



## Dear Workhorse Shareholders,

**I would first like to take a moment to say thank you for your ongoing engagement, patience and feedback throughout 2023. As we head toward year end, I wanted to reflect on the year and provide an update on recent achievements and the opportunities ahead.**



We don't expect the transition to commercial EV powered vehicles to occur overnight. It will likely take years or even decades to happen. The path to commercial vehicle production, especially within the electric vehicle space, has experienced a number of ups and downs and we've certainly faced our fair share of each this year. I am proud of our team's resiliency and how quickly we addressed our challenges. We resolved unforeseen production and supply issues affecting the W4 CC and W750. We also resolved the CARB HVIP voucher matter in California this past quarter. Lastly, we strengthened our financial position and resolved legacy liabilities.

### **After this hard work, we are ending the year with important momentum.**

We have final vehicle assembly up and running for four new product lines, the W4 CC cab chassis, the W750, and the W56 stripped chassis and step van. We continue to expand our regional dealer network with a focus on those regions where CARB Clean Fleet and Clean Truck mandates will be adopted in 2024-27. We have selectively resized our team here at Workhorse while maintaining the necessary resources and skills on the team to continue to design, test and build world class commercial trucks. The overhaul of our Union City, IN manufacturing complex is nearing completion and the "Workhorse Ranch" is now capable of building & painting up to 6000 vehicles/year on one shift. We can ramp up staffing and production in-line with market demand.

### **In the last couple of weeks alone, we have made real progress, including:**

- Receiving our first fleet purchase order for W56 step-vans in California;
- Stabilizing W750 step van production at 4 units/week and deploying 3 additional units to FedEx Ground routes in OH and CA;
- Using several W4CC vehicles with multiple back-end configurations to perform demos with potential customers interested in a range of packages including reefers, flatbeds, utility truck and cargo box packages;
- Completing the final FMVSS certification of the W56, enabling us to ship completed units to dealers;
- Receiving approval for all of our CL4-6 products under the New York Truck Voucher Incentive Program (NYTVIP) with voucher amounts ranging from \$100,000 - \$125,000 for eligible vehicles.
- Advancing our Aero business, including selling our drones and continuing to add additional governmental grants, while evaluating a range of alternatives to capture new growth opportunities for this business;
- Continuing to successfully deliver last mile packages for FedEx, while organically gaining new route assignments as we electrify the fleet in our Stables initiative;
- Implementing new back-office IT/Operating systems across product development, supply chain, manufacturing, quality, HRM and Finance/Accounting operations, and
- Entering into agreements for up to \$40 million in green convertible notes and a \$50 million forward purchase contract facility.

We believe we are well prepared to meet the needs of our customers as EV adoption increases.

As we look to 2024, we are focused on operational execution and delivery of our high-performance battery-electric trucks and drones to customers. With the strong technical, operating and commercial foundations we now have in place, we have the opportunity to succeed in the market and deliver value to our shareholders.

Our transition over the past two years from being a 'challenged' EV start-up into a viable OEM is on track from a product, process capability and support systems standpoint. Now we must turn our potential into results by earning meaningful new business with those customers that are committed to electrifying their fleets. We believe we are well prepared to meet the needs of our customers as EV adoption increases.

Thank you for your continued support, and wishing you and your families all the best as we head into 2024.

Sincerely,

**Rick Dauch**

CEO, Workhorse Group

**FORWARD LOOKING STATEMENTS:** This press release contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. When used in this release, the words "anticipate," "expect," "plan," "believe," "seek," "estimate" and similar expressions are intended to identify forward-looking statements. These are statements that relate to future periods and include, but are not limited to, statements about the features, benefits and performance of our products, our ability to introduce new product offerings and increase revenue from existing products, expected expenses including those related to selling and marketing, product development and general and administrative, our beliefs regarding the health and growth of the market for our products, anticipated increase in our customer base, expansion of our products functionalities, expected revenue levels and sources of revenue, expected impact, if any, of legal proceedings, the adequacy of our liquidity and capital resources, expected growth in business and our ability to execute on the strategies discussed above. Forward-looking statements are statements that are not historical facts. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from the forward-looking statements contained in this release. Factors that could cause actual results to differ materially include, but are not limited to: our ability to develop and manufacture our new product portfolio, including the W4 CC, W750, W56 and WNext programs; our ability to attract and retain customers for our existing and new products; risks associated with obtaining orders and executing upon such orders; the unavailability, reduction, elimination, termination or adverse application of government subsidies, incentives and/or regulations, including the Advanced Clean Fleet Regulation adopted by the California Air Resource Board; supply chain disruptions, including constraints on steel, semiconductors and other material inputs and resulting cost increases impacting our company, our customers, our suppliers or the industry; our ability to capitalize on opportunities to deliver products to meet customer requirements; our limited operations and need to expand and enhance elements of our production process to fulfill product orders; our inability to raise additional capital to fund our operations and business plan; our ability to regain compliance with the listing requirements of the Nasdaq Capital Market and otherwise maintain the listing of our securities thereon; our ability to protect our intellectual property; market acceptance for our products; our ability to obtain sufficient liquidity from operations and financing activities to continue as a going concern, including the financing agreements discussed above, and, our ability to control our expenses; potential competition, including without limitation shifts in technology; volatility in and deterioration of national and international capital markets and economic conditions; global and local business conditions; acts of war (including without limitation the conflicts in Ukraine and Israel) and/or terrorism; the prices being charged by our competitors; our inability to retain key members of our management team; our inability to satisfy our customer warranty claims; the outcome of any regulatory or legal proceedings; our ability to execute on the strategies discussed above; and other risks and uncertainties and other factors discussed from time to time in our filings with the Securities and Exchange Commission ("SEC"), including under the "Risk Factors" section of our annual report on Form 10-K and our quarterly reports on Form 10-Q, each as filed with the SEC. Forward-looking statements speak only as of the date hereof. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

