Q4 and Fiscal 2023

Earnings Call

February 29, 2024

LION ELECTRIC

Disclaimer

FORWARD-LOOKING STATEMENTS

This presentation (this “Presentation”) contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws and within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). Any statements contained in this MD&A that are not statements of historical fact, including statements about Lion’s beliefs and expectations, are forward-looking statements and should be evaluated as such.

Forward-looking statements may be identified by the use of words such as “believe,” “may,” “will,” “continue,” “anticipate,” “intend,” “expect,” “should,” “would,” “could,” “plan,” “project,” “potential,” “seem,” “seek,” “future,” “target” or other similar expressions and any other statements that predict or indicate future events or trends or that are not statements of historical matters, although not all forward-looking statements may contain such identifying words. These forward-looking statements include statements regarding the Company’s order book and the Company's ability to convert it into actual sales, the expected production capacity of the Company’s manufacturing facilities in Saint-Jerome and the United States and the Company’s battery manufacturing plant (the "Battery Plant") and innovation center in Quebec (the "Innovation Center" and collectively with the Battery Plant, the "Lion Campus"), the certification of the Lion heavy duty (HD) battery packs, the sourcing of lithium-ion battery cells, the Company's future growth and long-term strategy, the Company’s liquidity and capital requirements and management’s forecasts related thereto, ongoing litigation proceedings, the Company’s expected product pipeline, the implementation by the Company of measures aimed at reducing its vehicle and battery development costs and its inventory levels (including the Company’s fiscal 2024 objectives related thereto), and the development and timing of commercial production of certain platforms and models. Such forward-looking statements are based on a number of estimates and assumptions that Lion believes are reasonable when made, including that Lion will be able to retain and hire key personnel and maintain relationships with customers, suppliers and other business partners, that Lion will continue to operate its business in the normal course, that Lion will be able to implement its growth strategy, that Lion will be able to successfully and timely ramp-up manufacturing capacity at its Saint-Jerome facility, its U.S. manufacturing facility and at the Battery Plant and Innovation Center as required in the future, that Lion will not suffer any supply chain challenges or any material disruption in the supply of raw materials on competitive terms, that Lion will be able to maintain its competitive position, that Lion will continue to improve its operational, financial and other internal controls and systems to manage its growth and size, that Lion will be able to benefit, either directly or indirectly (including through applications made by the Company and/or its clients), from governmental programs, subsidies and incentives, that Lion will not incur any material obligations with respect to product warranty claims or product recalls, and that Lion will be able to secure additional funding through equity or debt financing on terms acceptable to Lion and in the amounts needed if and when required in the future. Such estimates and assumptions are made by Lion in light of the experience of management and their perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Lion believes that these risks and uncertainties include the following: any adverse changes in U.S. or Canadian general economic, business, market, financial, political or legal conditions, including as a consequence of the ongoing uncertainties relating to inflation and interest rates; any unavailability, reduction, discriminatory application, delay in processing or elimination of governmental programs, subsidies or incentives due to policy changes, government regulations or decisions or otherwise; any inability to ramp-up the production of Lion's products and meet project construction and other project milestones and timelines; any inability to meet the expectations of the Company's customers in terms of products, specifications, and services; any inability to successfully and economically manufacture and distribute its vehicles at scale; any inability to raise additional funds to meet its capital requirements and pursue its growth strategy when and in the amounts needed, if any; any inability to execute the Company's growth strategy; any escalation, deterioration and adverse effects of current military conflicts, which may affect economic and global financial markets and exacerbate ongoing economic challenges; any unfavorable fluctuations and volatility in the availability or price of raw materials included in components used to manufacture the Company's products, including battery cells, modules and packs; the reliance on key suppliers and any inability to maintain an uninterrupted supply of raw materials; any inability to reduce total cost of ownership of electric vehicles sold by the Company over time; the reliance on key management and any inability to attract and/or retain key personnel; labor shortages (including as a result of employee departures, turnover, and demands for higher wages) which may force the Company to operate at reduced capacity, to lower its production and delivery rates or lower its growth plans, and could pose additional challenges related to employee compensation; any inability to maintain the Company's competitive position; any inability to reduce the Company's costs of supply over time; any inability to maintain and enhance the Company's reputation and brand; any significant product repair and/or replacement due to product warranty claims or product recalls; any failure of information technology systems or any cybersecurity and data privacy breaches or incidents; any inability to secure adequate insurance coverage or a potential increase in insurance costs; natural disasters, epidemic or pandemic outbreaks, boycotts and geo-political events such as civil unrest, acts of terrorism, the current ongoing military conflicts or similar disruptions; any event or circumstance, including the materialization of any of the foregoing risks and uncertainties, resulting in the Company's inability to convert its order book into actual sales; and the outcome of any legal proceedings in which the Company is or may be involved from time to time.

These and other risks and uncertainties related to the business of Lion are described in greater detail in section 23.0 of the management’s discussion and analysis (“MD&A”) for the years ended December 31, 2023 and 2022 and the three months ended December 31, 2023, entitled “Risk Factors”. Many of these risks are beyond Lion’s management’s ability to control or predict. All forward-looking statements attributable to Lion or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained and risk factors identified in this MD&A and in other documents filed with the applicable Canadian regulatory securities authorities and the U.S. Securities and Exchange Commission (the "SEC‘’).

Because of these risks, uncertainties and assumptions, readers should not place undue reliance on these forward-looking statements. Furthermore, forward-looking statements speak only as of the date they are made. This Presentation reflects information available to the Company as of February 28, 2024, the date of the MD&A. Except as required under applicable securities laws, Lion undertakes no obligation, and expressly disclaims any duty, to update, revise or review any forward-looking information, whether as a result of new information, future events or otherwise.

