
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16 UNDER THE SECURITIES EXCHANGE ACT OF
1934

For the month of November 2022
Commission File Number 001-40412

VICINITY MOTOR CORP.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name)

3168, 262nd Street

Aldergrove, British Columbia, Canada V4W 2Z6

Telephone: (604) 607-4000

(Address and telephone number of registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F



Form 40-F

X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

INCORPORATION BY REFERENCE

Exhibits 99.1, 99.2, 99.3 and 99.4 of this Form 6-K are incorporated by reference as additional exhibits to the registrant's Registration Statement on Form F-10 (File No. 333-258876).

DOCUMENTS INCLUDED AS PART OF THIS REPORT

Exhibit

99.1	Unaudited Condensed Consolidated Interim Financial Statements of the Registrant for the three and nine months ended September 30, 2022
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations of the Registrant for the three and nine months ended September 30, 2022
99.3	Vicinity Motor Corp. - Form 52-109F2 Certificate of Interim Filings by CEO (pursuant to Canadian regulations)
99.4	Vicinity Motor Corp. - Form 52-109F2 Certificate of Interim Filings by CFO (pursuant to Canadian regulations)
99.5	Press Release of Vicinity Motor Corp., dated November 15, 2022, titled "Vicinity Motor Corp. Reports Third Quarter 2022 Financial Results"

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Vicinity Motor Corp.

Date: November 15, 2022

By: /s/ Danial Buckle

Name: Danial Buckle

Title: Chief Financial Officer



VICINITY MOTOR CORP.

Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

Vicinity Motor Corp.

Interim Condensed Consolidated Statements of Financial Position
(Unaudited, In thousands of US Dollars)

	Note	September 30, 2022 \$	December 31, 2021 \$
Current Assets			
Cash and cash equivalents		1,115	4,402
Trade and other receivables		3,051	2,810
Inventory	4	9,576	9,416
Prepays and deposits		3,578	4,178
		17,320	20,806
Long-term Assets			
Intangible assets	5	18,883	22,353
Property, plant, and equipment	6	22,069	10,834
		58,272	53,993
Current Liabilities			
Accounts payable and accrued liabilities		5,661	2,915
Credit facility	7	620	—
Deferred revenue		2,339	3,193
Current portion of provision for warranty cost	8	1,560	1,414
Current debt facilities		—	7,143
Deferred consideration		4,640	4,602
Current portion of other long-term liabilities	9	425	134
		15,245	19,401
Long-term Liabilities			
Other long-term liabilities	9	7,801	92
Provision for warranty cost	8	161	255
		23,207	19,748
Shareholders' Equity			
Share capital	10	69,827	58,055
Contributed surplus	10	7,320	6,035
Accumulated other comprehensive (loss) income		1,732	(151)
Deficit		(43,814)	(29,694)
		35,065	34,245
		58,272	53,993

NATURE OF OPERATIONS (Note 1)

COMMITMENTS (Note 14)

SUBSEQUENT EVENTS (Note 17)

Approved on behalf of the Board:

/s/ "William R. Trainer"
Director/s/ "Christopher Strong"
Director

See accompanying notes to the consolidated financial statements

Vicinity Motor Corp.

Interim Condensed Consolidated Statements of (Loss) Income

(Unaudited, In thousands of US dollars, except for per share amounts)

	Note	For the three months ended September 30, 2022 \$	For the three months ended September 30, 2021 \$ (Restated, Notes 3 and 16)	For the nine months ended September 30, 2022 \$	For the nine months ended September 30, 2021 \$ (Restated, Notes 3 and 16)
Revenue					
Bus sales	13	363	1,680	12,182	36,549
Other	13	1,152	644	4,258	2,830
		1,515	2,324	16,440	39,379
Cost of sales	4	(1,749)	(2,901)	(15,441)	(34,828)
Gross profit (loss)		(234)	(577)	999	4,551
Expenses					
Sales and administration		2,527	2,355	7,278	5,337
Stock-based compensation	10	250	658	712	1,042
Amortization		656	141	1,975	413
Interest and finance costs	7,9	589	31	1,775	208
Gain on modification of debt	9	—	—	(803)	—
Foreign exchange loss		3,098	13	3,882	70
		7,120	3,198	14,819	7,070
Loss before taxes		(7,354)	(3,775)	(13,820)	(2,519)
Current income tax expense		91	23	300	23
Net loss		(7,445)	(3,798)	(14,120)	(2,542)
Loss per share					
Basic & diluted		(0.19)	(0.13)	(0.37)	(0.09)
Weighted average number of common shares outstanding					
Basic & diluted ⁽¹⁾		38,307,728	29,826,211	38,307,728	29,824,442

(1) Basic and diluted loss per share have been retrospectively adjusted to give effect to the 3 to 1 share consolidation effective March 29, 2021.

See accompanying notes to the consolidated financial statements

Vicinity Motor Corp.

Interim Condensed Consolidated Statements of Comprehensive (Loss) Income

(Unaudited, In thousands of US dollars)

	For the three months ended September 30, 2022 \$	For the three months ended September 30, 2021 \$ (Restated, Notes 3 and 16)	For the nine months ended September 30, 2022 \$	For the nine months ended September 30, 2021 \$ (Restated, Notes 3 and 16)
Net loss	(7,445)	(3,798)	(14,120)	(2,542)
Other comprehensive income items that may be reclassified subsequently to net (loss) income				
Exchange differences on translation of foreign operations	1,553	(692)	1,883	(234)
Total other comprehensive income (loss)	1,553	(692)	1,883	(234)
Total comprehensive loss	(5,892)	(4,490)	(12,237)	(2,776)

See accompanying notes to the consolidated financial statements

Vicinity Motor Corp.

Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited, In thousands of US dollars, except for per number of shares)

Note	Number of Shares	Share Capital \$	Contributed Surplus \$	Accumulated Other Comprehensive Income \$	Deficit \$	Total Shareholders' Equity \$
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Balance, January 1, 2021 (restated)	3, 16		28,650,754	37,175	2,618	145	(22,371)	17,567
Issuance of shares – warrants exercised	10.2	(c)	1,924,721	6,269	(141)	—	—	6,128
Issuance of shares – options exercised	10.2	(d)	254,996	607	(196)	—	—	411
Issuance of options			—	—	1,333	—	—	1,333
	10.4-							
Stock-based compensation	10.5		—	—	1,042	—	—	1,042
Other comprehensive loss			—	—	—	(234)	—	(234)
Net loss			—	—	—	—	(2,542)	(2,542)
Balance, September 30, 2021	3, 16		<u>30,830,471</u>	<u>44,051</u>	<u>4,656</u>	<u>(89)</u>	<u>(24,913)</u>	<u>23,705</u>
Balance, January 1, 2022			34,946,379	58,055	6,035	(151)	(29,694)	34,245
Issuance of shares – private placement	10.2	(a)	4,747,000	12,988	—	—	—	12,988
Issuance of shares – options exercised	10.2	(b)	66,661	98	(23)	—	—	75
Share issuance costs	10.2	(a)	—	(1,162)	—	—	—	(1,162)
Share issuance costs – agent warrants	10.2	(a)	—	(152)	152	—	—	—
Warrants	10.3		—	—	444	—	—	444
	10.4-							
Stock-based compensation	10.5		—	—	712	—	—	712
Other comprehensive income			—	—	—	1,883	—	1,883
Net loss			—	—	—	—	(14,120)	(14,120)
Balance, September 30, 2022			<u>39,760,040</u>	<u>69,827</u>	<u>7,320</u>	<u>1,732</u>	<u>(43,814)</u>	<u>35,065</u>

See accompanying notes to the consolidated financial statements

Vicinity Motor Corp.

Interim Condensed Consolidated Statements of Cash Flows
(Unaudited, In thousands of US dollars)

	Note	Nine months ended September 30, 2022	Nine months ended September 30, 2021 (Restated, Note 3)
		\$	\$
OPERATING ACTIVITIES			
Net loss for the year		(14,120)	(2,542)
Items not involving cash:			
Loss on disposal of property and equipment		27	55
Gain on modification of debt	9	(803)	—
Amortization		2,212	670
Foreign exchange loss		4,065	15
Interest and finance costs	7,9	1,775	208
Stock-based compensation	10	712	1,042
		<u>(6,132)</u>	<u>(552)</u>
Changes in non-cash items:			
Trade and other receivables		(659)	429
Inventory	4	989	16,261
Prepays and deposits		(1,615)	(2,072)
Accounts payable and accrued liabilities		3,609	(6,791)
Deferred consideration		(38)	—
Deferred revenue		(637)	(508)
Warranty provision	8	85	1,153
Taxes paid		(300)	—
Interest paid		(524)	(166)
Cash (used) provided in operating activities		<u>(5,222)</u>	<u>7,754</u>
INVESTING ACTIVITIES			
Purchase of intangible assets	5	(553)	(1,893)
Proceeds from government subsidy	5	817	—
Purchase of property and equipment	6	(10,471)	(2,960)
Proceeds on disposal of property and equipment	6	252	82
Restricted cash		—	284
Cash used in investing activities		<u>(9,955)</u>	<u>(4,487)</u>
FINANCING ACTIVITIES			
Proceeds from issuance of common shares	10	13,063	6,519
Share issuance costs	10	(1,162)	—
(Repayments) proceeds of credit facility	7	659	(4,626)
Repayment of short-term loans	9	—	(2,038)
Repayment of long-term loans	9	(317)	(161)
Cash provided (used) in financing activities		<u>12,243</u>	<u>(306)</u>
Effect of foreign exchange rate on cash		<u>(353)</u>	<u>(79)</u>
(Decrease) increase in cash and cash equivalents		(3,287)	2,882
Cash and cash equivalents, beginning		4,402	1,008
Cash and cash equivalents, ending		<u>1,115</u>	<u>3,890</u>

See accompanying notes to the consolidated financial statements

Vicinity Motor Corp.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2022 and September 30, 2021 (Unaudited, In thousands of US dollars, except for per share amounts)

1. NATURE OF OPERATIONS

Vicinity Motor Corp. ("Vicinity", "VMC" or the "Company") is a Canadian company that is a North American supplier of electric vehicles for both public and commercial enterprise use. The Company leverages a dealer network and relationships with manufacturing partners to supply its flagship electric, compressed natural gas ("CNG") and clean-diesel Vicinity buses, the VMC 1200 electric truck and a VMC Optimal-EV shuttle bus. VMC (formerly Grande West Transportation Group) was incorporated on December 4, 2012 under the laws of British Columbia. The Company conducts its active operations in Canada through its wholly owned operating subsidiary, Vicinity Motor (Bus) Corp. which was incorporated on September 2, 2008 under the laws of British Columbia. The Company also conducts its active operations in the U.S. through a wholly owned subsidiary, Vicinity Motor (Bus) USA Corp., incorporated on April 8, 2014 under the laws of the State of Delaware. The Company's head office is located at 3168 262nd Street, Aldergrove, British Columbia.

