

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 20, 2024

WORKHORSE GROUP INC.

(Exact name of registrant as specified in its charter)

Nevada

001-37673

26-1394771

(State or other jurisdiction of incorporation)

(Commission File Number)

(IRS Employer Identification No.)

3600 Park 42 Drive, Suite 160E, Sharonville, Ohio 45241
(Address of principal executive offices) (Zip Code)

1 (888) 646-5205
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	WKHS	The Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On May 20, 2024, Workhorse Group Inc. (the "Company") issued a press release regarding its financial results for the quarter ended March 31, 2024. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information contained in this Item 2.02 shall not be deemed as "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Press Release dated May 20, 2024
104	Cover page from this Current Report on Form 8-K, formatted as Inline XBRL

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WORKHORSE GROUP INC.

Date: May 20, 2024

By: /s/ Robert Ginnan
Robert Ginnan
Name: Chief Financial Officer
Title: (Principal Financial Officer)



Workhorse Group Reports First Quarter 2024 Results

CINCINNATI, May 20, 2024 -- [Workhorse Group Inc.](#) (Nasdaq: WKHS) ("Workhorse" or "the Company"), an American technology company focused on pioneering the transition to zero-emission commercial vehicles, today reported financial results for the first quarter ended March 31, 2024.

Management Commentary

"During the first quarter, we took important strategic and financial actions to better position Workhorse for the future while continuing to hit major milestones," said Workhorse CEO Rick Dauch. "Our successful W56 demonstrations with dealers and fleet operators continue to affirm the strong market potential of our commercial EV trucks. This April, we celebrated a major milestone with a substantial order for our W4 CC trucks and expanded our dealer network to include new locations in New York and a set of dealership locations across the upper Midwest region."

Mr. Dauch continued, "While we are pleased with our recent progress, we proactively took steps this quarter to preserve cash and extend our financial runway. We recently closed a financing transaction that provides liquidity in both the short term and over time, enabling us to continue our transition from a technology start-up into a successful commercial EV OEM. We have taken aggressive cost reduction actions across the organization, including a 20% reduction in force and throttling capacity at Union City by temporarily furloughing the team there, matching our resources and production demands until our financial and operating position permits."

Mr. Dauch concluded, "The transition to EV technology in the commercial truck and last-mile segment is taking place, although like any change, it will not happen overnight. While we've experienced delays, we believe the transition is underway, and we will continue taking decisive steps to succeed in the market and drive value for our stockholders. We have proven our product in the market, and we have the pieces in place to continue advancing our roadmap and capture the significant opportunities ahead."

Executing Successful Strategic and Financial Actions

- **Advancing Commercial EV Product Roadmap:** The Company continued executing successful product demonstrations and has been in constructive discussions regarding purchase orders with potential customers that have large last-mile fleets. To date, Workhorse has received orders for 68 W56 step vans. Additionally, in April Workhorse received a purchase order for 141 W4 CC cab chassis from Kingsburg Truck Sales ("KTS") for delivery over the coming quarters, which effectively represents all of the Class 4 finished goods inventory at Union City. Each of these orders are subject to significant terms and conditions including, in the case of trucks to be delivered in California, the receipt of HVIP vouchers for such trucks, and the purchasers have, under certain circumstances, the right to cancel such orders without any penalty or other cost.
- **Expanding Commercial Dealer and Service Footprint:** Workhorse continued expanding its dealer network, most recently adding key dealers and partners in multiple states. Within the past month, the Company announced new dealer agreements with Milea Truck Sales and Leasing and the Ziegler Truck Group. Workhorse now has 12 dealer partners, strategically targeted in states adopting the California Air Resources Board ("CARB") "Clean Fleet" standards.
- **Entered into Financing Agreement:** On March 15, 2024, the Company entered into a securities purchase agreement with an institutional investor for senior secured convertible notes for up to an aggregate

agreement with an institutional investor for senior secured convertible notes for up to an aggregate principal amount of \$139.0 million and warrants to purchase shares of common stock to support the

WORKHORSE

Company's continued execution of its product roadmap and commercial EV business plans. To date, the Company has received gross proceeds from this financing agreement of approximately \$15 million before original issue discount, fees, and expenses.

