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

FORM 10-Q

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number: 001-37673

WORKHORSE GROUP INC.
(Exact name of registrant as specified in its charter)

Nevada	**26-1394771**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3600 Park 42 Drive, Suite 160E, Sharonville, Ohio 45241
(Address of principal executive offices, including zip code)

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

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☐

The number of shares of the Registrant's Common Stock, $0.001 par value per share, outstanding as of April 30, 2023, was184,958,342.

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Forward-Looking Statements

The discussions in this Quarterly Report on Form 10-Q (this "Report") 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 Report, 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, 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 Report. 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; 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 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; 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 conflict in Ukraine) 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; 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" section of our annual report on Form 10-K filed with the SEC and this Report. 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.

All references in this Report that refer to the "Company", "Workhorse Group", "Workhorse", "we," "us" or "our" are to Workhorse Group Inc.

PART I – FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Workhorse Group Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 79,110,576	$ 99,276,301
Accounts receivable, less allowance for credit losses of $46,259 and zero as of March 31, 2023 and December 31, 2022, respectively	1,815,320	2,079,343
Other receivable	15,000,000	15,000,000
Inventory, net	21,937,725	8,850,142
Prepaid expenses and other current assets	14,984,887	14,152,481
Total current assets	132,848,508	139,358,267
Property, plant and equipment, net	26,924,853	21,501,095
Investment in Tropos	10,000,000	10,000,000
Lease right-of-use assets	11,434,325	11,706,803
Other assets	176,310	176,310
Total Assets	$ 181,383,996	$ 182,742,475
Liabilities		
Current liabilities:		
Accounts payable	$ 14,458,894	$ 10,235,345
Accrued and other current liabilities	45,035,950	46,207,431
Deferred revenue, current	2,207,250	3,375,000
Warranty liability	2,066,588	2,207,674
Current portion of lease liabilities	1,390,135	1,285,032
Total current liabilities	65,158,817	63,310,482
Deferred revenue, long-term	2,940,749	2,005,000
Lease liabilities, long-term	8,463,882	8,840,062
Total Liabilities	76,563,448	74,155,544
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, 2023 and December 31, 2022	—	—
Common stock, par value $0.001 per share, 250,000,000 shares authorized, 180,580,804 shares issued and outstanding as of March 31, 2023 and165,605,355 shares issued and outstanding as of December 31, 2022	180,580	165,605
Additional paid-in capital	757,288,067	736,070,388
Accumulated deficit	(652,648,099)	(627,649,062)
Total stockholders' equity	104,820,548	108,586,931
Total Liabilities and Stockholders' Equity	$ 181,383,996	$ 182,742,475

See accompanying notes to the Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Sales, net of returns and allowances	$ 1,693,415	$ 14,299
Cost of sales	5,328,119	3,923,351
Gross loss	(3,634,704)	(3,909,052)
Operating expenses		
Selling, general and administrative	14,689,843	11,910,259
Research and development	7,224,849	4,011,934
Total operating expenses	21,914,692	15,922,193
Loss from operations	(25,549,396)	(19,831,245)
Interest income (expense), net	550,359	(2,223,290)
Loss before benefit for income taxes	(24,999,037)	(22,054,535)
Benefit for income taxes	—	—
Net loss	$ (24,999,037)	$ (22,054,535)
Net loss per share of common stock		
Basic and Diluted	$ (0.15)	$ (0.15)
Weighted average shares used in computing net loss per share of common stock		
Basic and Diluted	167,144,351	151,939,491

See accompanying notes to the Condensed Consolidated Financial Statements.

Workhorse Group Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

	Common Stock										
	Number of Shares		Amount		Additional Paid-in Capital		Accumulated Deficit		Accumulated Other Comprehensive Loss		Total Stockholders' Equity
Balance as of December 31, 2022	165,605,355	$	165,605	$	736,070,388	$	(627,649,062)	$	—	$	108,586,931
Issuance of common stock	14,384,776		14,384		18,577,804		—		—		18,592,188
Stock options and vesting of restricted shares*	590,567		591		(384,514)		—		—		(383,923)
Stock-based compensation	—		—		3,024,389		—		—		3,024,389
Net loss for the three months ended March 31, 2023	—		—		—		(24,999,037)		—		(24,999,037)
Balance as of March 31, 2023	180,580,698	$	180,580	$	757,288,067	$	(652,648,099)	$	—	$	104,820,548

	Common Stock										
	Number of Shares		Amount		Additional Paid-in Capital		Accumulated Deficit		Accumulated Other Comprehensive Loss		Total Stockholders' Equity
Balance as of December 31, 2021	151,915,455	$	151,916	$	686,318,201	$	(510,374,844)	$	(1,402,500)	$	174,692,773
Stock options and vesting of restricted shares*	78,415		78		(196,340)		—		—		(196,262)
Stock-based compensation	—		—		2,350,293		—		—		2,350,293
Net loss for the three months ended March 31, 2022	—		—		—		(22,054,535)		—		(22,054,535)
Other comprehensive loss	—		—		—		—		1,402,500		1,402,500
Balance as of March 31, 2022	151,993,870	$	151,994	$	688,472,154	$	(532,429,379)	$	—	$	156,194,769

**Net of tax payments related to shares withheld for option exercises and vested stock.*

See accompanying notes to the Condensed Consolidated Financial Statements.

