



Q1 2023 Earnings Call

May 15, 2023

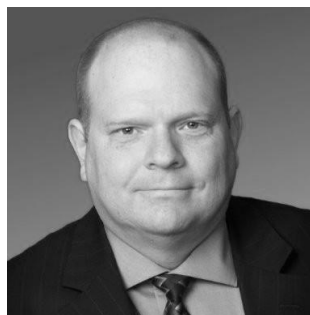


Today's Presenters



Rick Dauch
CEO

- 28 years automotive industry experience
- 16 years serving in CEO roles
- Multiple public/private board memberships



Bob Ginnan
CFO

- 23 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

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

Agenda

Introduction

Business Update

Q1 Financials

2023 Guidance

Q2 Priorities / Summary

Q&A



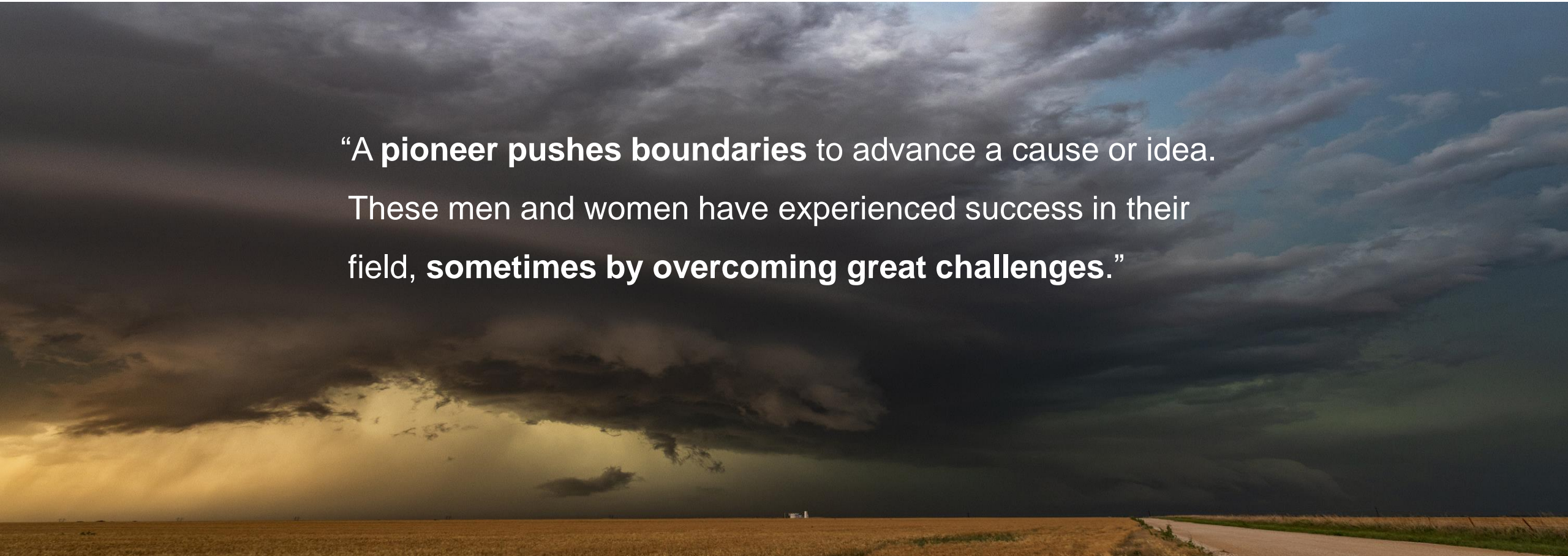
Disclaimer

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 resources, 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 Report. 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 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, 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 inability to maintain our listing of our securities on the Nasdaq Capital Market; the ability to protect our intellectual property; market acceptance for our products; 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 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 satisfy our customer warranty claims; the outcome of any regulatory or legal proceedings; 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 filings 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.



Being a “Pioneer” is Not Easy



“A **pioneer pushes boundaries** to advance a cause or idea. These men and women have experienced success in their field, **sometimes by overcoming great challenges.**”

Generational Shift to EV-powered Commercial Vehicles is Underway



California's Advanced Clean Truck Rule

California's ACT Rule is a sales requirement for manufacturers of medium and heavy-duty vehicles (from Class 2b through Class 8) to sell zero-emission trucks as an increasing percentage of their annual sales within the state from 2024-2035.

