation and amortization) and tax consequences. Adjusted EBITDA provides this same indicator of Westport's EBITDA from operations and removing such effects of our capital structure, asset base and tax consequences, but additionally excludes any unrealized foreign exchange gains or losses, stock-based compensation charges and other one-time impairments and costs that are not expected to be repeated in order to provide greater insight into the cash flow being produced from our operating business, without the influence of extraneous events. Readers should be aware that non-GAAP measures have no standardized meaning under U.S. GAAP and accordingly may not be comparable to the calculation of similar measures by other companies. Non-GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with U.S. GAAP.

Gross profit

	Years ended December 31,	
	2025	2024
<i>(in thousands of U.S. dollars)</i>		
Revenue	\$ 23,318	\$ 40,698
Less: Cost of revenue	\$ 20,638	\$ 37,855
Gross profit	\$ 2,680	\$ 2,843

Gross margin

	Years ended December 31,		
	2025	2024	2023
<i>(in thousands of U.S. dollars)</i>			
Revenue	\$ 23,318	\$ 40,698	\$ 68,154
Gross profit	\$ 2,680	\$ 2,843	\$ 360
Gross margin	11 %	7 %	1 %

Net Working Capital

	December 31, 2025	December 31, 2024
<i>(in thousands of U.S. dollars)</i>		
Accounts receivable	\$ 10,177	\$ 18,738
Inventories	3,037	6,668
Prepaid expenses	1,182	1,328
Accounts payable and accrued liabilities	(17,933)	(19,435)
Current portion of operating lease liabilities	(493)	(288)
Current portion of warranty liability	(199)	(277)
Net working capital	(4,229)	6,734

Other Non-Current Liabilities

	December 31, 2025	December 31, 2024
<i>(in thousands of U.S. dollars)</i>		
Total liabilities	\$ 25,196	\$ 154,596
Less:		
Total current liabilities	21,549	108,393
Long-term debt	—	2,932
Other non-current liabilities	3,647	43,271

EBIT, EBITDA and ADJUSTED EBITDA

The Company defines EBIT as net income or loss before taxes adjusted for net interest expense. The Company defines EBITDA as EBIT adjusted for depreciation and amortization. The Company defines Adjusted EBITDA as EBITDA adjusted for stock-based compensation, unrealized foreign exchange gains or losses, and non-cash and other adjustments.

	31- Mar-24	30- Jun-24	30- Sep-24	31- Dec-24	31- Mar-25	30- Jun-25	30- Sep-25	31- Dec-25
Net income (loss)	\$ (13,648)	\$ 5,817	\$ (3,868)	\$ (10,141)	\$ (2,451)	\$ (34,344)	\$ (13,726)	\$ (11,105)
Tax expense (recovery)	\$ 735	\$ 960	\$ 1,427	\$ 1,858	\$ 579	\$ 1,673	\$ 203	\$ 242
Income (loss) before income taxes	\$ (12,913)	\$ 6,777	\$ (2,441)	\$ (8,283)	\$ (1,872)	\$ (32,671)	\$ (13,523)	\$ (10,863)
Interest expense (income), net ¹	\$ 471	\$ 543	\$ 350	\$ 272	\$ (193)	\$ 571	\$ (532)	\$ 9
EBIT	\$ (12,442)	\$ 7,320	\$ (2,091)	\$ (8,011)	\$ (2,065)	\$ (32,100)	\$ (14,055)	\$ (10,854)
Depreciation and amortization	\$ 3,247	\$ 1,716	\$ 1,790	\$ 1,908	\$ 1,930	\$ 2,051	\$ 1,241	\$ 159
EBITDA	\$ (9,195)	\$ 9,036	\$ (301)	\$ (6,103)	\$ (135)	\$ (30,049)	\$ (12,814)	\$ (10,695)
Stock based compensation (recovery)	409	1,083	(140)	5	285	451	(221)	(108)
Unrealized foreign exchange (gain) loss	1,820	57	(1,069)	5,440	(456)	(2,362)	839	(1,220)
Severance & restructuring costs	617	684	380	4	299	96	798	39
Loss on disposal of operations	—	—	—	—	—	30,183	5,085	2,045
Gain on deconsolidation	—	(13,266)	—	(1,932)	—	—	—	—
Loss on sale of investment	—	—	352	—	—	—	—	—
Loss on sale of assets	—	—	—	703	—	—	—	—
Impairment of long-term investments and long-term assets	—	—	—	—	—	664	—	—
Adjusted EBITDA	\$ (6,349)	\$ (2,406)	\$ (778)	\$ (1,883)	\$ (7)	\$ (1,017)	\$ (6,313)	\$ (9,939)

Notes

(1) Interest expense, net is calculated as interest and other income, net of bank charges and interest on long-term debt.

(2) The above table presents the current and comparative periods from continuing and discontinued operations on a consolidated basis.

BUSINESS RISKS AND UNCERTAINTIES

An investment in our business involves risk and readers should carefully consider the risks described in our annual report, Form 20-F, and other filings on www.sedarplus.ca and www.sec.gov. Our ability to generate revenue and profit from our technologies is dependent on a number of factors, and the risks discussed in our annual report, Form 20-F, which, if they were to occur, could have a material impact on our business, financial condition, liquidity, results of operation or prospects. While we have attempted to identify the primary known risks that are material to our business, the risks and uncertainties discussed in our annual report, Form 20-F, may not be the only ones we face. Additional risks and uncertainties, including those that we do not know about now or that we currently believe are immaterial may also adversely affect our business, financial condition, liquidity, results of operation or prospects. A full discussion of the risks impacting our business is contained in the annual report,

Form 20-F, for the year ended December 31, 2025 under the heading “Risk Factors” and is available on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov.