



# Q4 and Full Year 2022 Earnings Call

March 1, 2023



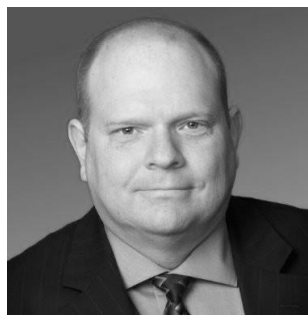
# Today's Presenters



**Rick Dauch**  
CEO

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- 27 years automotive industry experience
- 15 years serving in CEO roles
- Multiple public/private board memberships



**Bob Ginnan**  
CFO

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- 22 plus years of senior finance and leadership experience
- Refined capital structures for firms in multiple industries
- Executed multiple accounting and information technology ("IT") system installations



**Stan March**  
Vice President, Corporate Development

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- 26 years executive experience across multiple industrial sectors
- Extensive M&A, public affairs, investor relations and corporate communications experience

# Agenda

Introduction

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Business Update

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4<sup>th</sup> Quarter Financials

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Full Year 2022 Financials

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2023 Guidance

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Q1 2023 Goals / Summary

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Q&A





# Disclaimer

## Cautionary Note Regarding Forward Looking Statements

The material in this document 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 document, 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 liquidity and capital resource, and expected growth in business. 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 document. 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 recently announced W750, W56 and WNext platforms; our ability to attract and retain customers for our existing and new products; risks associated with obtaining orders and executing upon such orders; supply chain disruptions, including constraints on steel and semiconductors and resulting increases in costs impacting our company, our customers, our suppliers or the industry; our ability to implement modifications to vehicles to achieve compliance with Federal Motor Vehicle Safety Standards and to meet customer demands with respect to the C-1000s; 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; the ability to protect our intellectual property; negative impacts stemming from the continuing COVID-19 pandemic; market acceptance for our products; our ability to control our expenses; potential competition, including without limitation shifts in technology; global and local business conditions; acts of war (including without limitation the conflict in Ukraine) and/or terrorism; the prices being charged by our competitors; our inability to retain key members of our management team; our inability to raise additional capital to fund our operations and business plan; our inability to satisfy covenants in our financing agreements; our inability to maintain our listing of our securities on the Nasdaq Capital Market; our inability to satisfy our customer warranty claims; the outcome of any regulatory proceedings; our liquidity and other risks and uncertainties and other factors discussed from time to time in our filings with the Securities and Exchange Commission (“SEC”), including our annual report on Form 10-K 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.



# Key Operational Accomplishments



## Strengthened Organization & Systems

- All key leadership, engineering and operational positions filled
- Launched ERP common systems project, target transition in Q3
- Robust HRM systems established and in practice
- LEAN systems training of Manufacturing and Supply Chain teams continues



## Executed Commercial Vehicle Product Roadmap

- Built and delivered 23 W4 CC units in Q4; >100 vehicles at Union City
- Pilot builds of W750 underway in Q1, production SORP in Q2
- Shipped first Tropos vehicles
- W56 program build units on test, production SORP on track for Q3
- Gathering market data to establish WNEXT design specs



## Upgraded Engineering and Manufacturing Facilities

- Transformed Union City plant into a world-class manufacturing complex
- Concluded facility improvement initiatives at Tech Center in Wixom, MI
- Prototype and testing center in Sharonville, OH near completion
- Drone production lines being installed in Mason, OH facility



## Progress in Aerospace

- Completed successful field demonstrations of the HORSEFLY for two larger last mile delivery companies in January 2023
- Successfully field tested the HALO drone internationally in February 2023
- Awarded a \$115,000 grant in Michigan for BVLOS work
- Continuing to partner with U.S. Department of Agriculture and working to secure new Federal and State level grants



## Continued and Expanded Stables & Stalls Initiative

- Successfully managed package deliveries through peak season, actively executing for FedEx on delivery routes in Ohio
- Now using Workhorse's first EV W750 in commercial service, expect to fully electrify Lebanon fleet by the end of Q2
- Exploring options to establish a second operations location in an incentive-based state



## Resolved Legacy Issues

- Entered into proposed settlements to resolve previously disclosed securities class action lawsuit and related derivative actions
- SEC concluded previously disclosed investigation without taking enforcement action
- Discontinued C1000 program, fully allocating resources to development and production of other vehicles and products



# Product Portfolio Plan Update

## W4 CC

CL4, 5000-lb payload, 150-mile range

- Delivered 23 W4 CC vehicles in Q4
- Delivered a total of 33 W4 CC units in 2022
- Expect to continue ramping up production and delivery of W4 CC vehicles during 2023
- >100 units on site ready for or in production

## W750 Step-Van

CL4, 5000-lb payload, 150-mile range

- Completed first pilot production
- Expect to start production in Q2
- Will convert Stables & Stalls fleet in Q2
- Ride & Drive at NTEA Work Truck Show