California's Advanced Clean Fleets

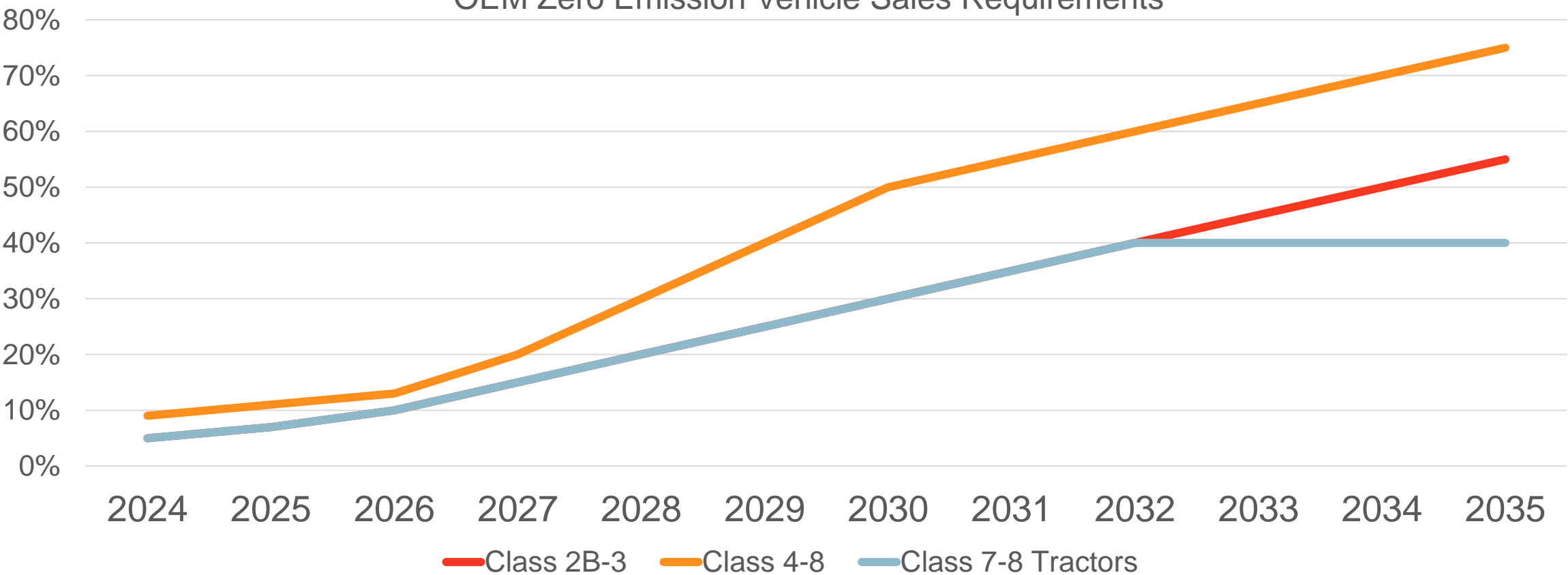
California Air Resources Board (CARB) is developing a medium and heavy-duty zero-emission fleet regulation with the goal of achieving a zero-emission truck and bus California fleet by 2045. Where feasible, significantly earlier for certain market segments such as last mile delivery and drayage applications. The goal of this effort is to accelerate the number of medium and heavy-duty, zero-emission vehicle purchases to achieve a full transition in California as soon as possible.