Workhorse Group Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash flows from operating activities:		
Net loss	$ (24,999,037)	$ (22,054,535)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	640,362	319,984
Change in fair value and loss on exchange of convertible notes	—	1,769,857
Deferred revenue	(232,001)	—
Stock-based compensation	3,024,389	2,350,293
Change in inventory and prepaid purchases reserve	149,496	519,939
Other non-cash items	221,262	310,480
Effects of changes in operating assets and liabilities:		
Accounts receivable	120,273	98,347
Inventory, net	(13,320,359)	(3,477,474)
Prepaid expenses and other current assets	(749,125)	(4,166,915)
Other assets	—	(55,661)
Accounts payable, accrued liabilities and other	2,536,424	(6,088,342)
Warranty liability	(141,086)	(268,453)
Net cash used in operating activities	(32,749,402)	(30,742,480)
Cash flows from investing activities:		
Capital expenditures	(5,404,727)	(3,595,842)
Net cash used in investing activities	(5,404,727)	(3,595,842)
Cash flows from financing activities:		
Proceeds from issuance of common stock	18,592,188	—
Payments on finance lease	(219,861)	(64,934)
Exercise of options and restricted share award activity	(383,923)	(196,262)
Net cash provided by (used in) financing activities	17,988,404	(261,196)
Change in cash and cash equivalents	(20,165,725)	(34,599,518)
Cash and cash equivalents, beginning of the period	99,276,301	201,647,394
Cash and cash equivalents, end of the period	$ 79,110,576	$ 167,047,876

See accompanying notes to the Condensed Consolidated Financial Statements.

Workhorse Group Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. SUMMARY OF BUSINESS AND SIGNIFICANT ACCOUNTING PRINCIPLES

Overview

We are an American technology company with a vision to pioneer the transition to zero-emission commercial vehicles. Our primary focus is to provide sustainable and cost-effective solutions to the commercial transportation sector. We design and manufacture all-electric trucks and drone systems, including the technology that optimizes the way these vehicles operate. We are focused on our core competency of bringing our electric vehicle platforms to market.

Liquidity and Capital Resources

From inception, we have financed our operations primarily through sales of equity securities and issuance of debt. We have utilized this capital for research and development and to fund designing, building and delivering vehicles to customers and for working capital purposes.

The Company had sales of $1.7 million, incurred a net loss of $25.0 million and used $32.7 million of cash in operating activities during the three months ended March 31, 2023. As of March 31, 2023, the Company had $79.1 million of cash and cash equivalents, working capital of $67.7 million and an accumulated deficit of $652.6 million.

We have made significant progress executing on our revised strategic product roadmap for our electric vehicle offerings and expect to generate additional sales within the next twelve months to help support our operations. Additionally, management plans to reduce its discretionary spend related to non-contracted capital expenditures and other expenses, if necessary. These plans alleviated the substantial doubt about our ability to continue as a going concern caused by the significant losses from operations and cash used in operating activities. However, if the expected sales are not generated and management is not able to control capital expenditures and other expenses, we will continue to incur substantial operating losses and negative cash flows from operations. There can be no assurance that we will be successful in implementing its plans or acquiring additional funding, that our projections of its future working capital needs will prove accurate, or that any additional funding would be sufficient to continue operations in future periods.

Our future liquidity and working capital requirements will depend on numerous factors, including, the ability to generate sales, the ability to control capital expenditures and other expenses, and the ability to raise funds via private or public placement of our equity securities.

We currently intend to raise additional funds through issuance of equity, including through the continued use of the At-The-Market Program. If we are unable to maintain sufficient financial resources, its business, financial condition and results of operations will be materially and adversely affected. This could affect future vehicle program production and sales. Failure to obtain additional equity financing will have a material, adverse impact on our business operations. There can be no assurance that we will be able to obtain the needed financing on acceptable terms or at all. Additionally, any equity financings would likely have a dilutive effect on the holdings of our existing stockholders.

Principles of Consolidation

The accompanying Condensed Consolidated Financial Statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") and reflect our accounts and operations and those of our wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

In the opinion of our management, the Unaudited Condensed Consolidated Financial Statements include all adjustments that are necessary for the fair presentation of Workhorse's financial condition, results of operations and cash flows for the interim periods presented. Such adjustments are of a normal, recurring nature. The results of operations and cash flows for the interim periods presented may not necessarily be indicative of full-year results. Reference should be made to the financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2022.

Reclassifications

Certain prior period balances have been reclassified to conform to the current year presentation in the condensed consolidated financial statements and the accompanying notes. These reclassifications have no effect on previously reported results of operations or stockholders' equity.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures in the accompanying notes.

2. INVENTORY, NET

Inventory, net consisted of the following:

	March 31, 2023	December 31, 2022
Raw materials	$ 19,600,931	$ 42,500,878
Work in process	103,444	25,210,131
Finished goods	4,891,142	301,645
	24,595,517	68,012,654
Less: inventory reserves	(2,657,792)	(59,162,512)
Inventory, net	$ 21,937,725	$ 8,850,142

We reserve inventory for any excess or obsolete inventories or when we believe the net realizable value of inventories is less than the carrying value.

As of March 31, 2023 and December 31, 2022, we carried inventory reserves of $2.7 million and $59.2 million, respectively. The period over period decrease in inventory reserves was primarily driven by our efforts to sell and dispose of C-Series vehicle program inventory, which was fully reserved as the program was discontinued at the end of 2022. The sale and disposal activity did not have a material impact on the Company's results of operations during the quarter.

3. CONTRACT MANUFACTURING SERVICES AND INVESTMENT IN TROPOS

We have a minority ownership in Tropos Technologies, Inc. ("Tropos") with a value of $10.0 million as of March 31, 2023 and December 31, 2022. The investment was obtained in exchange for a cash payment of $5.0 million, and a $5.0 million contribution of non-cash consideration representing a deposit from Tropos for future assembly services. The non-cash consideration is recorded as Deferred Revenue until the assembly service performance obligations are satisfied.

We elected to utilize the measurement alternative allowed under GAAP to record our Investment in Tropos at cost less impairment, if applicable. as of March 31, 2023 and December 31, 2022.

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

	March 31, 2023	December 31, 2022
Prepaid purchases[(1)]	$ 35,143,035	$ 34,611,649
Less: prepaid purchases reserve[(2)]	(22,080,204)	(22,163,338)
Prepaid purchases, net	13,062,831	12,448,311
Prepaid insurance	1,203,243	1,198,769
Other	718,813	505,401
Prepaid expenses and other current assets	$ 14,984,887	$ 14,152,481

[(1)] Our prepaid purchases consist primarily of deposits made to our suppliers for non-recurring engineering costs and production parts. The increase in prepaid purchases as compared to December 31, 2022 is primarily due to deposits on supplier orders related to our W56 vehicle platform.

