



Workhorse Group Reports First Quarter 2018 Results

CINCINNATI, May 9, 2018 – Workhorse Group Inc. (NASDAQ: WKHS), an American technology company focused on providing sustainable and cost-effective electric mobility solutions to the transportation sector, today reported financial results for the first quarter ended March 31, 2018.

First Quarter Operational Highlights

- Announced an expanded partnership with UPS for up to 1000 N-GEN electric delivery vans.
- Deployed the first N-GEN production intent vehicle executing live deliveries in the San Francisco Bay Area.
- Received patent for HorseFly™ truck-launched drone delivery system from the United States Patent and Trademark Office (USPTO).
- Initiated change-over to production facility in preparation for assembly of N-GEN and W-15 platforms, increasing line capacity to 30 units per day.
- In partnership with Dana, unveiled a new city delivery vehicle, built on the Workhorse E-series platform.
- Closed a private placement, led by existing investors and insiders including company CEO and director Steve Burns, as well as directors H. Benjamin Samuels and Gerald Budde.

Management Commentary

“The first quarter was both productive and eventful across all of our vehicle and aircraft platforms, but it was also a period that signified the beginning of a greater evolution for our company,” said Workhorse CEO Steve Burns. “In Q1 we began adapting the manufacturing facility to account for the large-scale production plans we have for our N-GEN electric delivery van as well as our W-15 electric pickup. With a more streamlined operation, we will look to make significant progress in reducing our sizeable backlog and remain committed to our production goal of 2,000 vehicles, with positive gross material margins on those vehicles, by the end of 2018.”

First Quarter 2018 Financial Results

Sales for the first quarter of 2018 were recorded at \$0.6 million, down from \$1.6 million in the same period of 2017 as well as from a record performance in Q4 2017 where the company demonstrated our improved production capability.

Selling, general and administrative expenses increased 26% to \$2.4 million from \$1.9 million in the same period last year. The increase in selling, general and administrative expenses was due primarily to increases in legal and consulting expenses for the planned SureFly spinoff as well as employee salaries and benefits due to increased headcount during the period.

Research and development expenses decreased 28% to \$2.3 million from \$3.2 million in the same period last year. The decrease in research and development expenses was due primarily to decreases in prototype expenses for both the United States Postal Service (USPS) Next Generation Delivery Vehicle (NGDV) and SureFly.

Total operating expenses decreased 8% to \$4.7 million from \$5.1 million in the first quarter of last year. The decrease in total operating expenses was due to decreases in prototype expenses for both the USPS NGDV and SureFly, which was offset by increases in legal and consulting expenses for the planned SureFly spinoff as well as employee salaries and benefits due to increased headcount during the period.

Net loss was \$6.4 million, compared with a net loss of \$7.9 million in the same period last year. This is due primarily to more favorable gross profit.

As of March 31, 2018, the company had cash, cash equivalents and short-term investments of \$0.8 million compared to \$4.1 million as of December 31, 2017.

Conference Call

Workhorse management will hold a conference call today (May 9, 2018) at 4:30 p.m. Eastern time (1:30 p.m. Pacific time) to discuss these results.

Workhorse management will host the presentation, followed by a question and answer period.

U.S. dial-in: 1-877-407-0792

International dial-in: 1-201-689-8263

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Liolios Group at 1-949-574-3860.

The conference call will be broadcasted live and available for replay [here](#) and via the Investor Relations section of Workhorse's [website](#).

A replay of the conference call will be available after 7:30 p.m. Eastern time on the same day through May 23, 2018.

Toll-free replay number: 1-844-512-2921

International replay number: 1-412-317-6671

Replay ID: 13678441

About Workhorse Group Inc.

Workhorse is a technology company focused on providing electric mobility solutions to the transportation sector. As an American original equipment manufacturer, we design and build high performance battery-electric vehicles including trucks and aircraft. We also develop cloud-based, real-time telematics performance monitoring systems that are fully integrated with our vehicles and enable fleet operators to optimize energy and route efficiency. All Workhorse vehicles are designed to make the movement of people and goods more efficient and less harmful to the environment. For additional information visit www.workhorse.com.

Forward-Looking Statements

This press release includes forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements may be identified by words such as "believes," "expects," "anticipates," "estimates," "projects," "intends," "should," "seeks," "future," "continue," or the negative of such terms, or other comparable terminology. 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 herein. Factors that could cause actual results to differ materially include, but are not limited to: our limited operations and need to expand in the near future to fulfill product orders; risks associated with obtaining orders and executing upon such orders; the ability to protect our intellectual property; the potential lack of market acceptance of our products; potential competition; 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 maintain our listing of our securities on the Nasdaq Capital Market; our ability to continue as a going concern; 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. Workhorse expressly disclaims any obligation to publicly update any forward-looking statements contained herein, whether as a result of new information, future events or otherwise, except as required by law.

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