



CORPORATE PARTICIPANTS

Stephen Burns
Chief Executive Officer

Duane Hughes
President & Chief Operations Officer

Paul Gaitan
Chief Financial Officer

Julio Rodriguez
Chief Information Officer

Tony Furey
Vice President of Finance

QUARTERLY SUMMARY and HIGHLIGHTS

- Initiated manufacturing and delivery of 200+ (\$10M) delivery vans for UPS, Alpha Baking, FedEx and Brinks
- Delivered 42 E-GEN electric vehicles, 6 in Q2 and 36 to-date in Q3
- Announced strategic partnership for sales and service with Ryder System Inc.
- Testing underway on the first Workhorse hydrogen fuel cell (Plug Power) prototype delivery truck for FedEx Express
- Backlog of 170 Workhorse electric delivery vans
- Q1/2017 vs. Q2/2017 revenue was down \$965K
- For the six months ended, 2017 vs 2016, revenue was up \$578K
- Unveiled W-15 concept pickup truck on May 2, 2017 and increased LOI's to more than 5,000
- Unveiled SureFly concept multicopter at Paris Air Show June 19, 2017 and initiated \$1,000 deposit pre-order program

MANAGEMENT DISCUSSION SECTION

Duane A. Hughes

President & COO

Thank you Adam and good morning. We appreciate everyone for taking time to be on our Q2 update call this morning. In a few moments, our CEO, Steve Burns is going to give you a brief update on our business and touch on the highlights from the second quarter.



Joining us for the call this morning is Paul Gaitan, our newly appointed Chief Financial Officer, Julio Rodriguez, who is taking the reins as Chief Information Officer, and Tony Furey, our Vice President of Finance. We will all be on the call to respond to any questions you may have.

As you may have seen, we have released our 10-Q. For those of you who have not seen our 10-Q report, it is available on our website at workhorse.com.

I want to call your attention to our Safe Harbor provision for forward-looking statements that is posted on our website and is part of our year end update. The Safe Harbor provision identifies risk factors that may cause actual results to differ materially from the content of our forward-looking statements. Our 2016, Form 10-K and other periodic filings on file with the SEC provide further detail about the risk factors related to our business.

For today's call, Steve will give you an update on our key strategic priorities. He will then open it up to questions.

With that, I would now like to turn the call over to Steve Burns.

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Stephen S. Burns
Chief Executive Officer & Director

Thank you Duane and good morning everyone. As Duane mentioned we are excited about discussing some of the details relating to our recent company announcements. As a brief reminder for any newcomers to our call today, Workhorse is a technology-focused manufacturer providing sustainable and cost-effective electric mobility solutions for the commercial transportation sector. As an American, original equipment manufacturer, we design and build high performance battery-electric trucks and aircraft.

All Workhorse vehicles make the movement of people and goods more efficient and less harmful to our environment.

We achieved several important milestones this quarter as we drive toward commercial scale operations. However, before we get into these details, I'd like to first introduce and welcome Paul Gaitan, our newly appointed Chief Financial Officer. Paul is literally on his first day with Workhorse and we are excited to have Paul come aboard. Paul is a seasoned financial executive with extensive experience in high growth-stage companies across multiple manufacturing environments. In a few moment's I'll ask Paul to say a few words and tell you a little about himself.

In addition to Paul, we are welcoming Julio Rodriguez to his new position of Chief Information Officer, where he will now be responsible for expanding the systems and information infrastructure for global supply chain management and large-scale manufacturing. We thank Julio for his 4-years of service as our Chief Financial Officer and are eager to begin this transition.

With that, I'll now ask Paul to say a few words...

Thanks Paul, again we are excited to have you join us and now I'll continue with our Q2 update:



In the second quarter 2017, we started production of 200 E-GEN units that are on order from UPS. We have delivered 42 vehicles from this order to-date, six in the second quarter and an additional 36 units so far in the third quarter. We've delivered 195 workhorse vehicles to all customers and an additional 170 are on backlog. As a result of this volume, we have introduced automation and transitioned to more tier 1 suppliers helping us improve our manufacturing capacity. We have increased our run rate from 0.7 vehicles per day in Q1 to a current run rate of 3 vehicles per day, a 4-fold improvement.

An important part of building a commercial scale operation is our sales and service network. We announced Ryder will be the primary provider of service and support for Workhorse. The Ryder relationship further expands our sales and service capability to fleets of any size, so that we can now offer all Workhorse vehicles to any fleet operator in North America. Ryder has more than 800 maintenance facilities, nearly 6,000 trained service technicians, 600+ professional sales executives and manages more than 234,000 fleet vehicles.

Moving to the potential 180,000 USPS vehicle replacement opportunity. As you will recall, we are under specific ground rules that limit our ability to discuss the USPS NGDV program in any detail. With this said, we can tell you that we remain on-track for the on-time delivery of our six prototype vehicles due in September of this year.

You may recall, we had a highly successful unveiling of our W-15 electric pickup truck on May 2nd, in Long Beach CA. To-date we have secured letters-of-intent from approximately 18 fleets for more than 5,000 W-15 trucks with an average price of \$50,000. A key to receiving these LOI's, is the proven performance of our electric delivery trucks with customers such as UPS and FedEx. In addition to the growing demand from commercial fleets, we have received several thousand inquiries from consumers actively requesting purchase information.

The W-15 gives us even more opportunity to continue driving down costs by leveraging the volume opportunity of more than 500,000 pickup trucks sold to fleets each year, not to mention the total 2.7M pickups sold at the consumer level. We have improved our supply chain and now work with even more Tier-1 suppliers who have interests in the higher volume, light-duty segment. Our supply agreements with Panasonic and BMW remain key factors to our success.

On June 17th at the Paris Air show, we launched our multi-copter platform that can carry a pilot and passenger. The product is called SureFly™, and it is meant to be a short haul, vertical takeoff and landing aircraft that is less expensive to buy and operate, and much safer and easier to fly when compared to a conventional helicopter. We believe that the typical application would be agriculture, package delivery and logistics in remote areas, emergency responders, military, and commuters in highly congested larger cities.

Let me now open the line to questions...

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