Advanced Clean Truck Regulation



OEM Zero Emission Vehicle Sales Requirements



Advanced Clean Truck – National Impact

State	Status	Beginning MY	Fleet Reporting Date
California	Adopted	2024	April 1, 2021
Oregon	Adopted	2025	June 30, 2022
Washington	Adopted	2025	September 30, 2023
New Jersey	Adopted	2025	April 1, 2023
New York	Adopted	2025	April 1, 2023
Massachusetts	Adopted	2025	Not Required
Vermont	Adopted	2026	Not Required
Colorado	Adopted	2027	December 31, 2023
Maine	Preliminary Rulemaking Process	-	-
Connecticut	Preliminary Rulemaking Process	-	-
Rhode Island	Preliminary Rulemaking Process	-	-
North Carolina	Preliminary Rulemaking Process	-	-
Maryland	In Review	-	-
Washington DC	In Review	-	-
Illinois	In Review	-	-



Key Accomplishments in the First Quarter



Advancement of Commercial Vehicle Programs

- Upgraded vehicles, ramped up production of W4 CC vehicles; slow start to '23 but strong order book building
- Completed W750 pilot builds; production & shipments in Q2 23
- Unveiled W56 vehicles at industry conferences; received positive customer feedback; W56 production on track for Q3 23
- Working to expand dealer network in USA
- Delivered 18 Tropos vehicles; increased shipments expected



Progress in Stables & Stalls

- Continued execution of delivery routes for FedEx Ground
- Expect to electrify fleet by end of Q2 23
- Exploring options for 2nd site with FedEx, government input



Strides Forward in Aerospace

- HORSEFLY and HALO (FALCON) fully certified for production & sales
- Held successful flight demonstrations with commercial and government customers
- About to receive first U.S. Government purchase order



Facility Improvements and Systems Upgrades

- Installed & qualified assembly stations at drone technical design and production facility in Mason, OH
- On track to install an end-of-line dynamometer, assembly and paint lines in Union City, IN prior to W56 launch in Q3 23
- Robust HRM systems now in place
- ERP conversion on track for Q3 23



Product Portfolio Plan Update

W4 CC

CL4, 5000-lb payload, 150-mile range

- Chassis deliveries on track, >200 units in Q1 and 500-600 in 2023
- Component upgrades installed to meet Workhorse quality standards, which required supplier tooling
- Slower than expected production and delivery in Q1, accelerating in Q2 with 40 vehicle PO currently being shipped from inventory
- Ramping production from 2-3 units/day in Q1 to 4-5/day in Q2
- Order book building as we onboard new dealers
- Several custom body designs being developed by 3rd parties
- On track to meet FY23 production and sales targets



Back Panel

Lighting

Cab Heater

W750 Van

CL4, 5000-lb payload, 150-mile range

- Completed pilot production in Q1
- Multiple cab & roof design changes required, which delayed supplier tooling modifications
- Production and shipments on track for Q2 23, slightly behind original plan



Product Portfolio Plan Update

W56

CL5-6, 10,000-lb payload, 150-mile range

- Program on track and on budget for Q3 launch
- Pilot and 8 of 12 program builds complete
- Components, systems, full-vehicles in testing
- 100% part sourcing; supplier readiness by Q3
- Successful unveiling at NTEA and ACT Expo; received strong customer feedback and interest
- Customer plant visits and vehicles demos in process



