Workhorse Group Reports Third Quarter 2017 Results

CINCINNATI, November 7, 2017 – 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 third quarter ended September 30, 2017.

Third Quarter 2017 Highlights

• Completed delivery for 73 of the 200 units on order by UPS.
• Completed on-time delivery in mid-September of prototype vehicles to the United State Postal Service for testing.
• Announced the lease of Workhorse E-GEN vehicles for W.B. Mason through Workhorse’s strategic sales and service partner Ryder System.
• Deliveries of units for 2017 increased for the 3rd quarter and remain on track to further increase in Q4. We have delivered 64 units to-date in the fourth quarter.
• W-15 Pickup Truck development progress continues, and the formation of the W-15 Leadership Council is underway.
• First DOE/FedEx Hydrogen Fuel Cell Chassis was delivered to Plug Power and is being prepared for delivery to FedEx Express.
• Workhorse EV’s have now logged nearly 2.0 million miles and are deployed with customers in 14 states.
• Revenue increased by $3.0 million over the prior quarter and increased $1.4 million compared to the same year ago period.
• Completed a $12.0 million equity financing in September 2017.

Management Commentary

“The third quarter was yet another period of significant operational progress with several milestone achievements,” said Workhorse CEO Steve Burns. “As we continue our transition to a commercial scale operation, we remain focused on increasing our efficiency as well as improving our manufacturing capacity. Most notably, this quarter we delivered 73 of the 200 E-GEN units on order from UPS as well as 64 units so far in the fourth quarter, bringing our total number of delivered vehicles from this order to-date to 143. As such, we have increased our run rate from 0.7 vehicles per day in Q1 2017 to a current run rate of three vehicles per day, a four-fold improvement over that timeframe. We also delivered our prototype vehicles to the USPS, advanced our W-15 development, and, just today released the first details of our N-GEN delivery van platform. With our comprehensive E-GEN, E-100, W-15 and N-GEN portfolio, we are now well positioned as the leading U.S. commercial electric vehicles OEM, with a defined, systematic and controllable path to volume and scaled production over the next 24 to 36 months.”
**Third Quarter 2017 Financial Results**

Sales for the third quarter of 2017 increased 72% to $3.3 million from $1.9 million in the same period in 2016. The increase in sales was due primarily to an accelerated rate of fleet conversion to Workhorse vehicles by UPS and the company’s increased production capacity.

Selling, general and administrative expenses in the third quarter of 2017 increased 67% to $3.3 million from $2.0 million in the same period last year. The increase in selling, general and administrative expenses was due primarily to employee salaries and benefits, promotional activities and consulting, due to increased R&D activities in the period.

Research and development expenses in the third quarter of 2017 increased 396% to $5.1 million from $1.0 million in the same period last year. The increase in research and development expenses was due primarily to consulting and materials related to the start of the Next Generation Delivery Vehicles (NGDV’s) project and SureFly Octocopter.

Total operating expense for the third quarter increased 180% to $8.4 million from $3.0 million in Q3 of last year. The increase in total operating expenses was due to increases in SG&A and R&D expenses.

Net loss in the third quarter of 2017 was $12.7 million, an increase of $7.4 million, compared with a net loss in the third quarter of 2016 of $5.3 million, due primarily to higher volume growth in negative margin sales.

As of September 30, 2017, the company had cash, cash equivalents and short-term investments of $9.8 million compared to $0.5 million as of December 31, 2016, an increase of approximately $9.3 million. The increase was primarily attributable to the closing of the company’s underwritten public offerings in February and September 2017.

**Conference Call**

Workhorse management will hold a conference call today (November 7, 2017) at 10:00 a.m. Eastern time (7:00 p.m. Pacific time) to discuss these results.

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

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 1:00 p.m. Eastern time on the same day through November 21, 2017.

Toll-free replay number: 1-844-512-2921
International replay number: 1-412-317-6671
Replay ID: 13672866
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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