## W56 Product Family

CL5-6, 8,000-lb payload, 150-mile range

- Stripped chassis, cab & chassis, step van
- Program remains on track for SORP in Q3
- Plans to showcase Step Van to prospective customers at upcoming NTEA Work Truck Show (unveiling on March 8)
- First Ride & Drive at ACT Show (May 2-5)
- Customer demos & testing in Q2-Q3

## WNext

CL3-5, TBD payload, TBD range

- Combining Class 3 and Class 4 experience to develop a next-generation vehicle with:
  - ✓ Accessible low door frame
  - ✓ Improved ride and handling
  - ✓ Efficient lightweight systems
  - ✓ Advanced technology
- Expecting to begin production in 2025



**Shipped 23 W4 CC units in Q4; On track for full-line of CL3-6 commercial vehicles and chassis by 2025**

# Aerospace Update

## Horsefly™ Demo #1

- 50 non-stop deliveries
- 3 aircraft – 2 in nearly-constant autonomous operation
- 2 points of origination
- 6 destinations (simulated driveways)
- 2 two-person flight crews
- Normal, non-normal and maintenance operations



## Horsefly™ Demo #2

- 4 multi-aircraft “racetrack pattern” deliveries (fly a square of about 1 mile and deliver at the departure point)
- 2 linear deliveries 1 mile from departure point in a straight line



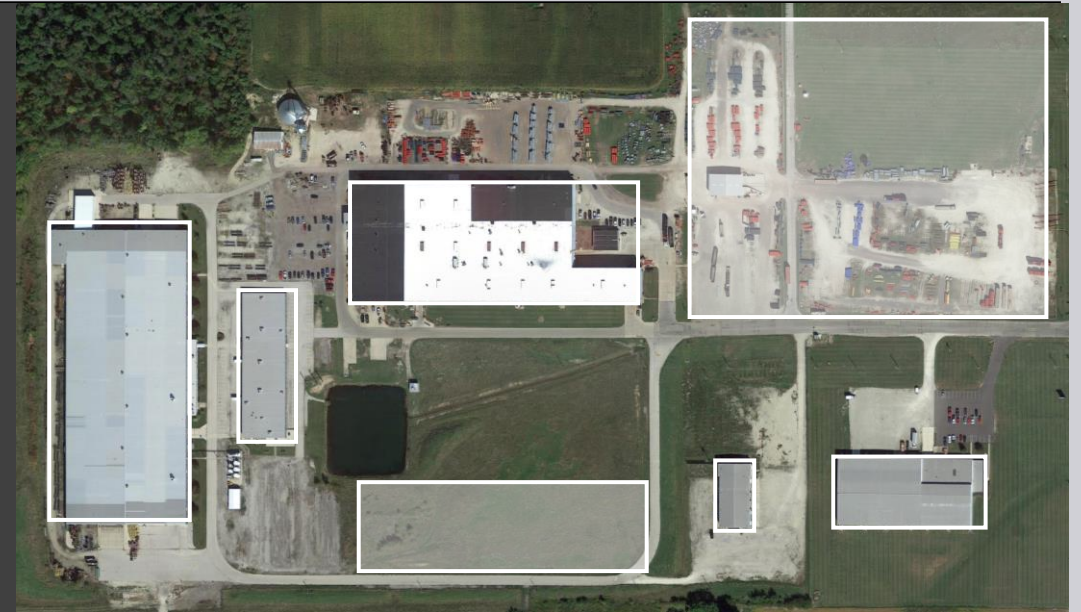


# World Class EV & Drone Manufacturing Sites in America's Heartland

**WORKHORSE™**

## Workhorse Ranch: *"Ready to Run"*

- MFG complex capacity 10,000 trucks/yr. by 2025
- Multiple classes of EVs
- Dedicated battery storage facility
- Contract manufacturing
- NVH Test Track
- EOL Dyno testing in Q1
- Paint line in Q2



## Horsefly Field

- One Site
- 5,000 drones/yr. manufacturing capacity by 2025
- Multiple product lines
- Indoor flight testing
- Assembly stations in Q1





# Financial Summary Highlights

## Fourth Quarter 2022 Audited Results

*\$ millions*

	THREE MONTHS ENDED DECEMBER 31	
	2022	2021
Sales, net of returns and allowances	\$ 3.4	\$ (2.0)
Cost of sales	21.2	99.9
Gross loss	(17.8)	(101.9)
Operating expenses		
Selling, general and administrative	\$ 13.5	\$ 15.7
Research and development	8.0	2.8
Total operating expenses	21.5	18.5
Loss from operations	(39.3)	(120.4)
Interest income (expense), net	0.5	(35.7)
Other income (loss), net	0.2	0.0
Loss before provision for income taxes	(38.6)	(156.1)
Provision for income taxes	0.0	0.0
Net loss	\$ (38.6)	\$ (156.1)