2. BASIS OF PRESENTATION

The following companies are consolidated with Vicinity Motor Corp. as at September 30, 2022:

Company Name	Registered	Holding	Functional Currency
Vicinity Motor Corp.	British Columbia	Parent Company	United States Dollar (Canadian Dollar up to October 5, 2021)
Vicinity Motor (Bus) Corp.	British Columbia	100%	Canadian Dollar
Vicinity Motor (Bus) USA Corp.	United States	100%	United States Dollar

- i) Intercompany balances and transactions, and any unrealized gains arising from intercompany transactions, were eliminated in preparing the consolidated financial statements.

a) Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, have been omitted or condensed. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 14, 2022.

b) Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments carried at fair value.

c) Use of estimates and judgments

The preparation of the interim condensed consolidated financial statements in conformity with IAS 34 requires the use of judgments and estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the consolidated financial statements. For significant estimates and judgements refer to Note 8 of these interim consolidated financial statements as well as the audited consolidated financial statements for the year ended December 31, 2021.

Vicinity Motor Corp.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2022 and September 30, 2021 (Unaudited, In thousands of US dollars, except for per share amounts)

3. CHANGE OF PRESENTATION CURRENCY

Effective October 6, 2021, the functional currency of Vicinity Motor Corp. has changed from Canadian dollars to United States dollars as financing for operations is now raised in US dollars.

The Company retroactively changed its presentation currency from Canadian dollars to United States dollars. The change in the financial statement presentation currency is considered an accounting policy change and has been accounted for retroactively. The balance sheets for each period presented have been translated from the related subsidiary's functional currency to the new US dollar presentation currency at the rate of exchange prevailing at the respective balance sheet date except for equity items, which have been translated at accumulated historical rates from the related subsidiary's date of incorporation. The statements of income and comprehensive income were translated at the average exchange rates for the reporting period, or at the exchange rate prevailing at the date of transactions. Exchange differences arising in 2019 on translation from the related subsidiary's functional currency to the United States dollar presentation currency have been recognized in other comprehensive income and accumulated as a separate component of equity.

In prior reporting periods, the translation of the Company's subsidiaries that had a United States dollar functional currency into the Company's presentation currency of the Canadian dollar gave rise to a translation adjustment which was recorded as an adjustment to accumulated other comprehensive income ("AOCI"), a separate component of shareholder's equity. With the retrospective application of the change in presentation currency from the Canadian dollar to the US dollar, the AOCI related to the translation of US dollar functional currency subsidiaries was eliminated. However, with the retrospective application of the change in presentation currency to the US dollar, the Company's Canadian operating company, which has a Canadian dollar functional currency, resulted in an AOCI balance.

Adjustment to previously reported financial information due to change in presentation currency

For comparative purposes, the consolidated statement of loss and comprehensive loss for the three and nine months ended September 30, 2021 includes adjustments to reflect the change in the presentation currency to the US dollar, which is a change in accounting policy. The exchange rates used to translate the amounts previously reported into US dollars for the three and nine months ended September 30, 2021 were the monthly average rates for the period.

4. INVENTORY

	September 30, 2022	December 31, 2021
	\$	\$
Finished goods	7,010	6,472
Work in progress - buses	42	41
Parts for resale	2,524	2,903
Total Inventory	9,576	9,416

As at September 30, 2022 and December 31, 2021, work in progress – buses consists of the cost of buses still being manufactured. Finished goods inventory consisted of the costs of assembled buses, as well as freight and other costs incurred directly by the Company in compiling inventory. All inventory is part of the general security agreement to secure the credit facility described in Note 6.

During the nine months ended September 30, 2022, the Company recognized \$12,438 as the cost of inventory included as an expense in cost of sales (September 30, 2021: \$30,302).

5. INTANGIBLE ASSETS

During the nine months ended September 30, 2022, the Company received \$817 as a grant from Sustainable Development Technology Canada for the development of the Company's electric vehicles. The amount was recorded as a reduction in intangible assets. The Company is still expecting to receive C\$1,549 dollars in further grants as milestones are achieved.

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Vicinity Motor Corp.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2022 and September 30, 2021 (Unaudited, In thousands of US dollars, except for per share amounts)

6. PROPERTY, PLANT & EQUIPMENT

	Buses Available for Lease	Office Equipment	Right-of- Use Asset	Vehicles	Land	Plant and Equipment	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At December 31, 2020	2,924	794	591	350	—	70	4,729
Additions	3,522	1,109	27	—	1,760	3,922	10,340
Disposals	(2,350)	—	—	—	—	—	(2,350)
Foreign exchange	19	3	2	1	—	—	25
At December 31, 2021	4,115	1,906	620	351	1,760	3,992	12,744
Additions	321	1,385	2,196	—	—	8,677	12,579
Disposals	(285)	(6)	—	—	—	—	(291)
Foreign exchange	(315)	(104)	(192)	(26)	—	—	(637)
At September 30, 2022	3,836	3,181	2,624	325	1,760	12,669	24,395
Accumulated Amortization							
At December 31, 2020	791	267	312	192	—	—	1,562
Disposals	(319)	—	—	—	—	—	(319)
Depreciation	369	66	193	42	—	—	670
Foreign exchange	(2)	—	(1)	—	—	—	(3)
At December 31, 2021	839	333	504	234	—	—	1,910
Disposals	(22)	(1)	—	—	—	—	(23)
Depreciation	237	69	293	24	—	—	623
Foreign exchange	(78)	(31)	(56)	(19)	—	—	(184)
At September 30, 2022	976	370	741	239	—	—	2,326
Carrying Value							
December 31, 2021	3,276	1,573	116	117	1,760	3,992	10,834
September 30, 2022	2,860	2,811	1,883	86	1,760	12,669	22,069

All property and equipment, with the exception of land and plant and equipment of \$14,429, are pledged as part of a general security agreement to secure the credit facility described in Note 7.

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Vicinity Motor Corp.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2022 and September 30, 2021 (Unaudited, In thousands of US dollars, except for per share amounts)

7. CREDIT FACILITY

During the year ended December 31, 2017, the Company entered into a revolving credit facility agreement with a financial institution for a maximum amount of C\$20 million based on the value of certain Company assets. The terms of the agreement were amended on October 23, 2020, renewing the credit facility for a three-year term. The credit

facility bears interest at a rate of 0.75% - 1% plus Canadian prime rate for loans denominated in Canadian dollars and 0.75% - 1% plus US prime rate for loans denominated in US dollars. The facility is secured by way of a general security agreement over all assets of the Company.

As at September 30, 2022, the Company had drawn \$620 on this facility, comprised of \$850 in Canadian funds.

Per the terms of the credit facility, the Company must maintain a consolidated 12-month rolling fixed charge coverage ratio if the Company borrows over 75% of the available facility. As at September 30, 2022, the Company has not borrowed over 75% of its availability.

8. PROVISION FOR WARRANTY COST

The Company provides bumper to bumper warranty coverage for the first two years on specified components, with the exception of normal wear and tear.

During the nine months ended September 30, 2022, the Company recorded warranty expense of \$458

(September 30, 2021 - \$1,566) as part of its cost of sales in connection with sales completed during the nine months. During the nine months ended September 30, 2022, \$676 of warranty costs (September 30, 2021 - \$809) have been incurred against the provision. Change in estimate of the warranty provision relates to re-assessment of the warranty provision compared to the actual warranty claims applied.

	\$
Balance at December 31, 2020	800
Additions	1,598
Warranty claims applied	(1,073)
Change in estimate of warranty provision	344
Change in foreign exchange	—
Balance at December 31, 2021	1,669
Additions	458
Warranty claims applied	(676)
Change in estimate of warranty provision	314
Change in foreign exchange	(44)
Balance at September 30, 2022	1,721
Less: Current portion	1,560
Long-term portion of warranty provision	161

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Vicinity Motor Corp.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2022 and September 30, 2021 (Unaudited, In thousands of US dollars, except for per share amounts)

9. OTHER LONG-TERM LIABILITIES

	September 30, 2022	December 31, 2021
	\$	\$
Unsecured debentures - 2021	(a) 6,232	—
Lease Obligation	(b) 1,518	19
Other	51	73
	7,801	92

- a) On October 5, 2021, the Company issued C\$10,300 in unsecured debentures with a maturity 12 months from the date of issue. On June 15, 2022, the maturity date of the debentures was extended to October 4, 2023, with the extension being treated as a modification of the original debt with the classification changing from current to long-term liabilities. As a result, a gain of \$803 on modification of debt was recorded during the three months ended June 30, 2022. In connection with the extension, the Company cancelled 412,000 warrants from the previous agreement. On extension the Company issued 1,000,000 warrants to purchase common shares at an exercise price of C\$2.25 per share. The value of these warrants was incorporated in the \$803 gain on modification of debt. The warrants expire on the debt maturity date of October 4, 2023.

