



Q3 2024 Earnings Call

November 19, 2024



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+ 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

Q3 2024 Financials

Near-Term Priorities

Q&A



Disclaimer

Cautionary Note Regarding Forward-Looking Statements

The discussions in this presentation contain 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 presentation, 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 presentation. 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; the possible implementation of changes to the existing tariff regime by the incoming presidential administration; 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; 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 conflicts in Ukraine and Israel) and/or terrorism; the prices being charged by our competitors; our inability to retain key members of our management team; our inability to raise additional capital to fund our operations and business plan; our ability to regain compliance with the listing requirements of the Nasdaq Capital Market and otherwise maintain the listing of our securities thereon and the impact of any steps to regain such compliance; our inability to satisfy our customer warranty claims; the outcome of any regulatory or legal proceedings, including with Coulomb Solutions, Inc.; our ability to consummate and realize the benefits of a potential sale and leaseback transaction of our Union City facility; and 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. 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.



Key Recent Accomplishments



Expanding Commercial Opportunities

- Emerging long-term relationship with FedEx (Corporate, Express, Ground)
 - Successful W56 product demo in Q2 2024
 - Signed 3-year Master Framework Agreement, received initial P.O., and began delivery of 15 W56 step vans to upfitter in Q3
 - Successful ~1,000 mile ‘road-trip’ to FedEx Forward Ground contractors meeting, leading to 75 new quote inquiries to date in early Q4
 - Earned multiple P.O.s from independent FedEx Ground contractors in Q4
- Positioned well to compete for government funded fleet opportunities
 - Following onsite visit to Union City in Q4, secured GSA Contract, expanding access to zero-emission vehicles for government and public sector fleets
 - Sourcewell: 9 pending bids for >300 CL4 units
 - Dealer network pursuing 21 city, county quotes across three states
 - W4 CC approved for Florida Sheriff’s Association cooperative purchasing program for local governmental and education entities
 - On target to receive CMVSS certification in Q4 2024
- Successful product demos with 2 major last-mile delivery fleets in Q3 2024:
 - Industrial linens
 - Package delivery



Expanding Product Portfolio

- 13 EV units successfully operating in Stables by Workhorse FedEx Ground routes for >12 months
 - W750 and W56 step vans
 - Documented ‘real world’ operating data
- On track to complete testing, validation, and SORP of 208" W56 step van in Q4 2024 to meet customer orders
- Design complete for 140 kWh W56 (100 miles range/charge) for customers looking for a lower cost, reduced range commercial EV step van; on track to complete vehicle testing, validation, and SORP in Q2 2025
- Working with customers to develop final product specifications for W56 cab chassis, targeting 2026 SORP



Protecting Our Financial Runway

- Proactive measures to conserve cash & reduce costs across the organization
 - Significant reduction in workforce
 - Delayed cab chassis program by 12-18 months
 - Other cost saving measures
- Temporary furlough of Union City manufacturing facility staff; reinstating select employees as demand and production increases
- \$106.7 million in financing facility remains available as of 9/30/2024







A Resilient Choice in an Evolving Energy Landscape

- Commercial EVs support a balanced U.S. energy strategy by reducing fleet reliance on fuel price volatility while promoting sustainable operations
- Workhorse EVs are optimized for last-mile delivery fleet requirements:
 - Route distances of 100-150 miles
 - Payload and cargo capacity requirements (3,500-10,000 lbs.; 1000-1200 ft³)
 - Cost-effective Level 2 charging
 - 15 to 20-year operating life
- Workhorse EVs average 27-31 MPGe vs. 6-7 MPG for ICE vehicles
- Reduced maintenance + lower ‘fuel’ costs = lower operating costs and TCO, generating a **payback of 4-5 years WITHOUT incentives**
- In states with low fuel costs and **without EV incentives**, EV costs per mile are 22% lower than ICE trucks
- Workhorse vehicles deliver an unmatched driver experience, offering quiet, smooth, responsive handling and improved visibility that operators value every day



Executing on Our Product Roadmap

- Complete market coverage in Class 4-6
- Track record of on-time product launches
 - 6 models in production
 - 4 models in development/test
- More than 30 upfit packages available across the fleet – an upfit option for every end use application
- Process excellence = Product excellence
- Validated supply base

