

May 10, 2017

WORKHORSE™

Workhorse Group Reports Sales for the First Quarter Ended March 31, 2017

CINCINNATI, May 10, 2017 /PRNewswire/ -- Workhorse Group Inc. (NASDAQ: WKHS), a technology company focused on providing sustainable and cost-effective solutions to the commercial transportation sector and an American manufacturer, that designs and builds high performance battery-electric electric vehicles and aircraft that make movement of people and goods more efficient and less harmful to the environment, today announced its financial results for the first quarter of 2017.

QUARTERLY SUMMARY and HIGHLIGHTS

- Completed Delivery of UPS's 125-unit order (35 E-GEN units delivered)
- Q4/2016 vs. Q1/2017 revenue was down by \$1,260,163
- Q1/2016 vs. Q1/2017 revenue was up by \$1,542,307
- Preparation began for assembly of 218 units for Q2/Q3 2017 delivery
- Concept W-15 Pickup Truck unveiled on May 2, 2017
- 2,150 W-15 units under letter-of-intent received by 3/31/17 grown to 4,650 received by 5/1/17
- First DOE/FedEx Hydrogen Fuel Cell Chassis delivered to Plug Power
- Two Workhorse E-GEN vehicles placed on-route by a large parcel delivery company
- UPS conducted a successful real world test using our electric truck-based autonomous UAV delivery system
- Completed a \$22.4 million equity financing

Sales for the first quarter ended March 31, 2017 were \$1.7 million in sales and delivery of their battery-electric Workhorse vehicles this quarter. The vehicles delivered were the range-extended Workhorse E-GEN.

Steve Burns, Chief Executive Officer, commented, "As we continue to deliver our battery-electric medium-duty trucks to our customers, we are experiencing a wide adoption of this innovative technology that we believe will transform the industry. We will continue to ramp up production and execute delivery of customer orders on a fast pace and we are receiving great feedback and accolades for our product's efficiency and user experience."

Gross margin was negative \$2.5 million for the quarter. As we increase volume, we are starting to get volume pricing from our suppliers, continuing to engineer out costs and achieving manufacturing efficiencies so we are on track to profitability faster than anticipated. Research and Development for the quarter were \$3.2 million higher than last year due to an added focus on the US Postal Service's Next Generation Delivery Vehicles (NGVD) project, and for building the W-15 pickup truck and the multi-copter prototypes.

Cash used from operation year to date was \$13 million used for working capital, including inventory purchases for our current backlog and R&D expenses primarily related to the USPS Next Generation Delivery Vehicle project and the W-15 pickup truck. On the financing activities, we received funds from a stock public offering (\$20.5 million net).

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.

About Workhorse Group

Workhorse Group Inc. is a technology company focused on providing sustainable and cost-effective solutions to the commercial transportation sector. As an American manufacturer, we design and build high performance battery-electric electric vehicles and aircraft that make movement of people and goods more efficient and less harmful to the environment. As part of our solution, we also develop cloud-based, real-time telematics performance monitoring systems that enable fleet operators to optimize energy and route efficiency. For additional information visit www.workhorse.com

Workhorse Group, Inc.

Consolidated Statements of Operations

For the Three Months Ended March 31, 2017 and 2016

(Unaudited)

	2017	2016
Sales	\$ 1,778,037	\$ 236,000
Cost of Sales	\$ 4,312,088	\$ 464,377
Gross loss	\$ (2,534,051)	\$ (228,377)
Operating Expenses		
Selling, general and administrative	\$ 2,107,582	\$ 1,170,992
Research and development	\$ 3,243,322	\$ 940,940
Total operating expenses	\$ 5,350,904	\$ 4,111,932
Interest expense, net	\$ 35,651	\$ 39,703
Net loss	\$ (7,920,606)	\$ (4,380,012)
Basic and diluted loss per share	\$ (0.24)	\$ (0.20)
Weighted average number of common		
shares outstanding	32,965,419	21,580,604

Workhorse Group, Inc.

Consolidated Balance Sheets

March, 31 2017 Unaudited and December 31, 2016

March 31, 2017 Decem
2016

Assets

Current assets:

Cash and cash equivalents	\$ 10,240,895	\$
Accounts receivable	978,000	628,70
Lease receivable current	95,096	98,400
Inventory	5,067,487	2,464,8
Prepaid expenses and deposits	1,533,537	255,16
	17,915,015	3,916,6
Property, plant and equipment, net	5,895,372	6,002,6
Lease receivable long-term	213,080	320,49
	\$ 24,023,467	\$ 10

Liabilities and Stockholders' Equity (Deficit)

Current liabilities:

Accounts payable	\$ 2,618,499	\$ 3
Accounts payable, related parties	24,097	101,33
Shareholder advances	-	229,77
Current portion of long-term debt	80,003	79,521
	2,722,599	4,334,3
Long-term debt	2,083,159	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,

35,956,800 shares issued and outstanding at March 31, 2017 and

27,578,864 shares issued and outstanding at December 31, 2016

35,956 27,579

Additional paid-in capital

90,175,572

66,862

Accumulated deficit

(70,993,819)

(63,073

19,217,709 3,816,9

\$ 24,023,467\$ 10

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	\$ (7,920,606)	\$ (4,380,012)
Adjustments to reconcile net loss from operations		
to cash used by operations:		
Depreciation	143,142	93,469
Stock based compensation	327,262	233,057
Write down of inventory	-	78,917

Effects of changes in operating assets and liabilities:-		-
Accounts receivable	(349,300)	(20,000)
Inventory	(2,602,652)	-
Prepaid expenses and deposits	(1,278,374)	(94,808)
Accounts payable	(1,278,532)	908,671
Accounts payable, related parties	(77,242)	(213,618)
Net cash used by operations	(13,036,302)	(3,394,324)
Cash flows from investing activities:		
Capital expenditures	(35,883)	(28,899)
Proceeds on sale of assets	110,718	
Net cash used by investing activities	74,835	(28,899)
Cash flows from financing activities:		
Proceeds from notes payable	-	-
Payments on long-term debt	(4,788)	(2,722,500)
Shareholder advances, net of repayments	-	1,575,500
Issuance of common and preferred stock	22,485,999	-

Exercise of warrants and options	251,581	2,110,000
Net cash provided by financing activities	22,732,792	963,000
Change in cash and cash equivalents	9,771,325	(2,460,223)
Cash at the beginning of the period	469,570	7,677,163
Cash at the end of the period	10,240,895	5,216,940

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/workhorse-group-reports-sales-for-the-first-quarter-ended-march-31-2017-300455195.html>

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