The unsecured debentures include 8% annual interest paid at maturity with \$449 being recorded as borrowing costs on June 15, 2022, and an effective interest rate of 24%.

During the nine months ended September 30, 2022, the Company incurred \$1,316 in interest expense (September 30, 2021 - \$nil) on this loan, of which \$593 is included in accounts payable and accrued liabilities at September 30, 2022.

- b) Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	September 30, 2022
	\$
Undiscounted minimum lease payments:	
Less than one year	466
One to two years	447
Two to three years	1,182
	2,095
Effect of discounting	(178)
Present value of minimum lease payments – total lease liability	1,917
Less: Current portion	(399)
Long-term lease liabilities	1,518

During the nine months ended September 30, 2022 the Company entered into new lease agreements for office and warehouse facilities expiring March 31, 2027 and May 31, 2027.

Vicinity Motor Corp.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2022 and September 30, 2021 (Unaudited, In thousands of US dollars, except for per share amounts)

10. SHARE CAPITAL

On March 24, 2021, the Company performed a 3 for 1 share consolidation of the Company's common shares, stock options, warrants and DSUs. The quantities and per unit prices presented in this note are shown on post consolidation basis.

10.1 Authorized: Unlimited number of common shares without par value

10.2 Issued and Outstanding Common Shares:

The details for the common share issuances during the nine months ended September 30, 2022 are as follows:

- a. During the nine months ended September 30, 2022, 4,444,445 units, each unit consisting of one common share and one warrant, were issued for a private placement at a price of \$2.70 for gross proceeds of \$12,000. The value allocated to the warrants based on the residual value method was \$nil. The Company also incurred share issuance costs of \$1,283 in relation to this private placement.

During the nine months ended September 30, 2022, the Company also issued 302,555 shares at prices ranging from \$2.96 to \$3.65 for gross proceeds of \$988.

- b. During the nine months ended September 30, 2022, 66,661 stock options were exercised by employees of the Company at an average exercise price of \$1.13 for gross proceeds of \$75.

The details for the common share issuances during the nine months ended September 30, 2021 were as follows:

- c. During the nine months ended September 30, 2021, 1,924,721 warrants were exercised at an average exercise price of \$3.18 per share for gross proceeds of \$6,128.
- d. During the nine months ended September 30, 2021, 254,996 stock options were exercised by employees of the Company at an average price of \$1.61 per share for gross proceeds of \$411.

10.3 Share Purchase Warrants

A summary of the Company's share purchase warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
		C\$
Outstanding, December 31, 2020	1,934,100	3.89
Issued	2,407,304	6.64
Forfeited	(9,379)	4.50
Exercised	(1,924,721)	3.89
Outstanding, December 31, 2021	2,407,304	6.64
Cancelled	(412,000)	—
Issued	5,577,778	3.84
Outstanding, September 30, 2022	7,573,082	4.23

During the nine months ended September 30, 2022, the Company issued 4,444,445 warrants and 133,333 agent warrants, as part of a private placement agreement with exercise prices of \$2.97 and \$3.36, respectively. The warrants expire 3 years and 2 years, respectively, from the date of closing of the placement.

During the nine months ended September 30, 2022, the Company issued 1,000,000 warrants as part of a debt extension agreement (Note 8) with an exercise price of C\$2.25. The warrants expire on October 4, 2023.

10.4 Directors, Consultants, and Employee stock options

The Company has adopted a share option plan for which options to acquire up to a total of 10% of the issued share capital, at the award date, may be granted to eligible optionees from time to time. Generally, share options granted have a maximum term of five years, and a vesting period and exercise price determined by the directors.

Vicinity Motor Corp.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2022 and September 30, 2021 (Unaudited, In thousands of US dollars, except for per share amounts)

10. SHARE CAPITAL (Continued)

A summary of the Company's directors, consultants, and employee stock options are as follows:

	Number of Options	Weighted Average Exercise Price
		C\$
Outstanding, December 31, 2020	1,173,320	2.70
Issued	684,999	6.71
Exercised	(256,662)	2.06
Outstanding, December 31, 2021	1,601,657	4.52

Issued	290,000	1.70
Forfeited	(341,670)	—
Exercised	(66,661)	1.40
Outstanding, September 30, 2022	1,483,326	

During the nine months ended September 30, 2022, the Company granted 290,000 stock options to executives and directors to purchase common shares of the Company with an exercise price ranging from C\$1.50 to C\$2.98 per common share and expiring in three to five years. These stock options vest over one to three years.

During the nine months ended September 30, 2021, the Company granted 524,999 stock options to consulting firms to purchase common shares of the Company with exercise prices ranging from C\$5.86 to C\$9.36 per common share expiring in one to five years.

During the nine months ended September 30, 2021, the Company granted 160,000 stock options to executives and directors to purchase common shares of the Company with exercise prices ranging from C\$7.20 to C\$7.24 per common and expiring in five years. These stock options vest over three years.

During the nine months ended September 30, 2022, the Company recognized \$56 (September 30, 2021 - \$725) as stock-based compensation on the grant and vesting of options to directors, consultants and employees. The grant date fair value per option was calculated using the Black-Scholes model with the following weighted average assumptions:

	September 30, 2022	December 31, 2021
Fair value at grant date (C\$)	\$ 0.75	\$ 4.20
Fair value at grant date (US\$)	\$ 0.57	\$ 3.27
Risk-free interest rate	3.52%	0.42%
Expected life of options	4 years	4 years
Annual dividend rate	0%	0%
Annualized volatility	99%	90%
Forfeiture rate	14%	3%

Vicinity Motor Corp.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2022 and September 30, 2021 (Unaudited, In thousands of US dollars, except for per share amounts)

10. SHARE CAPITAL (Continued)

The following tables summarize information about the Company's stock options outstanding at September 30, 2022:

	Options Outstanding	Options Exercisable	Exercise Price C\$	Remaining Contractual Life (Years)	Expiry Date
April 4, 2018	83,333	83,333	5.25	0.51	April 4, 2023
April 26, 2018	83,333	83,333	4.35	0.57	April 26, 2023
May 29, 2018	83,333	83,333	4.35	0.66	May 29, 2023
January 17, 2019	166,666	166,666	2.40	1.30	January 17, 2024
November 15, 2019	233,333	194,445	1.50	2.13	November 15, 2024
November 28, 2019	16,666	16,666	1.56	2.16	November 28, 2024
May 4, 2020	24,999	24,999	1.20	2.59	May 4, 2025
November 23, 2020	66,664	66,664	6.15	3.15	November 23, 2025
January 12, 2021	333,333	333,333	6.51	3.28	January 11, 2026
February 1, 2021	41,666	34,721	9.36	3.34	January 31, 2026
April 27, 2021	60,000	20,000	7.24	3.57	April 26, 2026
March 31, 2022	40,000	6,666	5.86	4.50	March 30, 2027
September 22, 2022	250,000	—	1.50	2.98	September 21, 2025
Total	1,483,326	1,114,159			

10.5 Deferred Share Units

Pursuant to the Company's Deferred Share Unit ("DSU") Incentive Plan approved by the board of directors of the Company on July 8, 2018, deferred stock units to acquire common shares of the Company may be granted to specified board members of the Company in accordance with the terms and conditions of the plan.

Each DSU entitles the participant to receive one common share upon vesting. DSUs vest into common shares on the board members' separation date from the board of directors. DSUs track the value of the underlying common shares, but do not entitle the recipient to the underlying common shares until such DSUs vest, nor do they entitle a holder to exercise voting rights or any other rights attached to ownership or control of the common shares, until the DSU vests and the DSU participant receives common shares.

A summary of the Company's DSUs are as follows:

	Number of DSUs
Outstanding, December 31, 2020	95,141
Issued	75,650
Outstanding, December 31, 2021	170,791
Issued	304,473
Outstanding, September 30, 2022	475,264

During the nine months ended September 30, 2022, the Company issued 304,473 DSUs (September 30, 2021 – 34,937) to board members of the Company that vest upon the board members separation date from the Board of Directors.

During the nine months ended September 30, 2022, the Company recorded \$426 (September 30, 2021 - \$181) as stock-based compensation for the fair value of the DSUs issued.

Vicinity Motor Corp.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2022 and September 30, 2021 (Unaudited, In thousands of US dollars, except for per share amounts)

11. RELATED PARTY BALANCES AND TRANSACTIONS

Key management includes personnel having the authority and responsibility for planning, directing and controlling the activities of the Company, which are the directors and executive officers of the Company.

Compensation to key management:

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
	\$	\$
Salaries and benefits	925	1,241
Directors' fees	—	25
Stock-based compensation	687	575
	<u>1,612</u>	<u>1,841</u>

During the nine months ended September 30, 2022 the Company paid \$158 in lease payments to a company owned by a director. \$155 was recognized as depreciation and interest expense on the right of use asset and lease liability respectively.

During the nine months ended September 30, 2021 the Company paid \$145 in lease payments to a company owned by a director. \$124 was recognized as depreciation and interest expense on the right of use asset and lease liability respectively.

Balances with key management and other related parties are:

As at September 30, 2022, included in accounts payable are balances owing to key management or companies controlled by officers of the Company in the amount of \$1 (September 30, 2021 - \$22).

All related party balances are non-interest bearing, unsecured and have no fixed terms of repayment and have been classified as current.

12. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash and cash equivalents, restricted cash, trade and other receivables, accounts payable, the credit facility, short-term loans, deferred consideration, and lease obligations. The carrying amounts of these financial instruments are a reasonable estimate of their fair values based on their current nature and current market rates for similar financial instruments. Lease obligations are classified as level 2 within the hierarchy. Deferred consideration is the only instrument measured at fair value through profit and loss in accordance with IFRS 9 – Financial Instruments.