[(2)] We record reserves on prepaid purchases that are significantly aged, for balances that represent deposits for certain production parts related to the Company's C-Series vehicle platform, and for balances specifically identified as having a carrying value in excess of net realizable value. The reserve represents our best estimate of deposits on orders that we do not expect to recover.

5. REVENUE

The following table provides a summary of sales activity for the periods indicated:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Sales, net of returns and allowances	$ 1,354,500	$ —
Other sales	338,915	14,299
Total sales, net of returns and allowances	$ 1,693,415	$ 14,299

Sales for the three months ended March 31, 2023 consisted primarily of W4 CC vehicle sales. Other sales for the three months ended March 31, 2023 consisted of delivery service, parts sales and other services.

Deferred revenue is equivalent to the total service fee allocated to the assembly service performance obligations that are unsatisfied as of the balance sheet date. Deferred revenue was $5.1 million and $5.4 million as of March 31, 2023 and December 31, 2022, respectively.

Revenue recognized from the deferred revenue balance as of March 31, 2023 and 2022 was $0.1 million and zero for the three months ended March 31, 2023 and 2022, respectively. Of the total deferred revenue for assembly services, we expect to recognize $2.2 million of revenue in the next 12 months.

6. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities consisted of the following:

	March 31, 2023	December 31, 2022
Legal reserve (Note 13)	$ 35,000,000	$ 35,000,000
Compensation and related costs	4,714,720	4,967,187
Other	5,321,230	6,240,244
Total accrued and other current liabilities	$ 45,035,950	$ 46,207,431

Warranties

Warranty liability activity consisted of the following for the periods indicated:

	Three Months Ended March 31,	
	2023	2022
Warranty liability, beginning of period	$ 2,207,674	$ 4,583,916
Warranty costs incurred	(287,813)	(987,701)
Provision for warranty	146,727	(1,388,541)
Warranty liability, end of period	$ 2,066,588	$ 2,207,674

7. LEASES

We have entered into various operating and finance lease agreements for offices, manufacturing and warehouse facilities. We determine if an arrangement is a lease, or contains a lease provision, at inception and record the leases in our financial statements upon lease commencement, which is the date when the underlying asset is made available for our use by the lessor.

We have elected not to disclose in the Condensed Consolidated Balance Sheets leases with a lease term of 12 months or less at lease inception that do not contain a purchase option or renewal term provision we are reasonably certain to exercise. All other lease right-of-use assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. Because most of our leases do not provide an implicit rate of return, we used our incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments.

Our leases may include options to extend the lease term for up to5 years. Some of our leases also include options to terminate the lease prior to the end of the agreed upon lease term. For purposes of calculating lease liabilities, lease terms include options to extend or terminate the lease when it is reasonably certain we will exercise such options.

Lease expense for operating leases is recognized on a straight-line basis over the lease term as either cost of sales or operating expenses depending on the nature of the leased asset.

	Three Months Ended March 31,	
	2023	2022
Short-term lease expense	$ 58,307	$ 175,905
Operating lease expense	572,340	297,423
Total lease expense	$ 630,647	$ 473,328

Lease right-of-use assets consisted of the following:

	March 31, 2023	December 31, 2022
Operating leases	$ 5,662,577	$ 5,884,865
Finance leases	5,771,748	5,821,938
Total lease right-of-use assets	$ 11,434,325	$ 11,706,803

Lease liabilities consisted of the following:

	March 31, 2023	December 31, 2022
Operating leases	$ 6,851,027	$ 6,977,896
Finance leases	3,002,990	3,147,198
Total lease liabilities	9,854,017	10,125,094
Less: current portion	(1,390,135)	(1,285,032)
Long-term portion	$ 8,463,882	$ 8,840,062

8. STOCK-BASED COMPENSATION

We maintain, as approved by the board of directors and the stockholders, the 2017 Incentive Stock Plan and the 2019 Incentive Stock Plan (the "Plans") providing for the issuance of stock-based awards to employees, officers, directors or consultants of the Company. Non-qualified stock options may only be granted with an exercise price equal to the market value of our common stock on the grant date. Awards under the Plan may be either vested or unvested options, or unvested restricted stock. The Plans have authorized 13.0 million shares for issuance of stock-based awards. As of March 31, 2023 there were approximatey 8.8 thousand shares available for issuance of future stock awards under the Plans. Subsequent to March 31, 2023, the 2023 Long-Term Incentive Plan was approved by the board of directors and the stockholders, providing 4.5 million shares available for issuance of future stock awards.

Stock-based compensation expense

The following table summarizes stock-based compensation expense for the periods indicated:

	Three Months Ended March 31,	
	2023	2022
Stock options	$ 240,538	$ 232,378
Restricted stock awards	2,061,838	1,679,244
Performance-based restricted stock awards	722,013	438,671
Total stock-based compensation expense	$ 3,024,389	$ 2,350,293

Stock options

A summary of stock option activity for the three months ended March 31, 2023 is as follows:

	Number of Options	Weighted Average Exercise Price per Option	Weighted Average Remaining Contractual Life (Years)
Balance, December 31, 2022	423,626	$ 7.60	6.7
Exercised	(200)	1.81	
Balance, March 31, 2023	423,426	$ 7.63	6.7
Number of options exercisable at March 31, 2023	271,210	$ 6.29	5.4

As of March 31, 2023, unrecognized compensation expense was $1.4 million for unvested options which is expected to be recognized over the next1.4 years.

Restricted stock awards

A summary of restricted stock award activity for the three months ended March 31, 2023 is as follows:

	Number of Unvested Shares	Weighted Average Grant Date Fair Value per Share
Balance, December 31, 2022	3,511,598	$ 4.86
Granted	1,980,722	2.02
Vested	(811,650)	4.13
Forfeited	(19,065)	4.32
Balance, March 31, 2023	4,661,605	$ 3.71

As of March 31, 2023, unrecognized compensation expense was $15.5 million for unvested restricted stock awards which is expected to be recognized over the next1.9 years.