INDUSTRY AND MARKET DATA

Although all information and opinions expressed in this Presentation, including market data and other statistical information (including estimates and projections relating to addressable markets), were obtained from sources believed to be reliable and are included in good faith, Lion has not verified the information and makes no representation or warranty, express or implied, as to its accuracy or completeness. Some data is also based on the good faith estimates of Lion, which are derived from its review of internal sources as well as independent sources. This Presentation contains preliminary information only, is subject to change at any time and, is not, and should not be assumed to be, complete or to constitute all the information necessary to adequately make an informed decision regarding your engagement with Lion. While the Company is not aware of any misstatements regarding the industry and market data presented in this Presentation, such data involve risks and uncertainties and are subject to change based on various factors, including those factors discussed under “Forward-Looking Statements” above. The Company has no intention and undertakes no obligation to update or revise any such information or data, whether as a result of new information, future events or otherwise, except as required by law.

FINANCIAL INFORMATION; NON-IFRS FINANCIAL MEASURES AND OTHER PERFORMANCE METRICS

The Company reports its financial results in accordance with the International Financial Reporting Standards (“IFRS”). This Presentation makes reference to Adjusted gross profit (loss), Adjusted gross margin, and Adjusted EBITDA, which are non-IFRS financial measures, as well as other performance metrics, including the Company’s order book, which are defined Appendix A. These measures are neither required nor recognized measures under IFRS, and, as a result, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company’s financial information reported under IFRS. Lion compensates for these limitations by relying primarily on Lion's IFRS results and using Adjusted gross profit (loss), Adjusted gross margin, Adjusted EBITDA, and order book on a supplemental basis. Readers should not rely on any single financial measure to evaluate Lion's business. Please refer to Appendix A for additional details, including a reconciliation of Adjusted gross profit (loss) and Adjusted gross profit (loss) margin, and Adjusted EBITDA to the most directly comparable IFRS measures, net loss, and for a full description of the methodology used by the Company in connection with the order book and certain important risks and uncertainties relating to such methodology and the presentation of the order book. This earnings presentation reflects information available to the Company as of February 28, 2024.

CURRENCY

All amounts in this Presentation are expressed in U.S. dollars unless otherwise indicated.

TRADEMARKS AND TRADE NAMES

Lion owns or has rights to various trademarks, service marks and trade names used in connection with the operation of its business. This Presentation also contains trademarks, service marks and trade names of third parties, which are the property of their respective owners. The use or display of third parties’ trademarks, service marks, trade names or products in this Presentation is not intended to, and does not imply, a relationship with Lion, or an endorsement or sponsorship by or of Lion. Solely for convenience, the trademarks, service marks and trade names referred to in this Presentation may appear with the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that Lion will not assert, to the fullest extent under applicable law, their rights or the right of the applicable licensor to these trademarks, service marks and trade names.

Lion Electric **at a Glance**

Key facts

- First-mover in all-electric medium and heavy-duty urban vehicles
- Developing medium and heavy-duty all-electric vehicles and systems for 13+ years: fully focused on electric technology only
- 1,850+ vehicles on the road and over 22M miles (36M km) driven on our platforms
- Multiple tier-1 clients in both trucks and buses

Vehicles attributes

- Purpose-built for electric, with our own chassis, bus body, truck cabin, and proprietary battery system technology
- Favorable TCO vs. diesel

Infrastructure in place to achieve manufacturing capacity of (1):

- 2,500 vehicles per year in St-Jerome
- 2,500 vehicles per year in Joliet, Illinois
- 1.7 GWh of battery production at Mirabel battery plant

Experience and service centers

- 12 experience centers across the U.S. and Canada
- Full turnkey solution for fleet electrification, including vehicle selection, charging infrastructure, grants support, financing, training, maintenance and telematics

MANUFACTURING FACILITY IN JOLIET, IL

BATTERY PLANT IN MIRABEL, QC

MANUFACTURING FACILITY IN ST-JEROME (MONTREAL), QC

LIOND

LION5

Established EV company with 1,850+ vehicles on the road today, a book of tier-1 clients and a full turnkey solution for all aspects of fleet electrification

1) While Lion's manufacturing facilities currently have the infrastructures in place to achieve an annual production capacity of up to 2,500 vehicles at the St-Jerome facility, up to 2,500 buses at the Joliet Facility and up to 1.7 GWh at the Battery Plant, the Company has not produced at such levels to date. See sections 2.0 and 23.0 of the Company's fiscal 2023 MD&A entitled "Caution Regarding Forward-Looking Statements" "Risk Factors" respectively.

LION ELECTRIC

Ecosystem Tailored to Electric Vehicle Fleet Operators

1 • Infrastructure Support

LionEnergy

Helping customers select and deploy charging infrastructure ahead of vehicle delivery

2 • Financing Support

LionCapital Solutions

Guiding customers by offering flexible and complementary financing solutions

3 • Grant Team

LionGrants

Dedicated team forming strong relationships with local entities in the U.S. and Canada to find the right customer funding solutions

Operates at the forefront of policy and the evolving EV ecosystem

4 • Experience Centers

BrightSquad

Teams throughout the U.S. and Canada focused on ensuring a smooth transition to electric for all customers

Customers can test all vehicle types

5 • Aftermarket Support

LionBeat

Telematics solution providing real time analytics and ongoing maintenance services, saving customers time and money

6 • Direct Sales Approach

Highly specialized internal sales team focused on EV

7 • EV Education and Vehicle Selection

LionAcademy

Data-driven vehicle education and selection advice to meet each customer's specific needs