The following table summarizes the carrying values and fair values of the Company's financial instruments:

	September 30, 2022	December 31, 2021
	\$	\$
Assets:		
Measured at amortized cost (i)	4,166	7,212
Liabilities:		
Amortized cost (ii)	14,506	10,284
Fair value through P&L (iii)	4,640	4,602

- (i) Cash, restricted cash and trade and other receivables
- (ii) Accounts payable and accrued liabilities, current loans, and lease obligations.
- (iii) Deferred consideration (only financial instrument carried at fair value)

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy. The measurement is classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Vicinity Motor Corp.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2022 and September 30, 2021 (Unaudited, In thousands of US dollars, except for per share amounts)

12. FINANCIAL INSTRUMENTS (Continued)

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 – Inputs that are not based on observable market data

The carrying value amount of the Company's financial instruments that are measured at amortized cost approximates fair value due to their short-term nature and market conditions. The Company valued deferred consideration (iii) as a level 3 instrument. The Company used a probability weighted discount model to determine the fair value of the deferred consideration. Key assumptions included a discount rate of 10% and an expected maturity date of June 30, 2023 after which the Company expects the consideration milestone to have been achieved.

13. REVENUE

The Company's revenue is summarized as follows:

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
	\$	\$
Bus Sales	12,182	36,549
Other revenue:		
Spare part sales	4,131	2,077
Operating lease revenue	127	753
Total Revenue	16,440	39,379

14. COMMITMENTS AND CONTINGENCIES

The Company entered into a production agreement with one of its manufacturers whereby the parties have agreed to a specified production volume. The Company also has outstanding purchase order commitments related to the construction of its new manufacturing facility. Future payments as at September 30, 2022 are \$12,251.

15. SEGMENT INFORMATION

Allocation of revenue to geographic areas is as follows:

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
	\$	\$
Canada		
Bus sales	7,912	9,277
Spare part sales	3,599	1,929
Operating lease revenue	—	—
United States		
Bus sales	4,270	27,272
Spare part sales	532	148
Operating lease revenue	127	753
Total	16,440	39,379

During the nine months ended September 30, 2022, the Company had sales of \$5,962, \$4,653, and \$1,581 to three end customers representing 36%, 28% and 10% of total sales, respectively. During the nine months September 30, 2021, the Company had sales of \$26,753 and \$4,423 to two customers representing 68% and 11% of total sales, respectively.

Vicinity Motor Corp.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2022 and September 30, 2021 (Unaudited, In thousands of US dollars, except for per share amounts)

16. EFFECT OF THE CHANGE IN PRESENTATION CURRENCY

The effects of the change in presentation currency discussed in Note 3 above were as follows.

- a) Effect on the consolidated statement of (loss) income and comprehensive (loss) income for the three and nine months ended September 30, 2021.

	For the three months ended September 30, 2021		For the nine months ended September 30, 2021	
	USD	CAD	USD	CAD
Revenue				
Bus sales	1,680	2,109	36,549	45,772
Other	644	812	2,830	3,544
	2,324	2,921	39,379	49,316
Cost of sales	(2,901)	(3,648)	(34,828)	(43,573)
Gross profit (loss)	(577)	(727)	4,551	5,743
Expenses				
Sales and administration	2,355	2,969	5,337	6,677
Stock-based compensation	658	838	1,042	1,317
Amortization	141	178	413	517
Interest and finance costs	31	39	208	261
Foreign exchange loss	13	16	70	89
	3,198	4,040	7,070	8,861

Loss before taxes	(3,775)	(4,767)	(2,519)	(3,118)
Current income tax expense	23	29	23	29
Net loss	(3,798)	(4,796)	(2,542)	(3,147)
Loss per share				
Basic & diluted	(0.13)	(0.16)	(0.09)	(0.11)
Weighted average number of common shares outstanding				
Basic & diluted	29,826,211	29,826,211	29,824,442	29,824,442
	For the three months ended September 30, 2021		For the nine months ended September 30, 2021	
	USD	CAD	USD	CAD
Net loss	(3,798)	(4,796)	(2,542)	(3,147)
Other comprehensive income				
items that may be reclassified subsequently to net (loss) income				
Exchange differences on translation of foreign operations	(692)	30	(234)	(17)
Total other comprehensive (loss) income	(692)	30	(234)	(17)
Total comprehensive loss	(4,490)	(4,766)	(2,776)	(3,164)

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Vicinity Motor Corp.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2022 and September 30, 2021 (Unaudited, In thousands of US dollars, except for per share amounts)

17. SUBSEQUENT EVENT

In October of 2022, the Company issued 4,273,381 common shares at prices ranging from \$1.11 to \$1.19 per share, the Company incurred share issuance costs of \$175 for net proceeds of \$4,825 through its At-the-Market equity program.

VICINITY MOTOR CORP.

Management Discussion and Analysis

For the three and nine months ended September 30, 2022

Introduction

This Management Discussion and Analysis (“MD&A”) relates to the financial condition and results of the operations of Vicinity Motor Corp. (“Vicinity”, “VMC” or the “Company”) together with its subsidiaries and is supplemental to, and should be read in conjunction with, Vicinity’s unaudited interim consolidated financial statements for the three and nine months ended September 30, 2022, (including notes) (the “financial statements”) which are prepared in condensed format in accordance with International Financial Reporting Standards (“IFRS”) as applicable to the preparation of interim financial statements, including International Accounting Standard IAS 34, Interim Reporting. The unaudited condensed interim financial statements should also be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS. Readers are cautioned that this MD&A contains forward-looking statements and that actual events may vary from management’s expectations. Vicinity’s public disclosure statements are available on SEDAR at www.sedar.com. This MD&A has been prepared as of November 14, 2022. All amounts are in thousands of US dollars, except share and per share information or where otherwise noted.

Cautionary Statement on Forward-Looking Information

This document includes certain “forward-looking information” and “forward-looking statements” (collectively “forward-looking statements”) within the meaning of applicable securities laws. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding anticipated vehicle deliveries, future sales, completion of its assembly facility in the State of Washington, vehicle market acceptance and strategic partnerships, are forward-looking statements. Forward-looking statements are frequently, but not always, identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “possible”, and similar expressions, or statements that events, conditions, or results “will”, “may”, “could”, or “should” occur or be achieved. Forward-looking statements involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

These forward-looking statements may include statements regarding the perceived merit of the product offered by Vicinity; sales estimates; manufacturing capabilities; capital expenditures; timelines; strategic plans; market prices for parts and material; or other statements that are not statements of fact. Forward-looking statements involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

Important factors that could cause actual results to differ materially from Vicinity’s expectations include uncertainties relating to the economic conditions in the markets in which Vicinity operates, vehicle sales volume, anticipated future sales growth, the success of Vicinity’s operational strategies, the timing of the completion of the vehicle assembly facility in the State of Washington, the effect of the COVID-19 pandemic, related government-imposed restrictions on operations, the success of Vicinity’s strategic partnerships; and other risk and uncertainties disclosed in Vicinity’s reports and documents filed with applicable securities regulatory authorities from time to time. Vicinity’s forward-looking statements reflect the beliefs, opinions and projections on the date the statements are made. Vicinity assumes no obligation to update the forward-looking statements or beliefs, opinions, projections, or other factors, should they change, except as required by law.

About Vicinity

Vicinity Motor Corp. is a Canadian company that is a North American supplier of electric vehicles for both public and commercial enterprise use. The Company leverages a dealer network and close relationships with world-class manufacturing partners to supply its flagship electric, compressed natural gas (“CNG”) and clean-diesel Vicinity buses, the VMC 1200 electric truck and a VMC Optimal-EV shuttle bus.

Vicinity shares trade on the Nasdaq exchange under the symbol VEV and the TSX Venture exchange under the symbol VMC.

Third Quarter and Subsequent Highlights

- Current order backlog exceeds \$190 million, the vast majority of which are for electric vehicles.
- Secured a \$100M+ purchase order for 1,000 VMC 1200 electric trucks from Pioneer Auto Group - Vicinity’s exclusive dealer in the province of British Columbia, Canada – with initial deliveries to this customer beginning in November 2022.
- Secured an order from strategic partner Sustainability Partners LLC, an ESG focused Public Benefit Company committed to eliminating deferred maintenance infrastructure by enabling sustainability, for four Vicinity Lightning™ electric buses via Soderholm Sales & Leasing, Inc. (“Soderholm”), Vicinity’s Pacific Islands distributor.
- Secured distributions agreements for Vicinity’s vehicle portfolio with:
 - The TOK Group, a Canadian transportation solutions provider, to offer the Company’s VMC 1200 class 3 electric trucks.
 - Schetky Bus and Van Sales, a dealership and transportation solutions provider in the Northwestern U.S., which will offer the Vicinity Lightning™, Vicinity Classic and VMC-Optimal vehicles, including an initial commitment for 18 vehicles.
- Fortified the Company’s balance sheet subsequent to September 30, 2022 by raising \$4.8 million utilizing the Company’s at-the-market (“ATM”) equity distribution program.
- Revenue for the three months ended September 30, 2022 of \$1,515 compared to \$2,324 for the three months ended September 30, 2021.
- Net loss for the three months ended September 30, 2022 of \$7,445 compared to net loss of \$3,798 for the three months ended September 30, 2021.
- Adjusted EBITDA loss for the three months ended September 30, 2022 of \$2,677 compared to an adjusted EBITDA loss of \$2,748 for the three months ended September 30, 2021 (see “Non-GAAP and Other Financial Measures”).
- Deliveries of two Vicinity buses, including one VMC Optimal electric vehicle, for the three months ended September 30, 2022, compared to six Vicinity buses, including one from the Company’s lease pool, for the three months ended September 30, 2021.
- Revenue for the nine months ended September 30, 2022 of \$16,440 compared to \$39,379 for the nine months ended September 30, 2021.
- Net loss for the nine months ended September 30, 2022 of \$14,120 compared to net loss of \$2,542 for the nine months ended September 30, 2021.
- Adjusted EBITDA loss for the nine months ended September 30, 2022 of \$6,014 compared to an adjusted EBITDA loss of \$475 for the nine months ended September 30, 2021 (see “Non-GAAP and Other Financial Measures”).