Performance share units (“PSUs”)

We have 1.2 million PSUs issued to certain executives. The vesting of the PSUs is conditioned upon achievement of certain performance objectives over a performance period ending December 31, 2024 as defined in each award agreement. Fifty percent of the PSUs vest based upon the Company’s total shareholder return as compared to a group of peer companies (“TSR PSUs”), and fifty percent of the PSUs vest based upon our performance on certain measures including a cumulative adjusted EBITDA target (“EBITDA PSUs”). Depending on the actual achievement on the performance objectives, the grantee may earn between 0% and 200% of the target PSUs.

A summary of the activity for PSU awards with total shareholder return performance objectives for the three months ended March 31, 2023 is as follows:

	Number of Unvested Shares	Weighted Average Grant Date Fair Value per Share
Balance, December 31, 2022	738,751	$ 11.79
Granted	—	—
Forfeited	—	—
Balance, March 31, 2023	738,751	$ 11.79

The grant date fair value of $11.79 per TSR PSU was estimated using a Monte-Carlo simulation model using a volatility assumption of117% and risk-free interest rate of 0.69%.

As of March 31, 2023, unrecognized compensation expense was $5.1 million for unvested TSR PSUs, which is expected to be recognized over the next 1.8 years.

A summary of the PSU awards with cumulative adjusted EBITDA targets for the three months ended March 31, 2023 is as follows:

	Number of Unvested Shares
Balance, December 31, 2022	432,546
Granted	—
Forfeited	—
Balance, March 31, 2023	432,546

The fair value of performance share units is calculated based on the stock price on the date of grant. The stock-based compensation expense recognized each period is dependent upon our estimate of the number of shares that will ultimately vest based on the achievement of EBITDA-based performance conditions. Future stock-based compensation expense for unvested EBITDA PSUs will be based on the fair value of the awards as of the grant date, which has not yet occurred, as the cumulative adjusted EBITDA target condition is not yet defined.

9. STOCKHOLDERS' EQUITY

At-The-Market Sales Agreement

On March 10, 2022, we entered into an At-The-Market Sales Agreement, which established an at-the-market equity program (the "ATM Program"). Under the ATM Program, we may offer and sell shares of our common stock having an aggregate sales price of up to $175.0 million.

During the three months ended March 31, 2023, we issued 14.4 million shares under the ATM Program for net proceeds of $18.6 million. The remaining aggregate sales available under the ATM Program is $142.9 million as of March 31, 2023.

Common Stock

On October 31, 2019, the Company and ST Engineering Hackney, Inc. ("Hackney") entered into an Asset Purchase Agreement to purchase certain assets and assume certain liabilities of Hackney for a purchase price of $7.0 million, resulting in the Company depositing $1.0 million of cash and approximately 2.3 million shares of its common stock originally valued at $6.6 million into an escrow account as collateral. The 2.3 million shares of common stock were released from escrow as of March 31, 2023 and we do not expect to make further payments to Hackney in connection with the Asset Purchase Agreement.

10. INCOME TAXES

As of March 31, 2023 and December 31, 2022, our deferred tax liability was zero. Cumulative deferred tax assets are fully reserved as there is not sufficient evidence to conclude it is more likely than not the deferred tax assets are realizable. No current liability for federal or state income taxes has been included in these Condensed Consolidated Financial Statements due to the loss for the periods.

11. EARNINGS (LOSS) PER SHARE

Basic loss per share of common stock is calculated by dividing net loss by the weighted-average shares outstanding for the period. Potentially dilutive shares, which are based on the weighted-average shares of common stock underlying outstanding stock-based awards and warrants using the treasury stock method, and convertible notes using the if-converted method, are included when calculating the diluted net loss per share of common stock when their effect is dilutive.

The following table presents the potentially dilutive shares that were excluded from the computation of diluted net loss per share of common stock, because their effect was anti-dilutive:

	Three Months Ended March 31,	
	2023	2022
Stock-based awards and warrants	7,295,359	6,525,999
Convertible notes[1]	—	7,828,917

[1] Represents shares issued in exchange of convertible notes in April 2022.

12. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Standards and Pronouncements Recently Adopted

There are no accounting standards or pronouncements recently adopted impacting the Company.

Accounting Standards and Pronouncements Not Yet Adopted

There are no accounting standards or pronouncements not yet adopted impacting the Company.

13. COMMITMENTS AND CONTINGENCIES

General Matters

The Company is party to various negotiations and legal proceedings arising in the normal course of business. The Company provides reserves for these matters when a loss is probable and reasonably estimable. The Company does not disclose a range of potential loss because the likelihood of such a loss is remote. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, cash flows or liquidity.

Federal Motor Vehicle Safety Standards ("FMVSS") Certification and Other Regulatory Matters

For information regarding certain regulatory matters, see Note 17, "Commitments and Contingencies – Federal Motor Vehicle Safety Standards ("FMVSS") Certification and Other Regulatory Matters" included in Item 8, "Financial Statements and Supplementary Data" of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Legal Proceedings

Securities Litigation

On October 24, 2022, the Company entered into a binding term sheet to resolve the putative class action (the "Securities Class Action") brought in the Central District of California (Case No.2:21-cv-02072) on behalf of purchasers of the Company's securities from March 10, 2020 through May 10, 2021 as well as the related Shareholders Derivative Litigation described below. On January 13, 2023, the parties executed a Stipulation of Settlement setting forth the terms of the settlement of the class action and resolution of all claims. Under these terms, Workhorse will pay $15 million in cash, which is expected to be funded fully by proceeds of available insurance, and $20 million payable in shares of Workhorse stock. A Motion for Preliminary Approval of Class Action Settlement was filed on January 13, 2023, and the Court granted preliminary approval of the settlement on February 14, 2023. The Court set the final approval hearing for July 24, 2023. The settlement is subject to approval by the Court, and there can be no assurance that the settlement will be approved on those terms or at all. The Company recorded a $15 million insurance receivable in Other receivable and a $35 million legal reserve in Accrued liabilities and other in the Consolidated Balance Sheet at March 31, 2023.