LION ELECTRIC

1. **Operational Highlights**
2. Financial Highlights
3. Conclusion and Q&A

LION ELECTRIC

Q4 and F23 **Highlights**

Q4 23 Operational and Financial Highlights

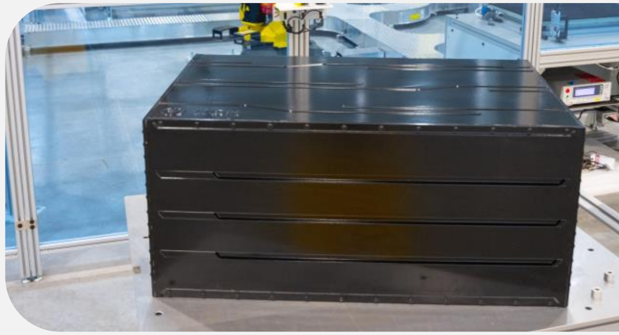
- 188 vehicle deliveries (178 buses and 10 trucks) vs. 174 deliveries in Q4 22
- Revenue of $60.4M, up 29% compared to $46.8M in Q4 22
- Delivery count impacted by specific challenges
  - Initial deliveries of Lion5 and LionD pushed to Q1/Q2 24
  - Substantial delays for ZETF program applications

2023 Operational and Financial Highlights

- 852 vehicles delivered vs. 519 deliveries in 2022
- Revenue of $253.5M, up 81% compared to $139.9M in 2022
- Positive adjusted gross margins[1]
- Joliet and Mirabel construction completion and gradual production ramp up
- Lion MD battery pack certification
- Start of commercial production of LionD and Lion5
- Advancement in development of Lion8 Tractor; commercial production expected mid-2024

LION5 & LION6

LIOND



LION MD BATTERY PACK

1) Non-IFRS measure. See “Financial Information; Non-IFRS Financial Measures and Other Performance Metrics”. This measure is also defined in Appendix A, which also includes a reconciliation to the most directly comparable IFRS measure.

All-Electric **School Bus** Line-Up

School bus represents a perfect application for electrification
Positive impact on children's health, limited mileage, predictable route, significant downtime to charge

Current Line-Up

	LION C	LION D
Commercial Production	✓	✓
Deliveries Made to Date	✓	✓

All-Electric **Medium-** and **Heavy-Duty** Urban Truck Line-Up

Significant commonalities with school bus platform
Favorable TCO vs. diesel, without any subsidies

Current Line-Up | **Pipeline**

	LION5	LION6	LION8	LION8 Tractor
Commercial Production	✓	✓	✓	x *(Expected 2024)*
Deliveries Made to Date	✓	✓	✓	x

LION ELECTRIC

Q4 and 2023 **Vehicle Deliveries**

188 vehicles delivered in Q4 and **852** delivered in 2023

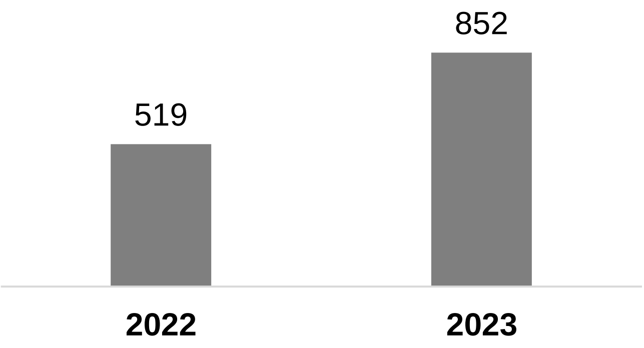
Q4 23: **178** buses and **10** trucks (**107** in Canada and **81** in the U.S.)

2023: **771** buses and **81** trucks (**625** in Canada and **227** in the U.S.)

Vehicle **Deliveries**

Quarterly Deliveries

Annual Deliveries



LION ELECTRIC

Order Book[1] (As of February 28, 2024)

Electric Vehicles

2,076 EVs / ~$500M
Total Order Book[1]

1,791
All-Electric Buses

285
All-Electric Trucks

LionEnergy

~$4M Total Order Book[1]

132
Charging stations and related services

Select School Bus Clients

Zūm, STA Student Transportation of America, Chambly Transport scolaire et nolisé, Gray Line, Langs Bus Lines Limited, Southland Transportation Group, Herscher CUSD No. 2, Autobus Maheux, First Student, Groupe Gaudreault, Los Angeles Unified School District Board of Education, Transdev, Atlanta Public Schools, Autobus Séguin, Keolis, Le Groupe Transbus, National Express, TwinRivers Unified School District, Wabaunsee USD 329 Home of the Chargers, Autobus Campeau Buslines, Pellston Public School, Highland, Autobus Idéal, Groupe Autocar Jeannois

Select Truck Clients

C&S Wholesale Grocers, Transport Canada, Robert, Dollarama, Steer, Hydro Québec, Green Mountain Power, DHL, Nationex Parcel Delivery, Day & Ross, Bolt, conEdison, Pride Group Enterprises, CN, Canada Post / Postes Canada, The New York Times Company, Demers Ambulances, amazon, The Brick, Sobeys inc., Kruger, IKEA

1) As of February 28, 2024, the Company's vehicles and charging stations order book is determined by management based on purchase orders that have been signed, orders that have been formally confirmed by clients, or products in respect of which formal joint applications for governmental programs, subsidies or incentives have been made by the applicable clients and the Company. The order book is expressed as a number of units or a total dollar value, which dollar value is determined based on the pricing of each unit included in the order book as further explained under "Pricing" in section 10.0 of the MD&A entitled "Order Book". The vehicles included in the vehicle order book as of February 28, 2024 provided for a delivery period ranging from a few months to the end of the year ending December 31, 2026, with substantially all of such vehicles currently providing for deliveries before the end of the year ending December 31, 2025. In addition, substantially all deliveries are subject to the granting of subsidies and incentives with processing times that are subject to important variations. There has been in the past and the Company expects there will continue to be variances between the expected delivery periods of orders and the actual delivery times, and certain delays could be significant. Also, there has been in the past and the Company expects there will continue to be variances in the eligibility criteria of the various programs, subsidies and incentives introduced by governmental authorities, including in their interpretation and application. Such variances or delays could result in the loss of a subsidy or incentive and/or in the cancellation of certain orders, in whole or in part. The Company's presentation of the order book should not be construed as a representation by the Company that the vehicles and charging stations included in its order book will translate into actual sales. See section 10.0 of the MD&A entitled "Order Book" for a full description of the methodology used by the Company in connection with the order book and certain important risks and uncertainties relating to such methodology and the presentation of the order book.