The Company reports results for the three months ended September 30, 2022 of two Vicinity buses delivered, including one VMC Optimal electric vehicle, revenue of \$1,515, net loss of \$7,445 and gross margin loss of \$234 which was (15%) of revenue (see “Non-GAAP and Other Financial Measures”). Results for the third quarter of 2021 were six buses delivered including one from the Company’s lease pool, revenue of \$2,324, net loss of \$3,798 and gross margin loss of \$577 which was (25%) of revenue (see “Non-GAAP and Other Financial Measures”). The gross margin for the three months ended September 30, 2022 was negatively affected by product mix and the low volume of buses delivered. Consistent with the rest of the automotive industry, shipping difficulties and global supply chain disruptions in the availability of chassis for our VMC Optimal products and certain bus components have delayed a large portion of 2022 expected deliveries.

Business Overview

Corporate Update

“The third quarter of 2022 was highlighted by strong momentum in our VMC 1200 Class 3 electric truck and Vicinity Lightning™ electric bus product lines – all propelled by intense customer demand for commercial EVs,” said William Trainer, Founder and Chief Executive Officer of Vicinity Motor Corp. “Our recent US\$100+ million purchase order for 1,000 VMC 1200 vehicles from Pioneer Auto Group was a transformational milestone in Vicinity’s evolution as a leading commercial EV manufacturer. The order validates the years of innovation and development we have invested in, all with the goal of expanding our capabilities beyond our strong legacy in transit buses and into the vast commercial truck market. Taken together, our backlog grew to over \$190 million, the vast majority of which are for electric vehicles.

“Our VMC 1200 supply chain is fairly insulated from the global supply chain disruptions that have impacted our transit bus business – which pushed the delivery of many bus orders into 2023. Initial VMC 1200 deliveries began in November, and we expect these sales to gradually ramp up to meet the immense demand we are seeing for this product line. Our first vehicles will be assembled in British Columbia, Canada with our new Ferndale, Washington facility beginning to supplement our Canadian assembly capabilities in 2023. To support these growing production goals, we are currently working on increasing our credit facilities to support the short-term working capital requirements of the rapidly ramping VMC 1200 production.

“Looking ahead to 2023, we are incredibly well positioned for success – particularly as supply chains normalize and we can resume full-fledged transit bus production. Given the VMC 1200 does not face the same supply chain pressures that transit buses do – paired with the significant incentives and subsidies available to end-users seeking to electrify their fleets – we expect they will prove to be a significant contributor to our revenue growth and profitability. I look forward to continuing to update our investors as we build the foundation for what I believe will be a record 2023,” concluded Trainer.

Recent Developments

In July of 2022, the Company entered into a distribution agreement for the Northwest U.S. with Schetky Bus and Van Sales, a dealership and transportation solutions provider, to offer the Vicinity Lightning, Vicinity Classic and VMC-Optimal vehicles, including an initial commitment for 18 vehicles.

In July of 2022, VMC announced eligibility in Transport Canada’s new Incentives for Medium and Heavy-duty Zero-Emission Vehicles (iMHZEV) program which helps to make buying or leasing zero-emission vehicles more attractive. The VMC 1200 EV truck will qualify for these significant incentives that are passed onto the consumer.

In August of 2022, VMC signed a distribution agreement with the TOK Group to offer the VMC 1200 electric truck throughout the York region of the greater Toronto area. TOK placed an order for 100 VMC 1200 electric trucks.

In October of 2022, VMC secured a purchase order for 1,000 VMC 1200 class 3 electric trucks worth over \$100 million in revenue with expected delivery in 2023.

During the three months ended March 31, 2022, VMC issued 302,555 common shares at prices ranging from \$3.07 to \$3.79 per share for net proceeds of \$1 million through its “at-the-market” equity distribution program approved in 2021. There were no shares issued through this program during the three months ended June 30, 2022. In October of 2022, the Company issued 4,273,381 common shares at prices ranging from \$1.11 to \$1.19 per share.

Supply Chain Update

Consistent with other manufacturing and automotive companies, VMC continues to experience delays from some suppliers and shipping companies due to ongoing supply chain shortages related to bus production, which has affected deliveries originally scheduled for delivery in 2021 and into 2022. Sales activity, for both the pipeline and order book, has strengthened significantly during 2021 and 2022 for future deliveries. The Company's manufacturing partners are operating and currently producing to meet the Company's needs. Although deliveries may be delayed, purchase orders are firm and will be delivered when product is made available. We continue to work with our customers to communicate ongoing supply chain issues to manage expected delivery timelines.

Our supply chain is currently working to provide us with the necessary components, although delayed in certain circumstances, for production and aftermarket part sales but there is potential risk of further disruptions.

The Company remains well-positioned to serve its customers. We continue to monitor the industry and supply chain issues closely and we are responding swiftly and effectively to protect the interests of our stakeholders. We are confident that our skilled and loyal workforce, the diversification and strength of our business model, and our strong partner relationships position us well to navigate the current environment.

Outlook

Management expects to maintain its strong market segment leadership position in Canada and continue to make progress in the U.S. with private operators and public transit agencies. The external pressures to "right size" vehicles for their applications and ridership levels along with the availability of funding in Canada and the U.S. create an ideal environment for Vicinity to prosper. Even with the challenges in 2021 from the COVID-19 pandemic and ongoing supply chain disruptions for bus manufacturing, the outlook for Vicinity, including significant growth in the U.S., remains very positive.

Order activity for deliveries in 2022 and beyond remains strong across Vicinity product lines, including the Vicinity Lightning™ EV, the newly announced VMC 1200 Class 3 EV trucks. The demand for the VMC 1200 has exceeded expectations with an additional 1,000 trucks being ordered in October 2022 with a solid pipeline of further orders expected to be finalized and announced in the near future.

Approved funding for transit in the U.S. and Canada prior to the pandemic was high. During the pandemic, government support for transit has remained strong in both the U.S. and Canada with both countries approving emergency funding for transit through billions of dollars in safe restart programs. Funding announcements have continued in both the U.S. and Canada showing a commitment to improving transit through investing heavily in transit and zero emission transit solutions.

In the U.S. the Infrastructure Investment and Jobs Act ("IIJA"), the successor to the Fixing America's Surface Transportation Act ("FAST Act"), is a \$1.2 trillion infrastructure bill that includes increased funding for transit, specifically for the purchase of low or zero emission vehicles and investments to modernize existing transit systems. Deliveries for EV buses are anticipated to strengthen through to 2025 with the expected funding from this program. The IIJA provides \$86.9 billion in funding for the Federal Transit Administration ("FTA") over five years. The FTA funds up to 80% of the cost of qualifying "Buy America" buses.

In March of 2022, the FTA published a Notice of Funding Opportunity for the Low or No Emissions ("Low-No") Grant program with approximately \$1.2 billion in grants available in 2022, an increase of 495% from 2021.

In October of 2020, the Canadian federal government announced \$1.5 billion in financing through the Canada Infrastructure Bank to support the adoption of zero emission buses and charging infrastructure over 24 to 36 months. In February of 2021, the Canadian government announced \$14.9 billion to be invested in Canadian public transit, including \$5.9 billion in dedicated project funds starting in 2021, and ongoing permanent funding of \$3 billion per year beginning in 2026-2027.

The Canadian Federal budget for 2021 included \$17.6 billion in new spending that will go towards a “green recovery” and announced aggressive emissions reductions targets with a goal to be net-zero by 2050.

Although the proposed legislations and funding announcements from the Canadian and U.S. governments are encouraging for the transit industry, the Company does not yet know how or when the proposed funds will materialize and the expected impact on financial performance of the Company.

The medium and long-term recovery of the Company’s end markets from the COVID-19 pandemic are currently unknown but are expected to be dependent on government support, COVID-19 case rates, manufacturing and supply chain capabilities, travel restrictions and economic reopening activity. The Company has implemented a robust risk management process to ensure the health and safety of its employees and continued access to supply chain materials, but the ongoing nature of the pandemic may adversely impact results in the future.

Our Company has shifted the majority of its business to zero emission vehicles through the expansion of our product lines with the addition of the 100% zero emission electric Vicinity Lightning™ bus model and the introduction of 100% electric trucks to our product lineup to reduce the Company’s exposure to periods of inconsistent quarterly revenues from the bus industry. The Vicinity heavy duty “Classic” bus is planned for electrification in 2023, which will place Vicinity in an excellent position to capture market share as the demand for zero emissions buses grows. Municipalities of all sizes across Canada and the U.S. along with private operators in multiple sectors are looking for a more robust low floor accessible bus to replace their cutaways and internal combustion engine propelled heavy duty buses. Our first Vicinity Lightning™ EV buses are currently in production for initial customers. Our Vicinity 1200 EV truck are available immediately to fill high volume demands for the electric truck markets. The first Vicinity 1200 EV trucks were delivered in November of 2022.

As with the entire global manufacturing industry, VMC is exposed to increased inflation with respect to parts and raw materials purchased by the Company. VMC has already ordered the majority of components for current builds or has fixed pricing in place to reduce the short term exposure. Future impacts for higher input costs will be mitigated through higher pricing for new bids or purchase price index (“PPI”) provisions in multiyear contracts.

Aftermarket parts sales are expected to continue to increase as Vicinity bus fleets get older and new vehicles are placed into service.

Tariffs, Invasion of Ukraine, and COVID-19 Lockdowns

Management continues to closely monitor negotiations and ongoing global trade discussions which may influence the Company. We are implementing purchasing, shipping and assembly modifications to best adapt to the current trade environment and strengthen our U.S.-based operations and component sourcing.