For additional information regarding the securities class action litigation filed against the Company, Duane Hughes, Steve Schrader, Robert Willison and Gregory Ackerson, see Note 17, "Commitments and Contingencies – Legal Proceedings – Securities Litigation" included in Item 8, "Financial Statements and Supplementary Data" of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Shareholder Derivative Litigation

As described in detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, a total of eight substantively similar derivative actions were originally filed for breach of fiduciary duty and unjust enrichment against Duane Hughes, Steve Schrader, Stephen Fleming, Robert Willison, Anthony Furey, Gregory Ackerson, H. Benjamin Samuels, Raymond J. Chess, Harry DeMott, Gerald B. Budde, Pamela S. Mader, Michael L. Clark and Jacqueline A. Dedo in state court in Nevada, state court in Ohio, and federal courts in Nevada, Ohio and California (collectively, the "Shareholder Derivative Litigation"). In these actions, the plaintiffs allege the defendants breached their fiduciary duties by allowing or causing the Company to violate the federal securities laws as alleged in the Securities Class Action discussed above and by selling Company stock and receiving other compensation while allegedly in possession of material non-public information about the prospect of the USPS awarding the contract to an electric vehicle manufacturer given electrifying the USPS's entire fleet allegedly have been impractical and expensive. The plaintiffs seek damages and disgorgement in an indeterminate amount.

On October 24, 2022, the Company and the individual defendants entered into a binding term sheet to resolve all of the shareholder derivative actions described above. The settlement will be subject to final documentation, public notice and court approval by the State District Court of Nevada. The parties have agreed to promptly request that the courts in such actions stay all proceedings and/or enter an order enjoining all other stockholders of the Company from commencing, instituting, or prosecuting any similar claims.

On April 10, 2022, the parties executed a Stipulation of Settlement setting forth the terms of the settlement of the derivative actions and resolving all claims. Under the terms of the settlement, the Company will receive $12.5 million of the $15.0 million described above from the Company's directors and officers insurers and will, in turn, deliver the $12.5 million in connection with the settlement of the Securities Litigation. The Company has also agreed to adopt various corporate governance changes. On April 21, 2023, the Court granted preliminary approval of the settlement and set a hearing for final approval on June 21, 2023. There can be no assurance that the settlement will be approved on those terms or at all.

Although these actions purport to seek recovery on behalf of the Company, the Company will incur certain expenses due to indemnification and advancement obligations with respect to the defendants. The Company understands that defendants believe these actions are without merit and intends to support them as they pursue all legal avenues to defend themselves fully.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are an American technology company with a vision to pioneer the transition to zero-emission commercial vehicles. Our primary focus is to provide sustainable and cost-effective solutions to the commercial transportation sector. We design and manufacture all-electric trucks and drone systems, including the technology that optimizes the way these vehicles operate. We are focused on our core competency of bringing our electric vehicle platforms to market.

We continue to seek opportunities to grow the business organically, and by expanding relationships with existing and new customers. We believe we are well positioned to take advantage of long-term opportunities and continue our efforts to bring product innovations to-market.

Recent Developments

Certified Dealer Program

In March 2023, we launched our new Certified Dealer Program, an initiative to develop an official network of verified dealers trained to safely repair and maintain the electric components of the Company's vehicles. As part of the Certified Dealer Program, we established a comprehensive training program enabling dealers to safely assist customers with vehicle maintenance in addition to providing strategies for vehicle deployment into their fleets. To ensure high quality vehicle maintenance, Workhorse certified dealers have also made investments in EV charging infrastructure, tooling, and building out spare parts inventory. The Certified Dealer Program is designed to provide a strong foundation of safety and reliability in our vehicles for both our dealers and end customers.

Vehicles in Production

We continue to focus on product quality, manufacturing capacity and operational planning, and engineering and design to enable increased deliveries and deployments of our products and future revenue growth. During the period, we continued executing our revised strategic product roadmap for our electric vehicle offerings, including the production of the W4CC, W750, Horsefly and Falcon vehicles. We also began executing on our assembly services for the Tropos vehicles. In addition to our ongoing production ramp in 2023, we also intend to continue to generate demand and brand awareness by improving our vehicles' performance and functionality, including through development of new vehicle platforms such as the W56 and WNext. We expect to continue to benefit from ongoing electrification of the automotive sector and increasing environmental awareness.

Recent Trends and Market Conditions

We continue to monitor macroeconomic conditions to remain flexible and to optimize and evolve our business as appropriate, and we will have to accurately project demand and infrastructure requirements globally and deploy our production, workforce and other resources accordingly. For more detailed descriptions of the impact and risks to our business, please see certain risk factors described in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 1, 2023 (the Form 10-K") and Part II, Item 1A, Risk Factors in this Quarterly Report on Form 10-Q.

Commodities. Prices for commodities remain volatile, and we expect to experience price increases for base metals and raw materials that are used in batteries for electric vehicles (e.g., lithium, cobalt, and nickel) as well as steel, aluminum and other material inputs. Global demand and differences in output across sectors as a result of the COVID-19 pandemic and geopolitical uncertainties have generated divergence in price movements across different commodities. We expect the net impact on us overall will be higher material costs.

Supply Chain. We continue to develop relationships with suppliers of key parts, components and raw materials to be used in the manufacturing of our products such as batteries, electronics, and vehicle chassis that are sourced from suppliers across the world. As we continue to execute on our new vehicle platforms, we will continue to identify supplier relationship and vehicle platform synergies which may allow us to take advantage of pricing efficiencies from economies of scale. Where available, we will utilize multiple supply sources for key parts, and we work to qualify multiple supply sources to allow us to take advantage of pricing efficiencies and minimize potential production risks related to supply chain.

Inflation. Inflation continues to impact our operations, resulting from both supply and demand imbalances as economies continue to face constraints as well as the impact on the availability and cost of energy and other commodities as a result of the ongoing Ukraine and Russia conflict. We are seeing a near-term impact on our business due to inflationary pressure. In an effort to dampen inflationary pressures, central banks have continued to raise interest rates which will likely raise the cost of any financing the Company may undertake in the future.

