

August 9, 2017

WORKHORSE™

Workhorse Group Reports Sales for the Second Quarter Ended June 30, 2017

CINCINNATI, Aug. 9, 2017 /PRNewswire/ -- Workhorse Group Inc. (NASDAQ: WKHS) ("Workhorse" or the "Company"), an American technology company focused on providing sustainable and cost-effective electric mobility solutions to the transportation sector, today announced its financial results for the second quarter of 2017.

QUARTERLY SUMMARY and HIGHLIGHTS

- Initiated manufacturing and delivery of 200+ (\$10M order) delivery vans for UPS, Alpha Baking, FedEx and Brinks
- Delivered 42 E-GEN 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 June 30, 2017 vs. the same period in 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 on June 19, 2017 and initiated \$1,000 deposit pre-order program

Workhorse CEO Steve Burns commented, "We achieved several important milestones this quarter, setting the stage for our planned transition to commercial scale operations. We have continued to focus on delivery of customer orders, improving our supply chain and increasing manufacturing output. The Ryder relationship expands our sales and service capability to fleets of any size, so that we can now offer the E-100 and E-GEN to any fleet operator in North America. In addition, we have received tremendous customer interest in our W-15 pickup truck and SureFly multicopter."

Gross margin was negative \$0.7 million for the quarter. Operating expenses for the quarter were \$8.5 million, due to increases in research and development, sales and G&A expenses compared to previous quarters.

Cash used from operation year to date was \$19.7 million used for working capital, including inventory purchases for our current backlog and R&D expenses primarily related to the development of the mail delivery vehicle and the W-15 pickup truck. On the financing activities, of the \$24.6 million raised, the Company received \$20.5 million from the stock public offering.

About Workhorse Group

Workhorse is a technology company focused on providing electric mobility solutions to the

commercial 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.

Workhorse Group, Inc.

Consolidated Balance Sheets

June 30, 2017 and December 31, 2016

June 30, 2017 Decem
2016

Assets

Current assets:

Cash and cash equivalents	\$	5,420,876	\$	
Accounts receivable		270,000		628,700
Lease receivable current		69,423		98,400
Inventory		9,466,288		2,464,800
Prepaid expenses and deposits		767,065		255,160
		15,993,652		3,916,660
Property, plant and equipment, net		5,804,179		6,002,600
Lease receivable long-term		224,488		320,490
	\$	22,022,319	\$	10,239,000

Liabilities and Stockholders' Equity (Deficit)

Current liabilities:

Accounts payable	\$	7,532,644	\$	3,923,000
Accounts payable, related parties		77,937		101,330
Shareholder advances		1,004,201		229,770
Current portion of long-term debt		30,493		79,521

	8,645,275	4,334,3
Long-term debt	2,075,415	2,088,4
Stockholders' equity (deficit):		
Series A preferred stock, par value of \$.001 per share 75,000,000 shares		
authorized, 0 shares issued and outstanding at June 30, 2016		
and December 31, 2015	-	-
Common stock, par value of \$.001 per share 50,000,000 shares authorized,		
36,410,270 shares issued and outstanding at June 30, 2017 and		
27,578,864 shares issued and outstanding at December 31, 2016	36,410	27,579
Additional paid-in capital	91,458,738	66,862
Accumulated deficit	(80,193,519)	(63,073)
	11,301,629	3,816,9
	\$	\$
	22,022,319	10,239

See accompanying notes to financial statements.

Workhorse Group, Inc.

Consolidated Statements of Operations

For the Three and Six Months Ended June 30, 2017 and 2016

(Unaudited)

	Three Months Ended June 30,		Six Months Ended Ju	
	2017	2016	2017	20
Sales	\$ 270,000	\$ 1,234,600	\$ 2,048,037	\$
Cost of Sales	995,925	2,294,675	5,308,013	2,7
Gross loss	(725,925)	(1,060,075)	(3,259,976)	(1,
Operating Expenses				
Selling, general and administrative	2,640,590	1,616,390	4,748,172	2,7
Research and development	5,811,333	258,798	9,054,655	3,7
Total operating expenses	8,451,923	1,875,188	13,802,827	5,9
Interest expense, net	21,852	567	57,503	40
Net loss	\$ (9,199,700)	\$ (2,935,830)	\$ (17,120,306)	\$ (7,

Basic and diluted loss per share	\$	(0.26)	^{\$} (0.14)	\$	(0.49)	^{\$} (C)
Weighted average number of common						
shares outstanding		35,273,462	20,665,480	35,273,462	20	

Workhorse Group, Inc.

Consolidated Statements of Cash Flows

For the Three Months Ended March 31, 2017 and 2016

(Unaudited)

	2017	2016
Cash flows from operating activities:		
Net loss	\$(17,120,306)	\$ (7,315,842)
Adjustments to reconcile net loss from operations		
to cash used by operations:		
Depreciation	269,028	190,026
Stock based compensation	654,525	341,210

Write down of inventory	-	78,917
Effects of changes in operating assets and liabilities:		-
Accounts receivable	358,700	(476,100)
Inventory	(7,001,453)	(1,863,213)
Prepaid expenses and deposits	(511,902)	179,303
Accounts payable	3,612,211	(3,343)
Accounts payable, related parties	-	(375,587)
Net cash used by operations	(19,739,197)	(9,244,629)
Cash flows from investing activities:		
Capital expenditures	(70,576)	(90,665)
Proceeds on sale of assets	124,983	
Net cash provided by (used in) investing activities	54,407	(90,665)
Cash flows from financing activities:		
Payments on long-term debt	(62,042)	-
Conversion of note payable	-	(2,722,500)
Shareholder advances, net of repayments	1,004,201	1,811,296

Issuance of common and preferred stock	23,060,074	-
Exercise of warrants and options	633,863	6,231,497
Net cash provided by financing activities	24,636,096	5,320,293
Change in cash and cash equivalents	4,951,306	(4,015,001)
Cash at the beginning of the period	469,570	7,677,163
Cash at the end of the period	5,420,876	3,662,162

View original content: <http://www.prnewswire.com/news-releases/workhorse-group-reports-sales-for-the-second-quarter-ended-june-30-2017-300501919.html>

SOURCE Workhorse Group Inc.