There have been no significant direct impacts to date on supply chains related to the Russian invasion of Ukraine. VMC does not have direct suppliers based in either Russia or Ukraine, but additional supply delays may arise as the conflict progresses if subcomponent supplies of our suppliers are affected.

Disruptions from COVID-19 related lockdowns in China, and elsewhere in the world, could have ongoing effects on the supply chain for certain critical components. The medium and long-term recovery of the Company’s end markets from the COVID-19 pandemic are currently unknown but are expected to be dependent on government support, COVID-19 case rates, manufacturing and supply chain capabilities, travel restrictions and economic reopening activity. The increase in transit ridership and increased bid activity in the industry are encouraging signs of recovery, but the ongoing nature of the pandemic may adversely impact results in the future.

Non-GAAP and Other Financial Measures

The non-GAAP and other financial measures presented do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be directly comparable to similar measures presented by other issuers. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-GAAP and other financial measures should be read in conjunction with our consolidated financial statements.

Non-GAAP financial measure - Adjusted EBITDA

Adjusted EBITDA does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company defines adjusted EBITDA as earnings before interest, income taxes, depreciation and amortization, foreign exchange gains or losses, certain non-recurring and/or non-operating income and expenses, and share based compensation. Adjusted EBITDA should not be construed as an alternative for revenue or net loss determined in accordance with IFRS. The Company believes that adjusted EBITDA is a meaningful metric in assessing the Company's financial performance and operational efficiency.

The following table reconciles net earnings or losses to Adjusted EBITDA based on the consolidated financial statements of the Company for the periods indicated.

(US dollars in thousands - unaudited)	3 months ended September 30, 2022 \$	3 months ended September 30, 2021 (Restated) \$	9 months ended September 30, 2022 \$	9 months ended September 30, 2021 (Restated) \$
Net loss	(7,445)	(3,798)	(14,120)	(2,542)
Add back				
Stock based compensation	250	658	712	1,042
Interest	589	31	1,775	208
Gain on modification of debt	—	—	(803)	—
Foreign exchange loss	3,098	13	3,882	70
Amortization	731	271	2,213	670
Income tax	91	23	300	23
Loss on disposal of property and equipment	9	54	27	54
Adjusted EBITDA	(2,677)	(2,748)	(6,014)	(475)

Figures for 2021 have been restated in USD to reflect the change in the Company's presentation currency.

Non-GAAP financial measure – working capital

Working capital is a non-GAAP measure calculated as current assets less current liabilities. Working capital does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies.

(US dollars in thousands - unaudited)	Three months ended September 30, 2022 \$	Three months ended December 31, 2021 \$
Current Assets	17,320	20,806
Current Liabilities	15,245	19,401
Working Capital	2,075	1,405

Supplementary financial measure – gross margin as a percentage of revenue

Gross margin as a percentage of revenue is a supplementary financial measure calculated as gross margin divided by revenue, expressed as a percentage.

Summary of Quarterly Results

The following selected financial information is derived from unaudited interim condensed consolidated financial statements of the Company. The information is stated in US dollars.

(US dollars in thousands, except eaming per share -unaudited)	Q3 2022 \$	Q2 2022 \$	Q1 2022 \$	Q4 2021 \$	Q3 2021 \$ (Restated)	Q2 2021 \$ (Restated)	Q1 2021 \$ (Restated)	Q4 2020 \$ (Restated)
Revenue	1,515	11,742	3,183	2,330	2,324	15,518	21,536	3,471
Gross margin (loss)	(234)	1,024	210	(316)	(577)	1,716	3,412	1,711
Net (loss) income	(7,445)	(3,789)	(2,887)	(4,782)	(3,798)	(344)	1,601	(410)
Basic earnings (loss) per share ⁽¹⁾	(0.19)	(0.10)	(0.08)	(0.14)	(0.13)	(0.01)	0.06	(0.02)
Diluted earnings (loss) per share ⁽¹⁾	(0.19)	(0.10)	(0.08)	(0.14)	(0.13)	(0.01)	0.05	(0.02)
Cash and cash equivalents	1,115	9,357	11,016	4,402	3,890	8,237	1,365	1,008
Working capital	2,075	8,250	8,664	1,405	12,846	19,682	16,522	13,111
Total assets	58,272	65,762	73,268	53,993	30,463	34,185	37,953	36,943
Non-current financial liabilities	7,962	8,349	1,035	347	586	780	737	419

(1) Basic and diluted earnings (loss) per share have been retrospectively adjusted to give effect to the 3 to 1 share consolidation effective March 29, 2021.

All figures prior to Q4 2021 have been restated to USD to reflect the change in the Company's presentation currency.

Variability of revenues, gross margin, and net income (loss) over the past 8 quarters is mainly driven by the timing and delivery of buses.

Three and Nine Months Ended September 30, 2022 Earnings Review

(US dollars in thousands, except earnings per share -unaudited)	3 months ended September 30, 2022 \$	3 months ended September 30, 2021 \$ (Restated)
Revenue	1,515	2,324
Gross loss	(234)	(577)
Net loss	(7,445)	(3,798)
Basic and diluted earnings (loss) per share ⁽²⁾	(0.19)	(0.13)

(2) Basic and diluted earnings (loss) per share have been retrospectively adjusted to give effect to the 3 to 1 share consolidation effective March 29, 2021.

Figures for 2021 have been restated in USD to reflect the change in the Company's presentation currency.

Revenue

Revenue for the three months ended September 30, 2022 was \$1,515 compared to \$2,324 for the three months ended September 30, 2021, representing a 35% decrease. This represented two deliveries versus six deliveries in the previous period.

Gross Margin (Loss)

Gross loss for bus sales and other revenue for the three months ended September 30, 2022 was \$234 or 15% of revenue (see "Non-GAAP and Other Financial Measures") as compared to the three months ended September 30, 2021, which had a gross loss of \$577 or 25% of revenue (see "Non-GAAP and Other Financial Measures"). The gross loss for the three months ended September 30, 2022 was negatively affected by product mix and the low volume of buses delivered. Shipping difficulties and global supply chain disruptions in the availability of chassis for our VMC Optimal products and certain bus components has delayed a large portion of expected deliveries during the end of 2021 and into 2022.

Net (Loss) Income

Net loss for the three months ended September 30, 2022, was \$7.4 million compared to a net loss of \$3.8 million for the three months ended September 30, 2021. Net loss increased for the three months ended September 30, 2022 as compared to the prior year mainly due to \$3.1 million in higher foreign exchange losses in 2022. The foreign exchange loss for the three months ended September 30, 2022, was mainly the result of translating intercompany balances between VMC entities for consolidation purposes and do not reflect realized exchange losses.

(US dollars in thousands, except earnings per share -unaudited)	9 months ended September 30, 2022 \$	9 months ended September 30, 2021 \$ (Restated)
Revenue	16,440	39,379
Gross margin	999	4,551
Net loss	(14,120)	(2,542)
Basic and diluted earnings (loss) per share ⁽²⁾	(0.37)	(0.09)

(1) Basic and diluted earnings (loss) per share have been retrospectively adjusted to give effect to the 3 to 1 share consolidation effective March 29, 2021.

Figures for 2021 have been restated in USD to reflect the change in the Company's presentation currency.

Revenue

Revenue for the nine months ended September 30, 2022 was \$16,440 compared to \$39,379 for the nine months ended September 30, 2021, representing a 58% decrease. This represented 42 deliveries versus 119 deliveries in the previous period.

Gross Margin

Gross margin for bus sales and other revenue for the nine months ended September 30, 2022 was \$999 or 6% of revenue (see "Non-GAAP and Other Financial Measures") as compared to the nine months ended September 30, 2021, which had a gross margin of \$4,551 or 12% of revenue (see "Non-GAAP and Other Financial Measures"). The gross margin for the nine months ended September 30, 2022 was negatively affected by product mix and the low volume of buses delivered. Shipping difficulties and global supply chain disruptions in the availability of chassis for our VMC Optimal products and certain bus components has delayed a large portion of expected deliveries during the end of 2021 and into 2022.

Net (Loss) Income

Net loss for the nine months ended September 30, 2022, was \$14.1 million compared to a net loss of \$2.5 million for the nine months ended September 30, 2021. Net income decreased for the nine months ended September 30, 2022 mainly as a result of lower gross profits from decreased deliveries compared to the prior year, increased foreign exchange losses, increased marketing and legal costs related to listing on the Nasdaq exchange and marketing of new products, and an increase in overall salaries and headcount to prepare for the next stages of growth for the Company. The increase of \$3.8 million in foreign exchange loss for the nine months ended September 30, 2022 compared to the prior year period, was mainly the result of translating intercompany balances between VMC entities for consolidation purposes and do not reflect realized exchange losses.

Liquidity and Selected Cash Flow Items

(US dollars in thousands - unaudited)	September 30, 2022 \$	December 31, 2021 \$
Cash and cash equivalents	1,115	4,402
Working capital	2,075	1,405
Total assets	58,272	53,993
Non-current financial liabilities	7,962	347

Vicinity has working capital of \$2,075 as of September 30, 2022 compared to working capital at December 31, 2021 of \$1,405. Working capital has increased by \$670 due to common shares issued during the first quarter offset slightly by development costs for new products and fixed asset purchases as the Company builds its new manufacturing facility in Ferndale, Washington, USA. Vicinity had a cash and cash equivalents balance of \$1,115 as at September 30, 2022 compared to \$4,402 as at December 31, 2021.

Cash used from operating activities during the nine months ended September 30, 2022 was \$5,222 compared to cash provided of \$7,754 during the nine months ended September 30, 2021. The decrease of \$12,976 from the nine months ended September 30, 2021 was mainly due to decreased sales in 2022 vs 2021 and the change in non-cash working capital items.