- **Conserving Cash:** Workhorse has taken steps to aggressively reduce costs across the organization to ensure it can continue to complete the transition from technology start-up to a full-fledged commercial EV OEM while continuing to deliver world class products, services, and value for its customers and stakeholders. The Company has completed a reduction in force of approximately 20% of the total workforce, excluding direct labor. The workforce at the Union City plant was temporarily furloughed on April 22.
- **Divesting Aero Business:** The Company is working with a third party to complete the divestiture of the Aero business in the second quarter. While the Company does not expect to realize cash proceeds upon the consummation of the sale, the Company expects the divestiture to provide monthly cost savings of approximately \$375,000, and the Company expects that the final divestiture agreement will include limited earn out provisions under which the Company would receive a portion of the proceeds if the Aero business realizes revenues from certain contingent sources. In the meantime, the Aero business is operating as usual. Workhorse continued scanning agricultural land in Mississippi under existing USDA and NCRS grant awards during the first quarter and is in advanced discussions with multiple government agencies to provide expanded aerial scanning and services in the future.

First Quarter Financial Results

Sales, net of returns and allowances, for the first quarter of 2024 were \$1.3 million compared to \$1.7 million in the same period last year. The decrease in sales was primarily due to lower W4 CC vehicle sales compared with the same period a year ago, which was partially offset by an increase in other service revenue generated from operating the Company's Stables by Workhorse route, Drones as a Service, and other service revenue.

Cost of sales increased to \$7.4 million from \$5.3 million in the same period last year, primarily driven by a \$2.2 million increase in inventory reserve expenses, a \$1.0 million increase in depreciation expenses, and a \$0.6 million increase in employee compensation and related expenses to support vehicle production during the period. The increase in cost of sales was partially offset by a \$1.2 million decrease in costs related to direct materials and a \$1.4 million reversal of warranty expenses previously accrued.

Selling, general, and administrative ("SG&A") expenses decreased to \$14.1 million from \$14.7 million in the same period last year. The decrease in SG&A expenses was primarily driven by a \$1.7 million decrease in employee compensation and related expenses primarily due to a decreased headcount, which was partially offset by a \$0.3 million increase in non-cash stock-based compensation expense and an increase of \$0.6 million in professional and other services expenses during the period.

Research and development ("R&D") expenses decreased to \$3.5 million compared to \$7.2 million in the same period last year. The decrease in R&D expenses was primarily due to a \$2.1 million decrease in prototype expenses related to development expenses for new products, which launched in 2023, a \$0.7 million decrease in consulting expenses, and a \$0.8 million decrease in employee compensation and related expenses due to decreased headcount.

Net interest expense was \$5.4 million compared to net interest income of \$0.6 million in the same period last year. Net interest expense in the current year was driven by a fair value adjustment of the Company's 2024 Notes and 2024 Warrants, respectively, of \$7.0 million and \$1.2 million fees paid in connection with the 2024 Notes and 2024 Warrants issued during the period. The expense was partially offset by a gain of \$2.9 million from the extinguishment of the Company's 2026 Notes, conversion of the 2023 Warrants, and \$0.1 million of interest earned on cash balances in the Company's money market investment accounts. Net interest income in the prior year period was primarily

in the Company's money market investment accounts. Net interest income in the prior year period was primarily driven by interest earned on cash balances in the Company's money market investment account.



Net loss was \$29.2 million compared to \$25.0 million in the same period last year.

As of March 31, 2024, the Company had \$6.7 million in cash and cash equivalents, accounts receivable of \$1.8 million, net inventory of \$49.9 million, and accounts payable of \$14.2 million.

First Quarter Overview

"We are continuing to take steps to extend our operational runway and manage our cash efficiently. These actions include a successful financing and the work we are doing on a potential sale-leaseback transaction for our Union City facility that would further solidify our financial foundation," said Workhorse CFO Bob Ginnan. "Looking ahead, we remain optimistic about our ability to drive additional purchase orders this year, which would enable us to grow revenues and strengthen our financial position."

Conference Call

Workhorse management will hold a conference call on Friday, May 24, 2024, at 10:00 a.m. Eastern time (7:00 a.m. Pacific time) to discuss these results and answer related questions.

U.S. dial-in: 877-407-8289

International dial-in: 201-689-8341

Please call the conference telephone number 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 Gateway Group at 949-574-3860.

The conference call will be broadcast live and available for replay [here](#) and via the Investor Relations section of Workhorse's [website](#).

A telephonic replay of the conference call will be available after 1:00 p.m. Eastern time on the same day through May 31, 2024.

Toll-free replay number: 877-660-6853

International replay number: 201-612-7415

Replay ID: 13746831

About Workhorse Group Inc.

Workhorse is a technology company focused on providing ground and air based electric vehicles to the last-mile delivery sector. As an American original equipment manufacturer, we design and build high performance, battery-electric trucks and drones. Workhorse also develops 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 [workhorse.com](https://www.workhorse.com).