Strong **Regulatory Tailwinds**

$5 Billion EPA Clean School Bus Program

2023 GRANT PROGRAM

- Funding upped from $400M to $965M
- Lion awarded grant for 97 school buses + charging infrastructure ($38M)[(1)]
- ~70%[(2)] of units awarded to school districts, financial entities and third-party contractors, representing attractive potential for additional opportunities

2023 REBATE PROGRAM

- At least $500M in expected funding
- Up to $345K per bus + charging infra.
- Applications closed in February 2024
- Notification of selection in April 2024

2024-2026 FUNDING

- Additional ~$3B expected to be allocated over 2024-2026

Continued Momentum at State/Provincial Level

- Increasing number of states and provinces passing laws mandating transition to zero-emission school buses
- Attractive subsidy programs at state and provincial levels

Numerous incentive programs and regulatory initiatives targeting fleet electrification for medium- and heavy-duty vehicles

1) Lion's applications submitted in connection with this round of the program were prepared in collaboration with selected school districts. Lion will continue to work closely with the applicable school districts in order to complete the milestones required under the program and execute purchase orders with such school districts. For additional information on the Clean School Bus Program and the awards granted thereunder, please refer to the EPA's website athttps://www.epa.gov/cleanschoolbus/clean-school-bus-program-awards.
2) Lion estimate based on public information from the EPA

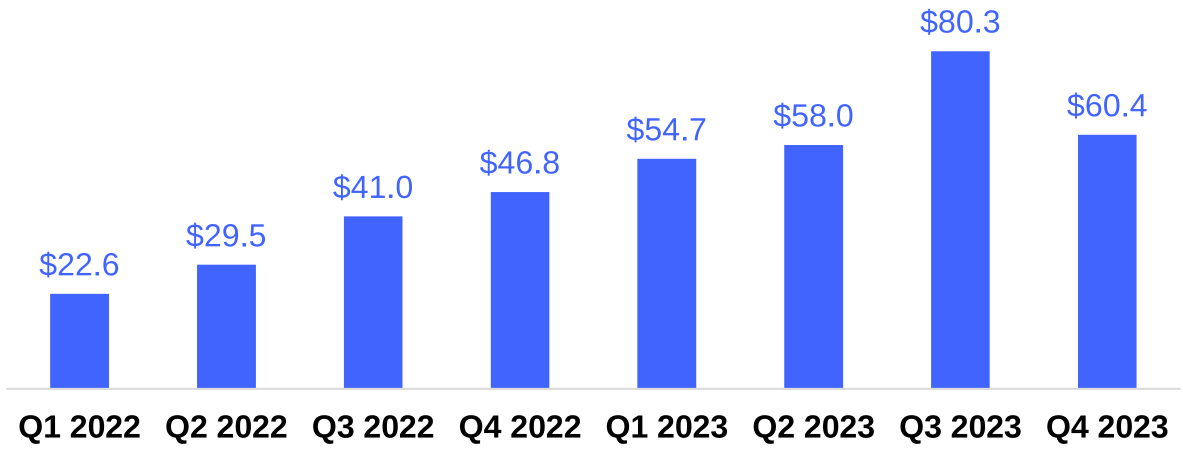
1. Operational Highlights
2. **Financial Highlights**
3. Conclusion and Q&A

LION ELECTRIC

Q4 2023 **Financial Results Overview**

Q4 2023 **Revenue** (US$M)

Quarterly **Revenue** (US$M)



Q4 2023 **Highlights**

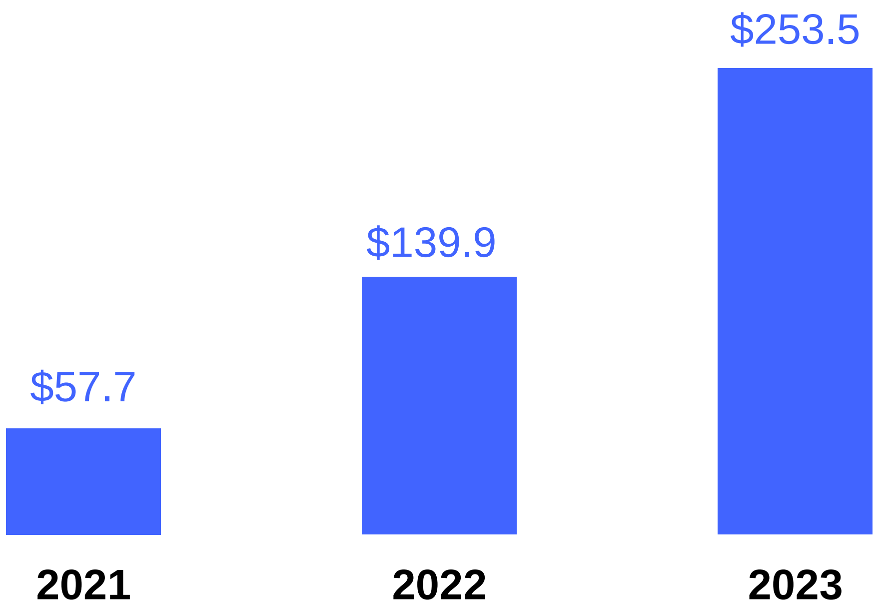
- **$60.4M** in revenue, up 29% compared to Q4 2022
- SG&A of **$16.1M** decreased from 33% of revenue in Q4 2022, to 27% in Q4 2023
- Adjusted gross profit(1) of **$0.7M** and **1.3%** adjusted gross profit margin(1), vs. (10.2%) in Q4 2022
- Improvement in Adjusted EBITDA(1) from ($13.9M) in Q4 2022 to **($6.3M)** and Net loss of ($56.5M)
- **$13.7M** in CAPEX (additions to property, plant and equipment), down from $39.1M in Q4 2022
- **$17.8M** in additions to intangible assets, which mainly consists of vehicle and battery development activities, down from $21.3M in Q4 2022

1) Non-IFRS measure. See “Financial Information; Non-IFRS Financial Measures and Other Performance Metrics”. This measure is also defined in Appendix A, which also includes a reconciliation to the most directly comparable IFRS measure.