For the nine months ended September 30, 2022, investing activities used cash of \$9,955 compared to the nine months ended September 30, 2021, where investing activities used cash of \$4,487. The increase of \$5,468 from the nine months ended September 30, 2021 was from the development of new product lines, and the ongoing construction of the Company's new manufacturing facility in Ferndale, Washington.

For the nine months ended September 30, 2022, financing activities provided cash of \$12,243 compared to the nine months ended September 30, 2021, where financing activities used cash of \$306. Proceeds from a private placement in 2022 and the credit facility resulted in an increase of cash provided of \$12,549 compared to 2021.

Financial Instruments

Fair values

The Company's financial instruments include cash and cash equivalents, restricted cash, trade and other receivables, accounts payable, credit facility, short-term loans, deferred consideration, lease obligations. The carrying amounts of these financial instruments are a reasonable estimate of their fair values based on their current nature and current market rates for similar financial instruments. Lease obligations are classified as a level 2 within the hierarchy.

Deferred consideration is the only instrument measured at fair value through profit and loss in accordance with IFRS 9 – Financial Instruments, which requires the classification of financial instruments within a hierarchy that prioritizes the inputs to fair value measurement, this instrument was classified as a level 3 within the hierarchy.

Capital Management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders through expansion correspondingly to the level of risk.

The Company considers its share capital, other shareholders' equity, short-term loans, long-term loans and convertible debt to be its capital. As a part of its loan commitments, the Company is required to obtain authorization from the lender prior to obtaining further loans. The Company's capital is currently not subject to any other external restrictions except those described in Credit facility (Note 7 of the financial statements).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, reduce debt or increase its debt.

Commitments

The Company entered into a production agreement with one of its manufacturers whereby the parties have agreed to a specified production volume. The Company also has outstanding purchase order commitments related to the construction of its new manufacturing facility. Future minimum payments as at September 30, 2022 are \$12,251 due no later than one year.

Off-Balance Sheet Arrangements

The Corporation has not entered into any off balance sheet arrangements.

Transactions with Related Parties

Expenses incurred to key management are:

	Nine months ended September 30, 2022 \$	Nine months ended September 30, 2021 (Restated) \$
Salaries and benefits	925	1,241
Non-executive directors' fees	—	25
Share based payments	687	575
	<u>1,612</u>	<u>1,841</u>

During the nine months ended September 30, 2022 the Company paid \$158 in lease payments to a company owned by a director. \$155 was recognized as depreciation and interest expense on the lease.

During the nine months ended September 30, 2021 the Company paid \$145 in lease payments to a company owned by a director. \$124 was recognized as depreciation and interest expense on the lease.

Balances with key management and other related parties are:

As at September 30, 2022, included in accounts payable are balances owing to key management or companies controlled by officers of the Company in the amount of \$1 (September 30, 2021 - \$22).

All related party balances are non-interest bearing, unsecured and have no fixed terms of repayment and have been classified as current.

Critical Accounting Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the consolidated financial statements. For significant estimates and judgements refer to Note 8 as well as the consolidated financial statements for the year ended December 31, 2021.

Recent Accounting Pronouncements

There were no recent accounting pronouncements adopted by the Company.

Segment Information

Allocation of revenues to geographic areas is as follows:

	Nine months ended September 30, 2022 \$	Nine months ended September 30, 2021 (Restated) \$
Canada		
Bus sales	7,912	9,277
Spare part sales	3,599	1,929
Operating lease revenue	—	—
United States		
Bus sales	4,270	27,272
Spare part sales	532	148
Operating lease revenue	127	753
Total	16,440	39,379

During the nine months ended September 30, 2022, the Company had sales of \$5,962, \$4,653 and \$1,581 to three end customers representing 36%, 28% and 10% of total sales, respectively. During the nine months ended September 30, 2021, the Company had sales of \$26,753 and \$4,423 to two customers representing 68% and 11% of total sales, respectively.

Outstanding Share Data

At a Special Annual General Meeting of the shareholders held on March 24, 2021, a 3 for 1 share consolidation was approved, effective March 29, 2021. All share and per share amounts are reflective of the share consolidation. Issued and outstanding as of the date of this report is as follows:

44,033,421 common shares
7,573,082 warrants
1,483,326 stock options
475,264 deferred share units
166,000 restricted share units

Form 52-109F2
Certification of Interim Filings
Full Certificate

I, **William Trainer, Chief Executive Officer of Vicinity Motor Corp.** certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Vicinity Motor Corp.** (the “issuer”) for the interim period ended **September 30, 2022**
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organization of the Treadway Commission (“COSO”).
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on **July 1, 2022**, and ended on **September 30, 2022**, that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: **November 14, 2022**

/s/ *“William Trainer”*

William Trainer,
CEO

Form 52-109F2
Certification of Interim Filings
Full Certificate

I, **Danial Buckle, Chief Financial Officer of Vicinity Motor Corp.** certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Vicinity Motor Corp.** (the “issuer”) for the interim period ended **September 30, 2022**
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organization of the Treadway Commission (“COSO”).
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on **July 1, 2022**, and ended on **September 30, 2022**, that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **November 14, 2022**

/s/ "Danial Buckle"

Danial Buckle,
CFO

Vicinity Motor Corp. Reports Third Quarter 2022 Financial Results

VANCOUVER, BC / November 15, 2022 Vicinity Motor Corp. (NASDAQ:VEV)(TSXV:VMC)(FRA:6LGA) (“Vicinity” or the “Company”), a North American supplier of commercial electric vehicles, today reported its financial and operational results for the third quarter ended September 30, 2022.

Third Quarter 2022 and Subsequent Highlights

- Current order backlog exceeds \$190 million, the vast majority of which are for electric vehicles.
- Secured a further US\$100M+ purchase order for 1,000 VMC 1200 electric trucks from Pioneer Auto Group - Vicinity’s exclusive dealer in the province of British Columbia, Canada – with initial deliveries to this customer beginning in November 2022.
- Secured an order from strategic partner Sustainability Partners LLC, an ESG focused Public Benefit Company committed to eliminating deferred maintenance infrastructure by enabling sustainability, for four (4) Vicinity Lightning™ electric buses via Soderholm Sales & Leasing, Inc. (“Soderholm”), Vicinity’s Pacific Islands distributor.
- Secured distributions agreements for Vicinity’s vehicle portfolio with:
 - The TOK Group, a Canadian transportation solutions provider, to offer the Company’s VMC 1200 class 3 electric trucks.
 - Schetky Bus and Van Sales, a dealership and transportation solutions provider in the Northwestern U.S., which will offer the Vicinity Lightning™, Vicinity Classic and VMC-Optimal vehicles, including an initial commitment for 18 vehicles.
- Fortified the Company’s balance sheet subsequent to the end of the third quarter, opportunistically raising US\$4.8 million utilizing the Company’s at-the-market (“ATM”) program.

Management Commentary

“The third quarter of 2022 was highlighted by strong momentum in our VMC 1200 Class 3 electric truck and Vicinity Lightning™ electric bus product lines – all propelled by intense customer demand for commercial EVs,” said William Trainer, Founder and Chief Executive Officer of Vicinity Motor Corp. “Our recent US\$100+ million purchase order for 1,000 VMC 1200 vehicles from Pioneer Auto Group was a transformational milestone in Vicinity’s evolution as a leading commercial EV manufacturer. The order validates the years of innovation and development we have invested in, all with the goal of expanding our capabilities beyond our strong legacy in transit buses and into the vast commercial truck market. Taken together, our backlog grew to over USD\$190 million, the vast majority of which are for electric vehicles.

“Our VMC 1200 supply chain is fairly insulated from the global supply chain disruptions that have impacted our transit bus business – which pushed the delivery of many bus orders into 2023. Initial VMC 1200 deliveries began in November and we expect these sales to gradually ramp up to meet the immense demand we are seeing for this product line. Our first vehicles will be assembled in British Columbia, Canada – and now that we have sourced a solution to the power switch issue we faced previously – we believe that our new Ferndale, Washington facility will begin to supplement our Canadian assembly capabilities in the first quarter 2023. To support these growing production goals, we are currently working on increasing our credit facilities to support the short-term working capital requirements of the rapidly ramping VMC 1200 production.

“Looking ahead to 2023, we are incredibly well positioned for success – particularly as supply chains normalize and we can resume full-fledged transit bus production. Given the VMC 1200 doesn’t face the same supply chain pressures that transit buses do – paired with the significant incentives and subsidies available to end-users seeking to electrify their fleets – we expect they will prove to be a significant contributor to our revenue growth and profitability. I look forward to continuing to update our investors as we build the foundation for what I believe will be a record 2023,” concluded Trainer.

Third Quarter 2022 Financial Results

All figures stated in this press release are in U.S. dollars unless stated otherwise.

Revenue totaled \$1.5 million in the third quarter of 2022, as compared to \$2.3 million in the same year-ago quarter. Revenue totaled \$16.4 million for the nine months ended September 30, 2022, as compared to \$39.4 million in the nine months ended September 30, 2021. The decrease is primarily attributable to lower vehicle deliveries due to global supply chain disruptions.

Gross loss in the quarter ended September 30, 2022 totaled \$0.2 million, or 15% of revenue, as compared to \$0.6 million, or 25% of revenue, for the quarter ended September 30, 2021. Gross profit totaled \$1.0 million, or 6% of revenue for the nine months ended September 30, 2022, as compared to gross profit of \$4.6 million, or 12% of revenue for the nine months ended September 30, 2021. Gross margins were affected by product mix and the low volume of buses delivered, with global supply chain disruptions affecting certain transit bus components continuing to delay deliveries.

Cash used in operating activities in the nine months ended September 30, 2022 totaled \$5.2 million, as compared to cash provided by operating activities of \$7.8 million in the nine months ended September 30, 2021.