The following section provides a narrative discussion about our financial condition and results of operations. The comments should be read in conjunction with our Condensed Consolidated Financial Statements and related Notes thereto included in Item 1 of this Form 10-Q and in conjunction with the 10-K filed with the SEC on March 1, 2023.

Results of Operations

The following table sets forth, for the periods indicated, the components of the Company's Condensed Consolidated Statements of Operations:

	Three Months Ended March 31,	
	2023	2022
Sales, net of returns and allowances	$ 1,693,415	$ 14,299
Cost of sales	5,328,119	3,923,351
Gross loss	(3,634,704)	(3,909,052)
Operating expenses		
Selling, general and administrative	14,689,843	11,910,259
Research and development	7,224,849	4,011,934
Total operating expenses	21,914,692	15,922,193
Loss from operations	(25,549,396)	(19,831,245)
Interest income (expense), net	550,359	(2,223,290)
Loss before benefit for income taxes	(24,999,037)	(22,054,535)
Benefit for income taxes	—	—
Net loss	$ (24,999,037)	$ (22,054,535)

Sales, net of returns and allowances

Sales, net of returns and allowances for the three months ended March 31, 2023 and 2022 were $1.7 million and $14,299, respectively. The increase is primarily due to sales of the W4 CC vehicle during the first quarter of 2023.

Cost of sales

Cost of sales for the three months ended March 31, 2023 and 2022 were $5.3 million and $3.9 million, respectively. The increase in cost of sales was primarily due to a $1.1 million increase in employee compensation and related expenses to support vehicle production during the period and a $0.9 million increase in costs related to direct and indirect materials. The increase in cost of sales was partially offset by a $0.4 million decrease in inventory reserve expenses and a $0.2 million decrease in overhead related costs.

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses during the three months ended March 31, 2023 and 2022 were $14.7 million and $11.9 million, respectively. The increase was driven by a $3.1 million increase in employee compensation and related expenses primarily due to increased headcount and non-cash stock-based compensation expense.

Research and development expenses

Research and development ("R&D") expenses during the three months ended March 31, 2023 and 2022 were $7.2 million and $4.0 million, respectively. The increase was primarily driven by a $1.7 million increase in prototype expenses related to the continued development of our expanding product roadmap including the HorseFly, Falcon, W750, W56, and WNext vehicle programs, an increase of $0.7 million in employee compensation and related expenses due to increased headcount and a $0.3 million increase in consulting expenses.

Interest income (expense), net

Net interest income for the three months ended March 31, 2023 was $0.6 million compared to net interest expense of $2.2 million for the three months ended March 31, 2022. Net interest income in the current period is driven by interest earned on cash in our money market investment account. Net interest expense in the prior period is primarily related to fair value adjustments, contractual interest expense, and loss on conversion of our former convertible notes, which were exchanged for shares of our common stock during 2022.

Income taxes

Benefit for income taxes during the three months ended March 31, 2023 and 2022 was zero.

Liquidity and Capital Resources

We have financed our operations primarily through sales of equity securities and issuance of debt. We have utilized this capital for research and development to fund designing, building and delivering vehicles to customers and for working capital purposes.

We had $1.7 million of sales for the three months ended March 31, 2023. As of March 31, 2023, the Company had $79.1 million in cash and cash equivalents, positive working capital of $67.7 million, accumulated deficit of $652.6 million, and during the three months ended March 31, 2023 incurred a loss from operations of $25.5 million and used $32.7 million of cash in operating activities. We have made significant progress executing on our revised strategic product roadmap for our electric vehicle offerings, and we expect to generate additional sales revenue within the next twelve months which will help support our operations. Additionally, management plans to reduce its discretionary spend related to non-contracted capital expenditures and other expenses, if necessary. However, if the expected sales are not generated and management is not able to control capital expenditures and other expenses, we will continue to incur substantial operating losses and negative cash flows from operations. There can be no assurance that we will be successful in implementing our plans or acquiring additional funding, that our projections of our future working capital needs will prove accurate, or that any additional funding would be sufficient to continue operations in future years.

Our annual cash burn increased during the period ended March 31, 2023, however we expect it to decrease overall for the period ending December 31, 2023, despite increased working capital requirements and R&D activities.

We will primarily rely upon a private or public placement of our equity securities, including the continued use of the At-the-Market Program, for which there can be no assurance we will be successful in such efforts. If we are unable to maintain sufficient financial resources, our business, financial condition and results of operations, as well as our ability to continue to develop, produce and market our new vehicle platforms, will be materially and adversely affected. This could affect future vehicle program production and sales. Failure to obtain additional equity financing will have a material, adverse impact on the Company's business operations. There can be no assurance that we will be able to obtain the financing needed to achieve our goals on acceptable terms or at all. Additionally, any equity financings would likely have a dilutive effect on the holdings of the Company's existing stockholders.

Cash Requirements

From time to time in the ordinary course of business, we enter into agreements with vendors for the purchase of components and raw materials to be used in the manufacture of our products. However, due to contractual terms, variability in the precise growth curves of our development and production ramps, and opportunities to renegotiate pricing, we generally do not have binding and enforceable purchase orders under such contracts beyond the short term, and the timing and magnitude of purchase orders beyond such period is difficult to accurately project.

We currently expect our capital expenditures to upgrade our facilities in Indiana, Ohio and Michigan to be between $15.0 and $25.0 million in 2023.

As of March 31, 2023, our total minimum future lease payments were $9.9 million. A description of our lease obligations is contained in Note 7, *Leases*, of the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Sources and Condition of Liquidity

On March 10, 2022, we entered into the ATM Program. Under the ATM Program, we may offer and sell shares of our common stock having an aggregate sales price of up to $175.0 million, in amounts and at times determined by management. During the three months ended March 31, 2023, we issued 14.4 million shares under the ATM Program for net proceeds of $18.6 million, leaving up to $142.9 million available through the issuance of shares of common stock under the ATM Program.