LION ELECTRIC

Fiscal 2023 **Results Overview**

Revenue (US$M)



Fiscal 2023 **Highlights**

- Record number of **852** vehicles delivered in 2023 vs. 519 in 2022
- Revenue of $**253.5M**, an 81% increase as compared to 2022
- Adjusted gross profit(1) of **$4.3M** and **1.7%** adjusted gross profit margin(1)
- Adjusted EBITDA(1) of **($34.3M)** and net loss of **$103.8M**
- **$72.2M** in CAPEX (additions to property, plant and equipment), down from $148M in 2022
- **$67.2M** in additions to intangible assets, which mainly consists of vehicle and battery development activities, down from $79.1M in 2022

1) Non-IFRS measure. See “Financial Information; Non-IFRS Financial Measures and Other Performance Metrics”. This measure is also defined in Appendix A, which also includes a reconciliation to the most directly comparable IFRS measure.

Liquidity **Update**

Total immediate liquidity[1] of $93M as of December 31, 2023

- $30M cash on hand + $63M available on revolving facility

~$200M ABL revolving facility

- ~$70M drawn vs. total borrowing capacity of ~$133M[1] as of December 31, 2023

C$100M (~$75M)[2] government loans for Lion Campus

- ~$39M drawn as of December 31, 2023
- ~$4M owed for capex incurred up to December 31, 2023

1) After application of minimum availability test to the borrowing base of ~$153M.
2) Based on 1.35 CAD/USD FX rate as of December 31, 2023.

1. Operational Highlights
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In Conclusion

Established commercial EV OEM with **13+ years of R&D** and manufacturing experience and **1,850+ EVs** on the road, having collectively travelled over **22M miles**

Opportunity to replicate our school bus leadership in the medium- and heavy-duty truck segment, with a **favorable TCO** vs. diesel vehicles

Line-up of **purpose-built** medium- and heavy-duty vehicles designed and assembled in-house, with our proprietary chassis, bus body / truck cabin, battery technology and software integration

Manufacturing infrastructure to further support growth plan(2)

- vehicle factory in St-Jerome **(2.5K vehicles/year)**
- vehicle factory in Joliet Illinois **(2.5K vehicles/year)**
- battery plant in Mirabel **(1.7 GWh/year)**

Established leader in the all-electric school bus space, with **deliveries of 1,600+** and **order book of 1,800+ school buses**(1)

Well positioned to benefit from continued strong regulatory tailwinds, such as the **$5B** EPA Clean School bus Program, CARB's Advanced Clean Fleets Regulation, the **C$2.75B** ZETF, **$1B** EPA Clean Truck Program and **$2.6B EPA** Clean Ports Program

1) As of February 28, 2024, the Company's vehicles and charging stations order book is determined by management based on purchase orders that have been signed, orders that have been formally confirmed by clients, or products in respect of which formal joint applications for governmental programs, subsidies or incentives have been made by the applicable clients and the Company. The order book is expressed as a number of units or a total dollar value, which dollar value is determined based on the pricing of each unit included in the order book as further explained under "Pricing" in section 10.0 of the MD&A entitled "Order Book". The vehicles included in the vehicle order book as of February 28, 2024 provided for a delivery period ranging from a few months to the end of the year ending December 31, 2026, with substantially all of such vehicles currently providing for deliveries before the end of the year ending December 31, 2025. In addition, substantially all deliveries are subject to the granting of subsidies and incentives with processing times that are subject to important variations. There has been in the past and the Company expects there will continue to be variances between the expected delivery periods of orders and the actual delivery times, and certain delays could be significant. Also, there has been in the past and the Company expects there will continue to be variances in the eligibility criteria of the various programs, subsidies and incentives introduced by governmental authorities, including in their interpretation and application. Such variances or delays could result in the loss of a subsidy or incentive and/or in the cancellation of certain orders, in whole or in part. The Company's presentation of the order book should not be construed as a representation by the Company that the vehicles and charging stations included in its order book will translate into actual sales. See section 10.0 of the MD&A entitled "Order Book" for a full description of the methodology used by the Company in connection with the order book and certain important risks and uncertainties relating to such methodology and the presentation of the order book.

2) While Lion's manufacturing facilities currently have the infrastructures in place to achieve an annual production capacity of up to 2,500 vehicles at the St-Jerome facility, up to 2,500 buses at the Joliet Facility and up to 1.7 GWh at the Battery Plant, the Company has not produced at such levels to date. See sections 2.0 and 23.0 of the Company's fiscal 2023 MD&A entitled "Caution Regarding Forward-Looking Statements" "Risk Factors" respectively.

Appendix

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Appendix A - Non-IFRS Financial Measures and Other Performance Metrics

Adjusted gross profit (loss), Adjusted gross margin, and Adjusted EBITDA, and order book are measures that are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Lion compensates for these limitations by relying primarily on Lion's IFRS results and using Adjusted gross profit (loss), Adjusted gross margin, Adjusted EBITDA and order book on a supplemental basis. Readers should not rely on any single financial measure to evaluate Lion's business.