Net loss in the quarter ended September 30, 2022 was \$7.4 million, or \$(0.19) per share, as compared to a net loss of \$3.8 million, or \$(0.13) per share, in the third quarter of 2021. Net loss for the nine months ended September 30, 2022 was \$14.1 million, as compared to net loss of \$2.5 million for the nine months ended September 30, 2021.

Adjusted EBITDA loss for the three months ended September 30, 2022 was \$2.7 million, as compared to an adjusted EBITDA loss of \$2.8 million for the three months ended September 30, 2021. Adjusted EBITDA loss for the nine months ended September 30, 2022 was \$6.0 million, as compared to an adjusted EBITDA loss of \$0.5 million for the nine months ended September 30, 2021.

Cash and cash equivalents as of September 30, 2022 totaled \$1.1 million, as compared to \$4.4 million as of December 31, 2021. Subsequent to the end of the third quarter, the Company fortified its balance sheet through an opportunistic US\$4.8 million raise utilizing the Company’s at-the-market (“ATM”) program.

Third Quarter 2022 Results Conference Call

Management will host an investor conference call at 4:30 p.m. Eastern time today to discuss Vicinity Motors’ third quarter financial results, provide a corporate update, and conclude with a question and answer session from telephone participants. To participate, please use the following information:

Q3 2022 Conference Call and Webcast

Date: Tuesday, November 15, 2022
Time: 4:30 p.m. Eastern time
U.S./Canada Dial-in: 1-844-850-0545
International Dial-in: 1-412-542-4118
Conference ID: 10173008
Webcast: Vicinity Motors Q3 2022 Webcast

Please dial in at least 10 minutes before the start of the call to ensure timely participation.

A playback of the call will be available through Thursday, December 15, 2022. To listen, call 1-844-512-2921 within the United States and Canada or 1-412-317-6671 when calling internationally. Please use the replay pin number 10169971. A webcast will also be available by clicking here: [Vicinity Motors Q3 2022 Webcast](#).

About Vicinity Motor Corp.

Vicinity Motor Corp. (NASDAQ:VEV)(TSXV:VMC)(FRA:6LGA) is a North American supplier of electric vehicles for both public and commercial enterprise use. The Company leverages a dealer network and close relationships with world-class manufacturing partners to supply its flagship electric, CNG and clean-diesel Vicinity buses, the VMC 1200 electric truck and a VMC Optimal-EV shuttle bus. For more information, please visit www.vicinitymotorcorp.com.

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Neither the TSX-V nor its Regulation Service Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Note Regarding Forward-Looking Statements

This press release includes certain “forward-looking information” and “forward-looking statements” (collectively “forward-looking statements”) within the meaning of applicable securities laws. All statements, other than statements of historical fact, included herein are forward-looking statements. Forward-looking statements are frequently, but not always, identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “possible”, and similar expressions, or statements that events, conditions, or results “will”, “may”, “could”, or “should” occur or be achieved. Forward-looking statements involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

Important factors that could cause actual results to differ materially from Vicinity’s expectations include uncertainties relating to the economic conditions in the markets in which Vicinity operates, vehicle sales volume, anticipated future sales growth, the success of Vicinity’s operational strategies, the timing of the completion of the vehicle assembly facility in the State of Washington, the effect of the COVID-19 pandemic, related government-imposed restrictions on operations, the success of Vicinity’s strategic partnerships; and other risk and uncertainties disclosed in Vicinity’s reports and documents filed with applicable securities regulatory authorities from time to time. Vicinity’s forward-looking statements reflect the beliefs, opinions and projections on the date the statements are made. Vicinity assumes no obligation to update the forward-looking statements or beliefs, opinions, projections, or other factors, should they change, except as required by law.

Non-GAAP Financial Measures

The non-GAAP and other financial measures presented do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be directly comparable to similar measures presented by other issuers. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-GAAP and other financial measures should be read in conjunction with our consolidated financial statements.

Non-GAAP financial measure - Adjusted EBITDA

Adjusted EBITDA does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company defines adjusted EBITDA as earnings before interest, income taxes, depreciation and amortization, foreign exchange gains or losses, certain non-recurring and/or non-operating income and expenses, and share based compensation. Adjusted EBITDA should not be construed as an alternative for revenue or net loss determined in accordance with IFRS. The Company believes that adjusted EBITDA is a meaningful metric in assessing the Company’s financial performance and operational efficiency.

The following table reconciles net earnings or losses to Adjusted EBITDA based on the consolidated financial statements of the Company for the periods indicated.

(US dollars in thousands - unaudited)	3 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2022	9 months ended September 30, 2021
Net loss	(7,445)	(3,798)	(14,120)	(2,542)
Add back				
Stock based compensation	250	658	712	1,042
Interest	589	31	1,775	208
Gain on modification of debt	—	—	(803)	—
Foreign exchange loss	3,098	13	3,882	70
Amortization	731	271	2,213	670
Income tax	91	23	300	23
Loss on disposal of property and equipment	9	54	27	54
Adjusted EBITDA	(2,677)	(2,748)	(6,014)	(475)

Vicinity Motor Corp.
Interim Condensed Consolidated Statements of Financial Position
(Unaudited, In thousands of US Dollars)

	Note	September 30, 2022 \$	December 31, 2021 \$
Current Assets			
Cash and cash equivalents		1,115	4,402
Trade and other receivables		3,051	2,810
Inventory	4	9,576	9,416
Prepays and deposits		3,578	4,178
		17,320	20,806
Long-term Assets			
Intangible assets	5	18,883	22,353
Property, plant, and equipment	6	22,069	10,834
		58,272	53,993
Current Liabilities			
Accounts payable and accrued liabilities		5,661	2,915
Credit facility	7	620	—
Deferred revenue		2,339	3,193
Current portion of provision for warranty cost	8	1,560	1,414
Current debt facilities		—	7,143
Deferred consideration		4,640	4,602
Current portion of other long-term liabilities	9	425	134
		15,245	19,401
Long-term Liabilities			
Other long-term liabilities	9	7,801	92
Provision for warranty cost	8	161	255
		23,207	19,748
Shareholders' Equity			
Share capital	10	69,827	58,055
Contributed surplus	10	7,320	6,035
Accumulated other comprehensive (loss) income		1,732	(151)
Deficit		(43,814)	(29,694)
		35,065	34,245
		58,272	53,993

Vicinity Motor Corp.
Interim Condensed Consolidated Statements of (Loss) Income
(Unaudited, In thousands of US dollars, except for per share amounts)

	Note	For the three months ended September 30, 2022 \$	For the three months ended September 30, 2021 \$ (Restated, Notes 3 and 16)	For the nine months ended September 30, 2022 \$	For the nine months ended September 30, 2021 \$ (Restated, Notes 3 and 16)
Revenue					
Bus sales	13	363	1,680	12,182	36,549
Other	13	1,152	644	4,258	2,830
		1,515	2,324	16,440	39,379
Cost of sales					
	4	(1,749)	(2,901)	(15,441)	(34,828)
Gross profit (loss)		(234)	(577)	999	4,551
Expenses					
Sales and administration		2,527	2,355	7,278	5,337
Stock-based compensation	10	250	658	712	1,042
Amortization		656	141	1,975	413
Interest and finance costs	7,9	589	31	1,775	208
Gain on modification of debt	9	—	—	(803)	—
Foreign exchange loss		3,098	13	3,882	70
		7,120	3,198	14,819	7,070
Loss before taxes		(7,354)	(3,775)	(13,820)	(2,519)
Current income tax expense		91	23	300	23
Net loss		(7,445)	(3,798)	(14,120)	(2,542)
Loss per share					
Basic & diluted		(0.19)	(0.13)	(0.37)	(0.09)
Weighted average number of common shares outstanding					
Basic & diluted ⁽¹⁾		38,307,728	29,826,211	38,307,728	29,824,442

(1) Basic and diluted earnings (loss) per share have been retrospectively adjusted to give effect to the 3 to 1 share consolidation effective March 29, 2021.

Vicinity Motor Corp.
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited, In thousands of US dollars)

	Note	Nine months ended September 30, 2022	Nine months ended September 30, 2021 (Restated, Note 3)
OPERATING ACTIVITIES		\$	\$
Net loss for the year		(14,120)	(2,542)
Items not involving cash:			
Loss on disposal of property and equipment		27	55
Gain on modification of debt	9	(803)	—
Amortization		2,212	670
Foreign exchange (gain) loss		(380)	15
Interest and finance costs	7,9	1,775	208
Stock-based compensation	10	712	1,042
		(10,577)	(552)
Changes in non-cash items:			
Trade and other receivables		3,786	429
Inventory	4	989	16,261
Prepays and deposits		(1,615)	(2,072)
Accounts payable and accrued liabilities		3,609	(6,791)
Deferred consideration		(38)	—
Deferred revenue		(637)	(508)
Warranty provision	8	85	1,153
Taxes paid		(300)	—
Interest paid		(524)	(166)
Cash (used) provided in operating activities		(5,222)	7,754
INVESTING ACTIVITIES			
Purchase of intangible assets	5	(553)	(1,893)
Proceeds from government subsidy	5	817	—
Purchase of property and equipment	6	(10,471)	(2,960)
Proceeds on disposal of property and equipment	6	252	82
Restricted cash		—	284
Cash used in investing activities		(9,955)	(4,487)
FINANCING ACTIVITIES			
Proceeds from issuance of common shares	10	13,063	6,519
Share issuance costs	10	(1,162)	—
(Repayments) proceeds of credit facility	7	659	(4,626)
Repayment of short-term loans	9	—	(2,038)
Repayment of long-term loans	9	(317)	(161)
Cash provided (used) in financing activities		12,243	(306)
Effect of foreign exchange rate on cash		(353)	(79)
(Decrease) increase in cash and cash equivalents		(3,287)	2,882
Cash and cash equivalents, beginning		4,402	1,008
Cash and cash equivalents, ending		1,115	3,890