With the exception of contingent and royalty payments we may receive under our existing agreements, we do not currently have any committed future funding. To the extent we raise additional capital by issuing equity securities, including under the ATM Program, our stockholders could at that time experience substantial dilution. Any debt financing that we can obtain may include operating covenants that restrict our business.

Our future funding requirements will depend upon many factors, including, but not limited to:

- our ability to acquire or license other technologies we may seek to pursue;
- our ability to manage our growth;
- competing technological and market developments;
- the costs and timing of obtaining, enforcing and defending our patent and other intellectual property rights; and
- expenses associated with any litigation or other legal proceedings.

For the three months ended March 31, 2023, we maintained an investment in a bank money market fund. Cash in excess of immediate requirements is invested with regard to liquidity and capital preservation. Wherever possible, we seek to minimize the potential effects of concentration and degrees of risk. We will continue to monitor the impact of the changes in the conditions of the credit and financial markets to our investment portfolio and assess if future changes in our investment strategy are necessary.

Summary of Cash Flows

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net cash used in operating activities	$ (32,749,402)	$ (30,742,480)
Net cash used in investing activities	$ (5,404,727)	$ (3,595,842)
Net cash provided by (used in) financing activities	$ 17,988,404	$ (261,196)

Cash Flows from Operating Activities

Our cash flows from operating activities are affected by our cash investments to support the business in R&D, manufacturing, SG&A. Our operating cash flows are also affected by our working capital needs to support fluctuations in inventory, accounts payable and other current assets and liabilities.

During the three months ended March 31, 2023 and 2022, net cash used in operating activities was $32.7 million and $30.7 million, respectively. The increase in net cash used in operations was primarily attributable to an increase in spend related to the initial inventory build as we continue to ramp up our production of the W4 CC and W750 vehicle platforms.

Cash Flows from Investing Activities

Cash used in investing activities and their variability across each period related primarily to capital expenditures to upgrade our production and research and development facilities, which were $5.4 million for the three months ended March 31, 2023 and $3.6 million for the three months ended March 31, 2022.

Cash Flows from Financing Activities

Net cash provided by financing activities during the three months ended March 31, 2023 was $18.0 million, which is primarily attributable to the issuance of common stock under our ATM Program which provided net proceeds of approximately $18.6 million.

Net cash used in financing activities during the three months ended March 31, 2022 was $0.3 million, which consisted of payments on financing leases and tax payments related to shares withheld for option exercises and vesting of restricted share awards.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Estimates

A discussion of our critical accounting estimates is contained in our Annual Report on Form 10-K for the year ended December 31, 2022, under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Recent Accounting Pronouncements

A description of recently issued and adopted accounting pronouncements is contained in Note 12,*Recent Accounting Pronouncements*, of the Condensed Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a discussion of our quantitative and qualitative disclosures about market risk, see "Quantitative and Qualitative Disclosures About Market Risks" included in our Annual Report on Form 10-K for the year ended December 31, 2022, under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." There have been no material changes to the information provided in our Annual Report on Form 10-K for the year ended December 31, 2022.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Pursuant to Rules 13a-15(b) and 15-d-15(b) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), we evaluated, with the participation of management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. The term "disclosure controls and procedures", as defined under Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of certain material legal proceedings, please see Note 13,*Commitments and Contingencies*, to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

For a detailed discussion of risk factors affecting us, see “Part I – Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022. Except as set forth below, there have been no material changes in the current period regarding our risk factors.

We have a limited number of shares of common stock available for future issuance which could adversely affect our ability to raise capital, attract qualified personnel or consummate strategic transactions.

We are currently authorized to issue 250 million shares of common stock under ourarticles of incorporation. As of April 30, 2023, we have 185 million shares outstanding and expect to issue $20.0 million common stock in connection with the Stipulation of Settlement we reached for our stockholder derivative litigation. Due to the limited number of authorized shares of common stock available for future issuance, we may not able to raise additional equity capital or use our shares as consideration for a merger or other business combination unless we increase the number of shares we are authorized to issue. In addition, we use equity awards as a key element of executive compensation and believe this type of equity compensation is critical to our ability to attract and retain highly qualified personnel. If we do not have sufficient shares available for delivery on equity awards, our ability to accomplish these purposes will be diminished.

As a result of a decline in our stock price, we will have to issue more shares under the Stipulation of Settlement, in equity awards to our executives, when raising capital and in strategic transactions. We would need stockholder approval to increase the number of our authorized shares of our common stock. We can provide no assurance that we would succeed in getting stockholder approval to amend our articles of incorporation to increase the number of shares of common stock we are authorized to issue. Any failure or delay could negatively impact our business, prospects and results of operations.

The unavailability, reduction, elimination or adverse application of government subsidies, incentives and regulations could have an adverse effect on our business, prospects, financial condition and operating results.

We believe the availability of government subsidies and incentives, including the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (“HVIP”), is an important factor considered by our customers when purchasing our vehicles. Our growth depends in part on the availability and amounts of these subsidies and incentives. Many of our current and prospective customers are seeking to leverage HVIP due to its ease of access and amount of funding available per vehicle. In addition, some of our purchase orders have contingencies related to HVIP funding. If our vehicles, including our W4CC and W750, fail to qualify for the HVIP, or we experience a material delay in obtaining qualification for the HVIP program, our business, financial condition and results of operations would suffer. Furthermore, any reduction, elimination or discriminatory application of the HVIP or other government subsidies and incentives because of budgetary challenges, policy changes, the reduced need for such subsidies and incentives due to the perceived success of electric vehicles or other reasons may result in the diminished price competitiveness of the alternative fuel vehicle industry.

In addition, these factors could heighten many of our known risks described in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
+ 10.1	Workhorse Group Inc. 2023 Long-Term Incentive Plan, as amended and restated, effective as of May 2, 2023 (incorporated by reference to Appendix A to the registrant's definitive additional materials as filed with the Securities and Exchange Commission on April 24, 2023).
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL INSTANCE DOCUMENT
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Inline XBRL Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

\+ Indicates a management contract or compensatory arrangement.