PRODUCT FAMILY	MODEL	TYPE	STATUS	SOP	AVAILABLE TO BUY	WHEELBASE (inches)	BATTERY (kWh)	RANGE (miles)	CARGO VOLUME (ft³)	CARGO CAPACITY	
W56		S10X	Strip Chassis	In Prod.	Q3 2023	Q3 2023	178	210	150	N/A	13,000
		S12X	Strip Chassis	In Prod.	Q3 2024	Q3 2024	208	210	150	N/A	13,000
		S10S	Strip Chassis	New Model	Q2 2025	Q2 2025	178	140	100*	N/A	13,000
		S12S	Strip Chassis	New Model	Q2 2025	Q2 2025	208	140	100*	N/A	13,000
		P10X	Step Van	In Prod.	Q3 2023	Q4 2023	178	210	150	1,000	10,000
		P12X	Step Van	In Prod.	Q3 2024	Q4 2024	208	210	150	1,200	10,000
		P10S	Step Van	New Model	Q3 2025	Q4 2025	178	140	100*	1,000	10,000
		P12S	Step Van	New Model	Q3 2025	Q4 2025	208	140	100*	1,200	10,000
W4		CC	Cab Chassis	In Prod.	Q3 2022	Q3 2022	170	118	150	N/A	7,000
		750	Step Van	In Prod.	Q2 2023	Q3 2023	170	118	150	780	5,500

* Preliminary range estimate. Final range will be announced at vehicle launch in Q3 2025



Expanding Our Product Offerings

W56 Extended Wheelbase Step Van

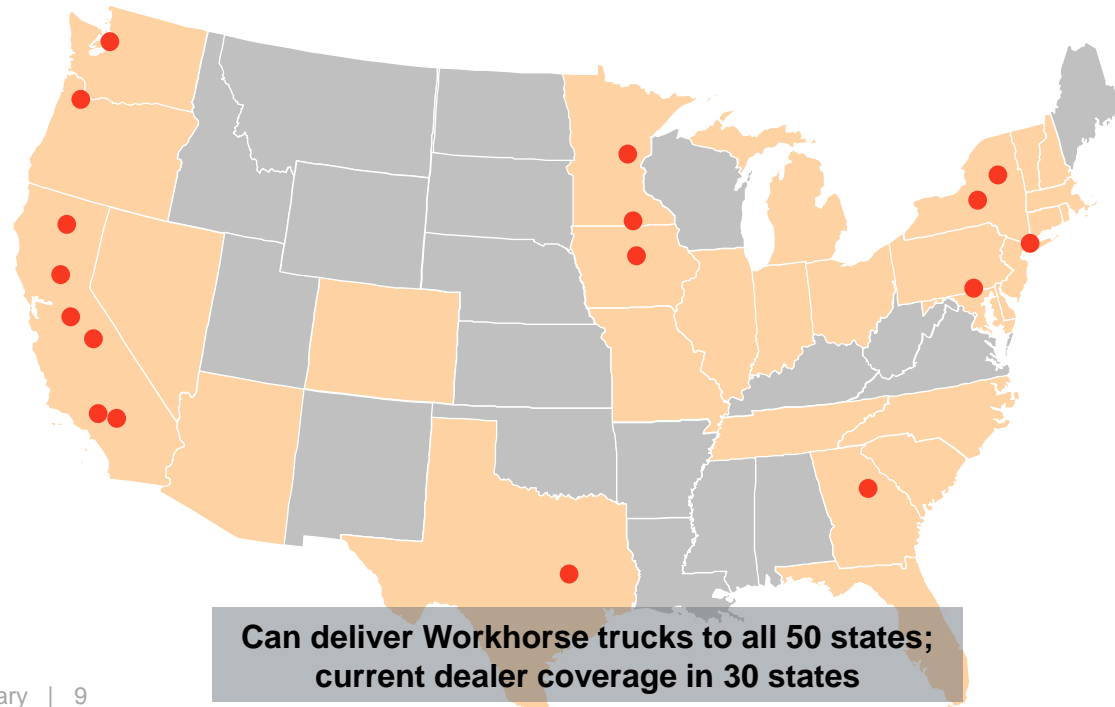
- Builds upon the success of the 178” wheelbase step van
 - 150-mile+ range
 - 10,000-lb. payload
- 208” wheelbase vehicle will be available in both strip chassis and step van variants
- 22’ long with cargo capacity volume of 1,200 cubic feet
- Added numerous refinements to this new variant of the W56, designed to improve efficiency and provide easier upfitting
- Production of the new vehicle, along with initial customer deliveries, expected in Q4
- Shares assembly line and paint system with 178” model at Union City
- Expect >25% mix based on customer feedback



