



Workhorse Group Reports Fourth Quarter and Full Year 2017 Results

CINCINNATI, March 14, 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 fourth quarter and full year ended December 31, 2017.

Recent Operational Highlights

- Built and delivered 245 units during the year ended December 31, 2017 which included the delivery of 121 units in the fourth quarter of 2017 to United Parcel Service (UPS) marking the successful completion of the fourth recurring order by UPS.
- Secured a first-of-its-kind collaboration with UPS to design and deploy 50 plug-in electric N-GEN 1000 cu ft. delivery truck. Custom-built for UPS, these vehicles represent a major advance in full ground-up design, will produce zero tailpipe emissions and are comparable in acquisition cost to conventional-fueled trucks without any subsidies.
- On track to launch the N-GEN 450 cu. Ft. delivery vehicle in a pilot program in early Q2, addressing the high-growth last mile package delivery segment.
- Received notice of allowance for HorseFly™ truck launched drone package delivery system patent.
- W-15 Pickup Truck received the Innovation Award at the NTEA in March 2018.
- The W-15 Leadership Council, comprised of industry leading fleet representatives from utilities, municipalities, airlines, convened in Q4 and has provided valuable feedback toward ongoing W-15 development progress.
- Appointed Kevin Vincent as Vice President of Government, Regulatory and Safety Affairs.
- Revenue increased by \$2.2 million over the prior quarter and increased \$2.5 million compared to the same year-ago period.
- Workhorse electric vehicles have now logged two million miles and are deployed with customers in 19 states.

Management Commentary

“The fourth quarter was a solid finish to a transformational year for our company,” said Workhorse CEO Steve Burns. “Financially, we grew our topline by 81% for the quarter and nearly 70% for the year thanks to our increasing production capacity and continued demand from new and existing customers. Additionally, we’ve grown our backlog to a record \$12 million, putting us at a pace that already exceeds our total sales in 2017. Operationally, and most notably, we recently secured a new collaboration with UPS for our electric N-GEN delivery trucks, with an initial pilot of 50 vehicles. These ground-up designed zero-emission vehicles will incorporate advanced performance and safety features, and will be comparable in acquisition cost to conventional-fueled trucks without the need for incentives.

“Looking ahead, Workhorse is in an increasingly strong position to improve our topline and production capacity, both of which will have a positive effect on our margins,” continued Burns. “Led by the expected growth and production of our N-GEN and W-15 portfolio, we remain focused on achieving

positive gross margins per vehicle by the end of the year and our aspirations are to generate orders for approximately 2,000 vehicles in total by the end of 2018 and to commence production by the end of 2018. As we begin deliveries of our limited production prototype W-15 electric pickup truck at the end of the year, our target remains on converting the existing pre-orders to purchase orders following the performance testing by commercial fleets of our prototypes.”

Fourth Quarter 2017 Financial Results

Sales for the fourth quarter of 2017 increased 81% to \$5.5 million from \$3.0 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 fourth quarter of 2017 increased 59% to \$2.3 million from \$1.4 million in the same period last year. The increase in selling, general and administrative expenses was due primarily to higher employee salaries and benefits, consulting and investor relations.

Research and development expenses in the fourth quarter of 2017 increased 104% to \$3.9 million from \$1.9 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) project and the SureFly™ Octocopter.

Total operating expenses for the fourth quarter increased 85% to \$6.2 million from \$3.4 million in the fourth quarter of last year. The increase in total operating expenses was due to increases in SG&A and R&D expenses.

Net loss in the fourth quarter of 2017 was \$12.5 million, compared with a net loss of \$7.0 million in the fourth quarter of 2016, due primarily to higher volume growth in negative margin sales.

As of December 31, 2017, the company had cash, cash equivalents and short-term investments of \$4.1 million compared to \$0.5 million as of December 31, 2016. The increase was primarily attributable to the closing of the company’s underwritten public offerings in February and September 2017.

Full Year 2017 Financial Results

Sales for the full year 2017 increased 69% to \$10.8 million from \$6.4 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 for the full year 2017 increased 67% to \$10.3 million from \$6.2 million in the same period last year. The increase in selling, general and administrative expenses was due primarily to higher employee salaries and benefits, consulting and investor relations.

Research and development expenses for the full year 2017 increased 194% to \$18.1 million from \$6.1 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 NGDV’s project and the SureFly Octocopter.

Total operating expense for the full year 2017 increased 130% to \$28.4 million from \$12.3 million in 2016. The increase in total operating expenses was due to due to increases in SG&A and R&D expenses.

Net loss for the full year 2017 was \$42.2 million, compared with a net loss in 2016 of \$19.6 million, due primarily to higher volume growth in negative margin sales.

Conference Call

Workhorse management will hold a conference call today (March 14, 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 March 28, 2018.

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

International replay number: 1-412-317-6671

Replay ID: 13677137

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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