### Sales:

- Increased \$5 million due to the sale of W4 CC vehicles versus C1000 reversals in 2021

### Cost of Sales:

- \$12.8 million C1000 write-off versus \$94.3 million in 2021

### Operating Expenses:

- Non-cash equity compensation of \$2.8 million versus \$1.7 million in 2021
- Increase in R&D to support vehicle roadmap
- Lower legal expense in 2022

# Financial Summary Highlights

## Full Year 2022 Audited Results

*\$ millions*

	TWELVE MONTHS ENDED DECEMBER 31	
	2022	2021
Sales, net of returns and allowances	\$ 5.0	\$ (0.9)
Cost of sales	37.7	132.5
Gross loss	(32.7)	(133.3)
Operating expenses		
Selling, general and administrative	\$ 73.2	\$ 40.2
Research and development	23.2	11.6
Total operating expenses	96.4	51.8
Loss from operations	(129.1)	(185.1)
Interest income (expense), net	(1.8)	(12.6)
Other income (loss), net	13.6	(225.4)
Loss before provision for income taxes	(117.3)	(423.2)
Provision for income taxes	0.0	21.9
Net loss	\$ (117.3)	\$ (401.3)

### Sales

- Sales growth was driven by an increase in W4 CC sales in 2022 versus C1000 returns in 2021

### Cost of Sales

- C1000 write-offs of \$19.5 million compared to \$105.7 million in 2021
- Decrease in cost of sales for the year was primarily due to the shift in production to new vehicle platforms at lower volumes, decreased consulting costs and decreased manufacturing overhead

### Operating Expenses

- Legal expenses increased, driven by the legal settlement expense of \$20 million and \$6.5 million related to the securities and shareholder derivative litigation
- Compensation, including non-cash stock-based compensation (\$11.5 million versus \$4.9 million in 2021), increased due to an increase in headcount including addition of leadership
- Offset by consulting fees, which decreased by \$3.4 million



# Balance Sheet Highlights

Full Year 2022 Audited Results

	DECEMBER 31	
\$ millions	2022	2021
Cash and cash equivalents	\$ 99.3	\$ 201.6
Accounts Receivable, net	2.1	0.1
Other Receivable	15.0	
Inventory, net	8.9	10.1
Prepays and other	14.2	4.4
<b>Total Current Assets</b>	<b>139.4</b>	<b>216.2</b>
Property, plant and equipment, net	21.5	7.9
Investment in Tropos	10.0	
Operating lease right-of-use assets	11.7	1.5
Other assets	0.2	2.5
<b>Total Assets</b>	<b>\$ 182.7</b>	<b>\$ 228.1</b>
Accounts payable	\$ 11.9	\$ 7.8
Accrued liabilities and other	44.6	14.8
Deferred revenue, current	3.4	
Warranty liability	2.2	4.6
Current portion of lease liability	1.3	0.4
<b>Total current liabilities</b>	<b>63.3</b>	<b>27.6</b>
Deferred revenue, long-term	2.0	
Lease liability, long-term	8.8	1.2
Convertible notes, at fair value		24.7
<b>Total Liabilities</b>	<b>74.2</b>	<b>53.4</b>
Total stockholders' equity	108.6	174.7
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 182.7</b>	<b>\$ 228.1</b>

## No Debt

### \$99.3 million

Cash balance

Expect

### \$15 - \$25 million

In 2023 Capex to upgrade facilities in Indiana, Ohio and Michigan

### \$9 million

Monthly net cash requirements

- Insurance receivable of \$15 million
- Accrued liabilities include \$35 million shareholder lawsuit accrual to be settled in insurance proceeds and stock





# 2023 Guidance

“We expect to generate significant revenue growth in 2023 by selling trucks and drones.”

**\$75M – \$125M**

Expected 2023 revenue range



# Q1 2023 Priorities



## Execute Product Programs

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- Complete pilot production of W750
- Maintain W56 program timing and showcase vehicles to prospective customers
- Unveiling W56 at NTEA Work Truck Show
- Drone demonstrations with key customers



## Ramp Up Production

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- Ramp production of W4 CC
- Begin production of W750 in Q2
- Continue manufacturing & shipping Tropos vehicles
- Install W56 process equipment
- Install drone assembly stations



## Profitably Grow Sales

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- Adding new customer orders for drones and commercial vehicles
- Grow CV dealer network
- Continue electrifying Stables & Stalls fleet



## Implement Common Systems

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- Corporate HRM administration
- LEAN Systems across manufacturing, supply chain
- ERP transition execution by Q3



# “Stabilize, Fix and Grow”

Building the foundations for two profitable businesses



## The 6 P's:

People, Products,  
Processes, Partners,  
Politics, Profits

## Value Creation for ALL Stakeholders

- Associates
- Investors
- Communities
- Customers
- Suppliers
- Business Partners

Converting two technology start-ups into real OEMs!





# Questions?