Adjusted Gross Profit (Loss) and Adjusted Gross Margin

Adjusted gross profit (loss) is defined as gross profit (loss) before the impact of a non-cash charge to gross profit (loss) resulting from the inventory write-down recorded by the Company in connection with its decision to indefinitely delay the start of commercial production of the LionA and LionM minibuses, as described in section 8.0 of this MD&A entitled "Operational Highlights" and section 13.0 of this MD&A entitled "Results of Operations". Adjusted gross margin is calculated as Adjusted gross profit (loss) divided by revenue. The Company has elected to introduce Adjusted gross profit (loss) and Adjusted gross margin in order to measure its performance at the gross margin level without the impact of this non-cash charge, which can affect the comparability of its financial results and could potentially distort the analysis of trends in its business performance. The Company believes that these measures are useful to management and investors as they facilitate period-to-period comparisons of the Company's costs of sales and gross profit, including how efficiently the Company uses labor and materials for manufacturing goods sold to its customers, by excluding the impact of a non-cash charge that is not directly related to its operating performance. However, readers should be aware that when evaluating Adjusted gross profit (loss) and Adjusted gross margin, Lion may incur other charges similar to that excluded when calculating Adjusted gross profit (loss) in the future, and the exclusion of this charge should not be construed as an inference that a charge of a similar nature will not occur in the future. Readers should review the reconciliation of gross profit (loss), the most directly comparable IFRS financial measure, to Adjusted gross profit (loss) and Adjusted gross margin, which is presented by the Company under section 13.0 of this MD&A entitled "Results of Operations - Reconciliation of Adjusted Gross Profit (Loss) and Adjusted Gross Margin."

The following table reconciles gross profit (loss) and gross margin to Adjusted gross profit (loss) and Adjusted gross margin for the three months ended December 31, 2023 and 2022, and the years ended December 31, 2023, 2022, and 2021:

	Three months ended December 31,		**Year ended December 31,**		
	2023	2022	**2023**	2022	2021
	(in thousands)		(in thousands)		
Revenue	**$60,429**	$46,769	**$253,496**	$139,914	$57,710
Cost of sales	**$69,480**	$51,533	**$259,020**	$152,862	$57,665
Gross profit (loss)	**$(9,051)**	$(4,765)	**$(5,524)**	$(12,947)	$45
Inventory write-down related to the delay of start of commercial production of LionA and LionM minibuses (1)	**$9,809**	$—	**$9,809**	$—	$—
Adjusted gross profit (loss)	**$758**	$(4,765)	**$4,285**	$(12,947)	$45
Gross margin	**(15.0)%**	(10.2)%	**(2.2)%**	(9.3)%	0.1%
Adjusted gross margin	**1.3%**	(10.2)%	**1.7%**	(9.3)%	0.1%

1) During the fourth quarter of fiscal 2023, the Company decided to indefinitely delay the start of commercial production of the LionA all-electric mini school bus, which is designed for school transportation and to accommodate passengers with special needs, with a capacity of up to 24 passengers. Such decision has also delayed the start of commercial production of the LionM model, an all-electric minibus designed to be used for paratransit or as a standard shuttle bus, and which leverages the same platform as the LionA. The decision was made to prioritize the commercial production of its other products (including the Lion8T) and the integration of Lion batteries to its existing vehicles.

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Appendix A - Non-IFRS Financial Measures and Other Performance Metrics

Adjusted EBITDA

"Adjusted EBITDA" is defined as net earnings (loss) before finance costs, income tax expense or benefit, and depreciation and amortization, adjusted to exclude restructuring costs, share-based compensation, change in fair value of conversion options on convertible debt instruments, change in fair value of share warrant obligations, foreign exchange (gain) loss and transaction and other non-recurring expenses. Adjusted EBITDA also excludes the impact of a non-cash impairment charge relating to intangible assets and property, plant and equipment resulting from the write-down of previously capitalized vehicle development costs and property, plant and equipment as well as the impact of a non-cash charge related to the inventory write-down referred to above, all of which were recorded by the Company in connection with its decision to indefinitely delay the start of commercial production of the LionA and LionM minibuses. Lion uses adjusted EBITDA to facilitate a comparison of the profitability of its business on a consistent basis from period-to-period and to provide a further understanding of factors and trends affecting its business. The Company also believes this measure is useful for investors to assess the Company's profitability, its cost structure and its ability to service debt and to meet other payment obligations. However, readers should be aware that when evaluating Adjusted EBITDA, Lion may incur future expenses similar to those excluded when calculating Adjusted EBITDA. In addition, Lion's presentation of these measures should not be construed as an inference that Lion's future results will be unaffected by unusual or non-recurring items. Readers should review the reconciliation of net earnings (loss), the most directly comparable IFRS financial measure, to Adjusted EBITDA presented by the Company under section 13.0 of the MD&A entitled "Results of Operations - Reconciliation of Adjusted EBITDA."

The following table reconciles net earnings (loss) to Adjusted EBITDA for the three months ended December 31, 2023 and 2022:

	Three months ended December 31,		**Year ended December 31,**		
	2023	2022	**2023**	2022	2021
	(in thousands)		(in thousands)		
Revenue	**$60,429**	$46,769	**$253,496**	$139,914	$57,710
Net earnings (loss)	**$(56,543)**	$(4,638)	**$(103,766)**	$17,776	$(43,325)
Restructuring costs[1]	**$1,426**	$—	**$1,426**	$—	$—
Impairment of intangible assets and property, plant and equipment[2]	**$35,998**	$—	**$35,998**	$—	$—
Inventory write-down related to the delay of start of commercial production of LionA and LionM minibuses[3]	**$9,809**	$—	**$9,809**	$—	$—
Finance costs	**$6,743**	$(891)	**$17,892**	$955	$8,332
Depreciation and amortization	**$8,359**	$3,724	**$26,075**	$11,492	$5,260
Share-based compensation[4]	**$409**	$2,522	**$5,204**	$12,362	$71,081
Change in fair value of conversion options on convertible debt instruments[5]	**$(1,626)**	$—	**$(4,982)**	$—	$—
Change in fair value of share warrant obligations[6]	**$(9,052)**	$(15,434)	**$(20,963)**	$(101,468)	$(85,796)
Foreign exchange loss (gain)[7]	**$(2,155)**	$559	**$(2,260)**	$1,973	$1,037
Transaction and other non-recurring expenses[8]	**$312**	$245	**$1,262**	$2,140	$15,815
Income taxes	**–**	–	**–**	–	–
Adjusted EBITDA	**$(6,320)**	$(13,915)	**$(34,305)**	$(54,770)	$(27,596)