Expanding Commercial Network

- Workhorse has established a strong, nationwide certified dealer network with service, targeting dealer locations in key commercial EV markets
 - 13 dealer partners with 17 locations across 10 states
 - New dealers in the Northwest, Upper Midwest, and Northeast regions, including multiple Ziegler dealerships in two states (IA and MN), Milea in New York City, and Eco Auto in North Boston
 - Targeting expansion into Canada in 2025
- Workhorse's addition to the GSA Schedule complements the Company's growing network of cooperative purchasing agreements, making its vehicles more accessible to public sector fleets across the United States
 - Including: Sourcewell, Florida Sheriff's Association Purchasing Program, OMNIA Partners through Doering Fleet Management; and New York City's PASSPort program through Burr Truck

Certified Dealers



Can deliver Workhorse trucks to all 50 states; current dealer coverage in 30 states

Thoughtful Dealer Selection Criteria

- Select locations along critical logistics corridors (i.e., major interstates)
- Select locations within Section 177 states with incentives – CA, NY, NJ, and NY (with a priority on CA)
- Strength of the dealer go-to-market plan for the electric vehicle presented
- Ability for the dealer to service electric vehicles (i.e. infrastructure, equipment, technical staff, etc.)
- Ability to upfit vehicles, either through its own capacity or through partnerships

Continuing to focus on effectiveness throughout our dealer network



Protecting Our Financial Runway

Continued Actions to Preserve Cash and Extend Financial Runway

- Reduced cash burn rate to less than \$3.5 million per month in the last six months
- Cost savings through significant reduction in workforce and other cost saving measures
- Furloughed 73 Union City manufacturing facility employees; reinstated 16 employees as demand and production increased
- Delayed W56 cab chassis development 12-18 months
- Divested Aero business
- \$106.7 million in financing facility remains available as of September 30, 2024



Financial Summary Highlights

Third Quarter 2024 Unaudited Results

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sales, net of returns and allowances	\$ 2,509,717	\$ 3,028,545	\$ 4,691,451	\$ 8,688,423
Cost of sales	6,642,549	6,557,358	21,386,676	20,312,854
Gross loss	(4,132,832)	(3,528,813)	(16,695,225)	(11,624,431)
Operating expenses				
Selling, general and administrative	7,722,014	11,756,291	33,883,845	40,448,651
Research and development	2,313,423	5,771,588	7,834,113	18,056,182
Total operating expenses	10,035,437	17,527,879	41,717,958	58,504,833
Loss from operations	(14,168,269)	(21,056,692)	(58,413,183)	(70,129,264)
Interest income (expense), net	(8,317,813)	410,980	(15,109,136)	1,466,839
Fair value adjustment (loss) on warrants	(2,649,477)	—	(7,089,027)	—
Other income (loss)	—	(10,000,000)	—	(10,000,000)
Loss before benefit for income taxes	(25,135,559)	(30,645,712)	(80,611,346)	(78,662,425)
Benefit for income taxes	—	—	—	—
Net loss	\$ (25,135,559)	\$ (30,645,712)	\$ (80,611,346)	\$ (78,662,425)
Net loss per share of common stock				
Basic and Diluted*	\$ (0.98)	\$ (2.84)	\$ (4.06)	\$ (8.29)
Weighted average shares used in computing net loss per share of common stock				
Basic and Diluted*	25,589,725	10,793,926	19,879,290	9,487,842

Revenue

Sales, net of returns and allowances, for the three months ended September 30, 2024 and 2023 were \$2.5 million and \$3.0 million, respectively. The decrease in sales was primarily due to the non-recurrence of a \$2.3 million sales allowance reversal related to W4 CC vehicle sales recognized in the prior period and an increase in W4 CC and W56 truck sales in the current period of \$1.8 million.