WNext

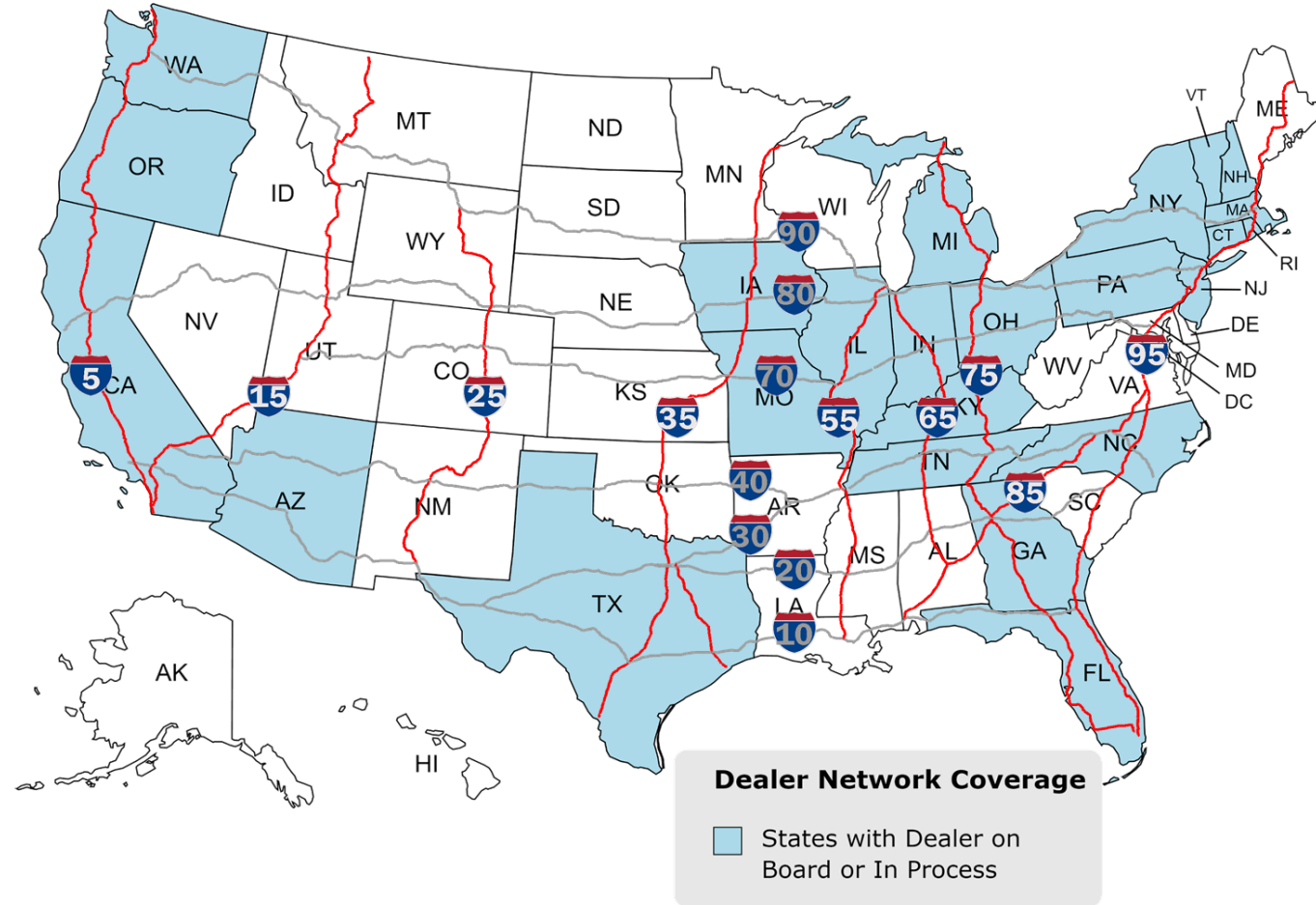
CL3-5, payload and range TBD

- Plans to combine Class 3 and Class 4 experience to develop next-generation vehicle
- Prototype design, test & build in 2023 and 2024
- Production expected to begin in 2025



Establishing Certified Dealer Network

- Workhorse is establishing a nationwide certified dealer network, targeting dealer locations in key 'EV Ready' markets
- Securing manufacturing licenses in 22 states
- Workhorse expects to generate dealer stocking orders during 2023, primarily for W4 CC and W750
- Additionally, working to secure 'upfit' and 'custom body build' slots for W4 CC with key partners
- Strong interest in W56 vehicles, pending successful durability testing and fleet demos in Q2 2023



Stables & Stalls

Continued execution of fleet electrification initiative to serve independent contractors and operators

- Renewed contract with FedEx Ground in Ohio with expanded route coverage
- Expected to be converted to EV by the end of Q2 2023, primarily W750 pilot step vans
- Exploring opportunities to establish second operations location in an incentive-based state or federal government owned location
- Valuable ‘lessons learned’ on the costs and timing required to install and connect charging stations to the grid, understanding the economics of operating an ICE-based fleet, and the CRITICAL importance of drivers
- Will develop a “WHITE PAPER” on ICE to EV conversion for small fleets by year end ‘23



Aerospace Update



Horsefly™

- Successfully demonstrated UPS Flight Forward testing standards (payload, flight distance, multiple aircraft)
- Successfully completed demonstrations for two potential last-mile delivery clients, different drone use applications
- Completed scanning farmland in Arkansas and Mississippi to support U.S. Department of Agriculture government's second grant initiative

Falcon -- Humanitarian Assistance and Logistics Operations (HALO)