Forward-Looking Statements

The discussions in this press release 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 press release, 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 our liquidity and capital resources, the likelihood of us obtaining additional financing in the immediate future and the expected terms of such financing, 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 press release. 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; risks associated with obtaining orders and executing upon such orders; the unavailability, reduction, elimination or adverse application of government subsidies and incentives or any failure by the federal government, states or other government entities to adopt or enforce regulations such as the California Air Resource Board’s Advanced Clean Fleet regulation; 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; our general inability to raise additional capital to fund our operations and business plan; our ability to obtain financing to meet our immediate liquidity needs and the potential costs, dilution and restrictions imposed by any such financing; 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 we take to regain such compliance, such as a reverse split of our common stock, on our operations, stock price and future access to liquidity; our ability to protect our intellectual property; market acceptance for our products; our ability to obtain sufficient liquidity from operations and financing activities to continue as a going concern and, our ability to control our expenses; the effectiveness of our cost control measures and impact such measures could have on our operations, including the effects of furloughing employees; 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 satisfy our customer warranty claims; the outcome of any regulatory or legal proceedings, including with Coulomb Solutions Inc.; our ability to consummate the divestiture of our aero business; our ability to consummate and realize the benefits of a potential sale and leaseback transaction of our Union City Facility; and other risks and uncertainties and other factors discussed from time to time in our filings with the Securities and Exchange Commission (“SEC”), including under the “Risk Factors” sections of our filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2023. 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.



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Workhorse Group Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,728,430	\$ 25,845,915
Restricted cash	—	10,000,000
Accounts receivable, less allowance for credit losses of \$0.2 million and \$0.2 million as of March 31, 2024 and December 31, 2023, respectively	1,767,887	4,470,209
Inventory, net	49,852,378	45,408,192
Prepaid expenses and other current assets	7,293,787	8,101,162
Total current assets	65,642,482	93,825,478
Property, plant and equipment, net	38,537,214	37,876,955
Lease right-of-use assets	9,513,950	9,795,981
Other assets	176,310	176,310
Total Assets	<u>\$ 113,869,956</u>	<u>\$ 141,674,724</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 14,229,542	\$ 12,456,272
Accrued and other current liabilities	6,652,042	4,862,740
Deferred revenue, current	4,689,581	4,714,331
Warranty liability	599,227	1,902,647
Current portion of lease liabilities	3,416,636	3,560,612
Warrant liability	3,937,540	5,605,325
Current portion of convertible notes	7,874,051	20,180,100
Total current liabilities	41,398,619	53,282,027
Lease liabilities, long-term	5,047,565	5,280,526
Total Liabilities	<u>46,446,184</u>	<u>58,562,553</u>
Commitments and contingencies		
Stockholders' Equity:		
Series A preferred stock, par value \$0.001 per share, 75,000,000 shares authorized, zero shares issued and outstanding as of March 31, 2024 and December 31, 2023	—	—
Common stock, par value \$0.001 per share, 450,000,000 shares authorized, 330,791,980 shares issued and outstanding as of March 31, 2024 and 285,980,843 shares issued and outstanding as of December 31, 2023	330,792	285,981
Additional paid-in capital	847,817,018	834,394,441
Accumulated deficit	(780,724,038)	(751,568,251)
Total stockholders' equity	67,423,772	83,112,171
Total Liabilities and Stockholders' Equity	<u>\$ 113,869,956</u>	<u>\$ 141,674,724</u>

Workhorse Group Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Sales, net of returns and allowances	\$ 1,339,295	\$ 1,693,415
Cost of sales	7,442,778	5,328,119
Gross loss	(6,103,483)	(3,634,704)
Operating expenses		
Selling, general and administrative	14,095,278	14,689,843
Research and development	3,527,911	7,224,849
Total operating expenses	17,623,189	21,914,692
Loss from operations	(23,726,672)	(25,549,396)
Interest income (expense), net	(5,429,115)	550,359
Loss before benefit for income taxes	(29,155,787)	(24,999,037)
Benefit for income taxes	—	—
Net loss	<u>\$ (29,155,787)</u>	<u>\$ (24,999,037)</u>
Net loss per share of common stock		
Basic and Diluted	<u>\$ (0.10)</u>	<u>\$ (0.15)</u>
Weighted average shares used in computing net loss per share of common stock		
Basic and Diluted	<u>302,607,192</u>	<u>167,144,351</u>