Cost of Sales

Cost of sales for the three months ended September 30, 2024 and 2023 were \$6.6 million and \$6.6 million, respectively. Cost of sales was primarily flat as increased costs related to direct materials due to higher sales volume were offset by lower inventory reserves of \$1.1 million and lower direct and indirect labor costs of \$1.0 million primarily due to lower headcount as a result of employee furloughs during the period.

Operating Expenses

Selling, general and administrative (“SG&A”) expenses during the three months ended September 30, 2024 and 2023 were \$7.7 million and \$11.8 million, respectively. The decrease in SG&A expenses was driven by a \$1.8 million decrease in employee compensation and related expenses primarily due to lower headcount, a decrease of \$1.1 million in consulting expenses, a decrease in legal and professional expenses of \$0.3 million, and lower corporate insurances of \$0.3 million.

Research and development (“R&D”) expenses during the three months ended September 30, 2024 and 2023 were \$2.3 million and \$5.8 million, respectively. The decrease in R&D expenses was primarily driven by a \$2.1 million decrease in employee compensation and related expenses due to lower headcount and a \$0.8 million decrease in consulting expenses.

Balance Sheet Highlights

Third Quarter 2024 Unaudited Results

Cash Balance

- \$3.2 million

Capital Spending

- \$4.0 million year-to-date

Financing Transaction

- Financing agreement provides additional closings of up to \$106.7 million in aggregate principal amount of notes and warrants to support the Company's continued execution of its product roadmap and commercial EV business plan as of September 30, 2024

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,244,806	\$ 25,845,915
Restricted cash	—	10,000,000
Accounts receivable, less allowance for credit losses of \$0.2 and \$0.2 million as of September 30, 2024 and December 31, 2023, respectively	682,673	2,326,774
Other receivable	3,002,143	2,143,435
Inventory, net	43,186,462	45,408,192
Prepaid expenses and other current assets	7,357,838	8,101,162
Total current assets	57,473,922	93,825,478
Property, plant and equipment, net	34,825,810	37,876,955
Operating lease right-of-use assets, net	3,465,637	4,174,800
Finance lease right-of-use assets, net	5,470,933	5,621,181
Other assets	176,310	176,310
Total Assets	\$ 101,412,612	\$ 141,674,724
Liabilities		
Current liabilities:		
Accounts payable	\$ 10,572,525	\$ 12,456,272
Accrued and other current liabilities	8,384,321	4,862,740
Deferred revenue	6,350,581	4,714,331
Warranty liability	776,423	1,902,647
Operating lease liabilities, current	1,001,120	1,012,428
Finance lease liabilities, current	2,100,635	2,548,184
Warrant liability	7,229,919	5,605,325
Current portion of convertible notes	13,182,467	20,180,100
Total current liabilities	49,597,991	53,282,027
Operating lease liabilities, long-term	4,556,738	5,280,526
Total Liabilities	54,154,729	58,562,553
Commitments and contingencies		
Stockholders' Equity:		
Common stock, par value \$0.001 per share, 450,000,000 shares authorized, 31,862,091 shares issued and outstanding as of September 30, 2024 and 14,299,042 shares issued and outstanding as of December 31, 2023 (presented on a reverse stock split-adjusted basis)	31,862	14,299
Additional paid-in capital	879,405,617	834,666,123
Accumulated deficit	(832,179,596)	(751,568,251)
Total stockholders' equity	47,257,883	83,112,171
Total Liabilities and Stockholders' Equity	\$ 101,412,612	\$ 141,674,724



Near-Term Priorities



Grow Backlog & Advance Product Roadmaps

- Continue product demos/discussions with key fleets
- Earn additional new fleet P.O.s
- Support dealer efforts with private and gov't fleets
- Select participation in 'green' trade shows
- Earn CMVSS certification
- Improve CV dealership effectiveness
- Deliver first 208" models to customers
- Ramp up production in-line with new orders



Strengthen Financial Position

- Maintain lower operating cost environment until sales develop
- Maintain supplier relationships and capability
- Convert inventory to cash through truck sales
- Complete sale/leaseback transaction for Union City

Secure our Long-Term Position as a Leader in Class 4-6 Segment





Questions?