1) Represents the restructuring costs (mainly severance costs) recognized in connection with workforce reduction announced on November 27, 2023, as described in note 17 to the annual audited consolidated financial statements as at December 31, 2023 and for the years ended December 31, 2023, and 2022. See also "Workforce Reduction" in section 8.0 of the MD&A entitled "Operational Highlights."
2) Represents impairment of previously capitalized vehicle development costs and property, plant and equipment related to the LionA and LionM minibuses for which the Company made the decision to delay of the start of commercial production, as announced on November 7, 2023, as described in Notes 6 and 8 to the annual audited consolidated financial statements as at December 31, 2023 and for the years ended December 31, 2023, and 2022.
3) Represents the write-down of inventory to net realizable value as a result of the decision to delay the start of commercial production of the LionA and LionM minibuses as described in Note 5 to the annual audited consolidated financial statements as at December 31, 2023 and for the years ended December 31, 2023, and 2022.
4) Represents non-cash expenses recognized in connection with the issuance of stock options, restricted share units, and deferred share units issued under Lion's omnibus incentive and stock option plans as described in Note 16 to the annual audited consolidated financial statements as at December 31, 2023 and for the years ended December 31, 2023, and 2022.
5) Represents non-cash change in the fair value of the conversion options on convertible debt instruments as described in Note 13 to the annual audited consolidated financial statements as at December 31, 2023 and for the years ended December 31, 2023, and 2022.
6) Represents non-cash change in the fair value of the share warrant obligations as described in Note 14 to the annual audited consolidated financial statements as at December 31, 2023 and for the years ended December 31, 2023, and 2022.
7) Represents losses (gains) relating to foreign exchange translation.
8) For the years ended December 31, 2023, and 2022, represents non-recurring professional, legal and consulting fees.

Appendix A - Non-IFRS Measures and Other Performance Metrics

Order Book Methodology

- **General Principle:** The Company's vehicle and charging stations order book is determined by management based on purchase orders that have been signed, orders that have been formally confirmed by clients or products in respect of which formal joint applications for governmental programs, subsidies or incentives have been made by the applicable clients and the Company. The order book is expressed as a number of units or a total dollar value, which dollar value is determined based on the pricing of each unit included in the order book as further explained below under the section entitled "Pricing". The vehicles included in the vehicle order book as of February 28, 2024 provided for a delivery period ranging from a few months to the end of the year ending December 31, 2026, with substantially all of such vehicles currently providing for deliveries before the end of the year ending December 31, 2025. In addition, substantially all of the vehicle orders included in the order book are subject to the granting of governmental subsidies and incentives, including programs in respect of which applications relating to vehicles of Lion have not yet been fully processed to date. The processing times of governmental programs, subsidies and incentives are also subject to important variations. As further described below under the sections entitled "Delivery Periods" and "Ongoing Evaluation; Risk Factors", there has been in the past and the Company expects there will continue to be variances between the expected delivery periods of orders and the actual delivery times, and certain delays could be significant. Also, there has been in the past and the Company expects there will continue to be variances in the eligibility criteria of the various programs, subsidies and incentives introduced by governmental authorities, including in their interpretation and application. Such variances or delays could result in the loss of a subsidy or incentive and/or in the cancellation of certain orders, in whole or in part. The Company's presentation of the order book should not be construed as a representation by the Company that the vehicles and charging stations included in its order book will translate into actual sales.

- **Delivery Periods**: The Company's order book refers to products that have not yet been delivered but which are reasonably expected by management to be delivered within a time period that can be reasonably estimated and includes, in the case of charging stations, services that have not been completed but which are reasonably expected by management to be completed in connection with the delivery of the product. Purchase orders and applications relating to vehicles of Lion generally provide for a time period during which the client expects delivery of the vehicles. Such period can vary from a specific date, a number or range of months after the issuance of the order or application, or a calendar year. The vehicles included in the vehicle order book as of February 28, 2024 provided for a delivery period, subject to the satisfaction of the conditions set forth in each order (which, in substantially all cases as further discussed herein, relate to the approval of governmental subsidies and grants), ranging from a few months to the end of the year ending December 31, 2026, with substantially all of such vehicles currently providing for deliveries before the end of the year ending December 31, 2025 (which corresponds to the latest date by which claims are required to be made according to the current eligibility criteria of the ZETF, unless otherwise agreed by Infrastructure Canada). Delivery periods are disclosed from time to time by the Company when available in respect of material orders. Delivery periods should not be construed as a representation or a guarantee by the Company that the actual delivery time will take place as scheduled. Given the nature of the business and the products of the Company, the implied lead time for the production and delivery of a vehicle (which may be impacted, among other things, by supply chain challenges or changes in specifications), the nature of certain customers of the Company (in many cases, fleet owners operating capital intensive operations which require financing and ongoing scheduling flexibility), and the fact that, as further described herein, substantially all of the vehicle orders included in the order book are subject to the granting of governmental subsidies and incentives, actual delivery times may be subject to important variations or delays. Please refer to the section entitled "Ongoing Evaluation; Risk Factors" below regarding the potential impact of variations or delays in deliveries.

- **Pricing:** When the Company's order book is expressed as an amount of sales, such amount has been determined by management based on the current specifications or requirements of the applicable order, assumes no changes to such specifications or requirements and, in cases where the pricing of a product or service may vary in the future, represents management's reasonable estimate of the prospective pricing as of the time such estimate is reported. A small number of vehicles included in the order book have a pricing that remains subject to confirmation based on specifications and other options to be agreed upon in the future between the applicable client and the Company. For purposes of the determination of the order book and the value allocated to such orders, management has estimated the pricing based on its current price lists and certain other assumptions relating to specifications and requirements deemed reasonable in the circumstances.