- Successfully completed demonstrations for U.S. military; about to receive first government P.O.; additional P.O.'s expected in Q2
- Potential R&D grant
- Flight training and testing conducted in Europe
- Only drone company invited to attend DHS Symposium

Financial Summary Highlights

First Quarter 2023 Unaudited Results

	Three Months Ended March 31	
	2023	2022
(\$ millions, except EPS and shares)		
Sales, net of returns and allowances	\$1.7	\$0.0
Cost of sales	5.3	3.9
Gross loss	(3.6)	(3.9)
Operating expenses		
Selling, general and administrative	14.7	11.9
Research and development	7.2	4.0
Total operating expenses	21.9	15.9
Loss from Operations	(25.5)	(19.8)
Interest income (expense), net	0.5	(2.3)
Net loss	\$(25.0)	\$(22.1)
Net loss per share of common stock		
Diluted	\$(0.15)	\$(0.15)
Weighted average shares used in computing net loss per share of common stock		
Diluted	167,144,351	151,939,491

Sales

Net sales growth was primarily driven by W4 CC sales

Cost of Sales

Increase was primarily due to costs related to direct & indirect materials as well as increase in employee compensation and related expenses to support vehicle sales

Operating Expenses

- SG&A increased due to \$3.1 million increase in employee compensation and related expenses
- R&D increased due to \$0.7 million increase in compensation from growing headcount, \$0.3 million increase in consulting expenses, and \$1.7 million increase in prototype expenses related to expanding product roadmaps



Balance Sheet Highlights

(\$ millions, except shares)

Assets

Current assets

Cash and cash equivalents	\$79.1	\$99.3
Accounts receivable, net	\$1.8	\$2.1
Other receivables	15.0	15.0
Inventory, net	21.9	8.9
Prepays expenses and other current assets	15.0	14.1

Total current assets	132.8	139.4
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Property, plant and equipment, net	27.0	21.5
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Investment in Tropos	10.0	10.0
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Lease right of use assets	11.4	11.7
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Other assets	0.2	0.1
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Total Assets	181.4	182.7
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Liabilities

Current liabilities

Accounts payable	\$14.5	\$10.2
Accrued and other current liabilities	45.0	46.2
Deferred revenue, current	2.2	3.4
Warranty liability	2.1	2.2
Current portion of lease liabilities	1.4	1.3

Total current liabilities	65.2	63.3
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Deferred revenue, long-term	2.9	2.0
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Lease liabilities, long-term	8.5	8.9
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Total Liabilities	76.6	74.2
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Stockholder's Equity

Common Stock, 250,000,000 authorized	0.2	0.2
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Additional paid-in-capital	757.3	736.1
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Accumulated deficit	(652.7)	(627.6)
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Total stockholder's equity	104.8	108.6
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Total Liabilities and Stockholders' Equity	181.4	182.7
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Shares issued and outstanding	180,580,804	165,605,355
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No Debt

\$79.1 Million

Cash balance

ATM in Place

Issued 14.4 million shares for \$18.6 million net proceeds in Q1

Increase in Inventory

As production ramped ahead of sales


Capital Resources

Sufficient to support current and projected funding requirements; exploring cost effective options to raise additional capital during 2023-24



Financial Summary

2023 Guidance

 **\$75 – \$125 Million**
Revenue

Reaffirming Revenue Guidance

Workhorse expects to generate between \$75-125 million in revenue for calendar year 2023, assuming current supply chain lead times remain unchanged.



Q2 Priorities



Advance Product Roadmaps

- Ramp up production & delivery for W4 CC
- Begin production of W750
- Complete vehicle testing and equipment installation for start of W56 production in Q3
- Ensure supplier and LEAN system readiness
- Electrification of Stables & Stalls fleet



Grow Sales

- Build out our CV dealer network; plans to onboard 8-10 new dealer networks in 2023
- Provide W56 demos to last-mile customers
- Secure firm P.O.'s for trucks & drones



Aerospace Business

- Earn and fulfill initial purchase orders for drones
- Start of regular production
- Earn USDA grant(s)



Implement Common Systems

- Dealer training & certification
- Customer service & invoicing
- Continue transition to new ERP system





Questions?