- **Performance Metric:** The order book is intended as a supplemental measure of performance that is neither required by, nor presented in accordance with, IFRS, and is neither disclosed in nor derived from the financial statements of the Company. The Company believes that the disclosure of its order book provides an additional tool for investors to use in evaluating the Company's performance, market penetration for its products, and the cadence of capital expenditures and tooling. The Company's computation of its order book is subject to the specific methodology described herein and may not be comparable to other similarly entitled measures computed by other companies, because all companies may not calculate their order book in the same fashion. Other companies also sometimes refer to or use "order backlog" or "order intake" as performance metrics, which are most likely not calculated on the same basis as the Company's order book. In addition, as explained above, the Company's presentation of the order book is calculated based on the orders and the applications made as of the time that the information is presented, and it is not based on the Company's assessment of future events and should not be construed as a representation by the Company that the vehicles and charging stations included in its order book will translate into actual sales.

Appendix A - Non-IFRS Measures and Other Performance Metrics

- **Ongoing Evaluation; Risk Factors**
  - A portion of the vehicles or charging stations included in the Company's order book may be cancellable in certain circumstances (whether by reason of a delivery delay, unavailability of a program, subsidy or incentive or otherwise) within a certain period. Management reviews the composition of the order book every time it is reported in order to determine whether any orders should be removed from the order book. For purposes of such exercise, management identifies orders that have been or are reasonably likely to be cancelled and examines, among other things, whether conditions attaching to the order are reasonably likely to result in a cancellation of the order in future periods as well as any other available information deemed relevant, including ongoing dialogue with clients. Such exercise may result from time to time in orders that have previously been included in the order book being removed even if they have not been formally canceled by the client.
  - The Company cannot guarantee that its order book will be realized in full, in a timely manner, or at all, or that, even if realized, revenues generated will result in profits or cash generation as expected, and any shortfall may be significant. The Company's conversion of its order book into actual sales is dependent on various factors, including those described below and under section 23.0 of the MD&A entitled "Risk Factors". For instance, a customer may voluntarily or involuntarily default on an order, may become subject to bankruptcy or insolvency or cease its business operations. In addition, substantially all of the vehicle orders included in the order book are subject to conditions relating to the granting of governmental subsidies or incentives or a specified timing for the delivery of the vehicle and, in a limited number of cases, the availability of certain specifications and options or the renewal of certain routes by governmental or school authorities. As a result, the Company's ability to convert its order book into actual sales is highly dependent on the granting and timing of governmental subsidies and incentives, most notably subsidies and incentives under the Quebec government's 2030 Plan for a Green Economy (the "Quebec Green Economy Plan"), Federal Infrastructure Canada's ZETF, the Government of Canada Incentives for Medium- and Heavy-Duty Zero-Emission Vehicles (iMHZEV) Program, the U.S. Environmental Protection Agency Clean School Bus Program and California's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP). More than half of the vehicles included in the order book are contingent upon grants under the ZETF, in respect of which applications relating to vehicles of Lion have not yet been fully processed to date and December 31, 2025 is the latest date by which claims are required to be made according to the current eligibility criteria of the ZETF program, unless otherwise agreed by Infrastructure Canada. In addition, purchase orders obtained in connection with the first round of funding under the EPA Program, require, among other things, that vehicles be delivered on or prior to October 2024.
  - Any termination, modification, delay or suspension of any governmental programs, subsidies and incentives, including, most importantly as of the date hereof, the ZETF, the Quebec Green Economy Plan or the EPA Program could result in delayed deliveries or the cancellation of all or any portion of orders, which, in turn, could have a material and adverse effect on the Company's business, results of operations or financial condition.
  - The Company's conversion of its order book into actual sales is also dependent on its ability to economically and timely manufacture its vehicles, at scale. The Company delivered 519 vehicles during the year ended December 31, 2022 and 852 vehicles during the year ended December 31, 2023. As of February 28, 2024, the Company's vehicle order book stood at 2,076 vehicles. The execution of the Company's growth strategy and the conversion of its order book, which currently provides for deliveries ranging from a few months to the end of the year ending December 31, 2026, will require that the Company accelerates its production cadence. While the Saint-Jerome facility and Joliet Facility currently have the infrastructure in place, including in terms of production lines and equipment, to achieve a production capacity of up to 2,500 vehicles and 2,500 buses, respectively, on an annual basis (see section 8.0 of the MD&A entitled "Operational Highlights" and "Product Development and Manufacturing" under section 11.0 of the MD&A entitled "Key Factors Affecting Lion's Performance" for further details), the Company's operations are currently being conducted on a lower scale and it has limited experience to date in high volume manufacturing. In addition, as of February 28, 2024, 166 units included in the order book, consisting of trucks and representing a combined total order value of approximately $60 million, related to products which had been developed and were being sold, but that were not currently in commercial production. See "Products and Solutions" in section 6.2 of the Company's Annual Information Form for the year ended December 31, 2023 entitled "Business of the Company". Any failure by the Company to successfully develop its vehicles, source its key components, and scale its manufacturing processes within projected costs and timelines could have a material adverse effect on its business, results of operations or financial condition. As a result, the Company's realization of its order book is subject to a number of risks and uncertainties, including the risks described in section 3.0 of the MD&A entitled "Caution Regarding Forward-Looking Statements" and section 23.0 of the MD&A entitled "Risk Factors", and there can be no assurance that the Company will be successful in converting all or a significant portion of its order book into actual sales.

For More Information

Additional information relating to Lion is available on SEDAR+ at www.sedarplus.com and on Edgar at www.sec.gov.

Thank You.

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