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 thereunto duly authorized.

WORKHORSE GROUP INC.

Dated: May 15, 2023

By: /s/ Richard Dauch
Name: Richard Dauch
Title: Chief Executive Officer
(Principal Executive Officer)

Dated: May 15, 2023

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

Dated: May 15, 2023

By: /s/ Gregory T. Ackerson
Name: Gregory T. Ackerson
Title: Chief Accounting Officer
(Principal Accounting Officer)

WORKHORSE GROUP INC.
2023 LONG-TERM INCENTIVE PLAN

(Amended and Restated Effective as of May 2, 2023)

1. **History and Purpose.** Workhorse Group Inc. (the "Company") established the Workhorse Group Inc. 2023 Long-Term Incentive Plan (the "Plan") to (a) attract and retain directors, executives, employees, and consultants and reward them for making major contributions to the success of the Company, (b) promote the long-term success of the Company and its Affiliates, and (c) further align Participants' interests with those of the Company's other stockholders and thereby promote the growth in value of the Company's equity and enhancement of long-term shareholder return. These objectives are accomplished by making long-term incentive awards under the Plan thereby providing Participants with a proprietary interest in the growth and performance of the Company. The Company determined that it was appropriate to make certain changes to the Plan prior to approval of the Plan by its stockholders and such changes are reflected in this amended and restated Plan document. The Plan, as amended and restated as set forth herein, will be effective as of the date on which it is approved by the Company's stockholders (and is conditioned on such approval), which date will be the "Effective Date" of the Plan as set forth herein.

2. **Definitions**. As used in this Plan, the following capitalized terms will have the meanings set forth or referenced below.

(a) **"Affiliate"** means any corporation, partnership, joint venture or other entity during any period in which at least a fifty percent (50%) voting or profits interest is owned, directly or indirectly, by the Company (or by any entity that is a successor to the Company), and any other business venture designated by the Committee in which the Company (or any entity that is a successor to the Company) has a significant interest, as determined in the discretion of the Committee.

(b) **"Award"** means the grant of any Option, SAR, Full Value Award or other benefit granted singly, in combination, or in tandem, to an Eligible Person pursuant to such terms, conditions and limitations as the Committee may establish in accordance with the terms of the Plan.

(c) **"Award Agreement"** means an agreement, in the form specified by the Committee, between the Company and a Participant that sets forth the terms, conditions and limitations applicable to an Award. At the time of an Award to a Participant under the Plan, the Committee may require a Participant to enter into an Award Agreement agreeing to the terms and conditions of the Plan and to such additional terms and conditions, not inconsistent with the Plan, as the Committee may, in its sole discretion, prescribe. Any such document is an Award Agreement regardless of whether any Participant signature is required.

(d) **"Board"** means the Board of Directors of the Company.

(e) **"Cause"** means, with respect to a Participant, the Participant's:

(i) substantial failure to perform his or her duties or to follow the lawful written directions of the Company's Chief Executive Officer or Board (other than any such failure resulting from incapacity due to physical or mental illness);

(ii) engagement in willful misconduct or incompetence that is materially detrimental to the Company or any of its Affiliates;

(iii) failure to comply with any agreement to which he or she is a party with the Company or any of its Affiliates, including any invention assignment and confidentiality agreement or noncompete agreement, the Company's insider trading policy, or any other policies of the Company where non-compliance would be materially detrimental to the Company or any of its Affiliates; or

(iv) conviction of, or plea of guilty or *nolo contendre* to, a felony or crime involving moral turpitude (excluding drunk driving unless combined with aggravating circumstances or offenses), or commission of any embezzlement, misappropriation, or fraud, whether or not related to the Participant's employment or service with the Company or any of its Affiliates.

(f) **"Change in Control"** means any of the following events (but no event other than one of the following events):

(i) any person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of (A) the outstanding shares of Stock, or (B) the combined voting power of the Company's outstanding securities;

(ii) the Company is a party to a merger or consolidation or a series of related transactions, which results in the voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), directly or indirectly, more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iii) the sale or disposition of all or substantially all of the Company's assets, or consummation of any transaction, or series of related transactions, having similar effect (other than to a subsidiary of the Company).

(g) **"Code"** means the Internal Revenue Code of 1986, as amended from time to time.

(h) **"Committee"** means, so long as the Company is subject to Section 16 of the Exchange Act, the committee selected by the Board and consisting of not fewer than two members of the Board or such greater number as may be required for compliance with Rule 16b-3 and comprised of persons who are independent for purposes of applicable securities exchange listing requirements. In the event a committee is selected, until said committee is removed by the Board or unless said committee no longer exists or does not satisfy the foregoing requirements or for other reasons determined by the Board, the Company's Human Capital Management and Compensation Committee will be the Committee for purposes of this Plan. For any reason determined by the Board, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee; provided, however, that only members of the Board who are independent directors will take action pursuant to this sentence with respect to grants to employees.

(i) **"Company"** is defined in Section 1.

(j) **“Disability”** means, with respect to a Participant, the date on which Participant becomes disabled within the meaning of Code Section 22(e)(3).

(k) **“Effective Date”** is defined in Section 1.

(l) **“Eligible Person”** means any employee of the Company or an Affiliate, any consultant or other person providing services to the Company or an Affiliate and any member of the Board; provided, however, that an Incentive Stock Option may only be granted to an employee of the Company or a Subsidiary. A consultant will be an Eligible Person if the person is not an employee or director of the Company or an Affiliate and is engaged to render services to the Company or any of its Affiliates.

(m) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended from time to time.

(n) **“Exercise Price”** means, with respect to an Option or SAR granted under the Plan, the price per share established by the Committee or determined by a method established by the Committee at the time the Option or SAR is granted; provided, however, that the Exercise Price will not be less than one hundred percent (100%) of the Fair Market Value of a share of Stock on the date of grant (or, if greater, the par value of a share of Stock). In the case of the grant of an Incentive Stock Option to a Ten Percent Stockholder, the Exercise Price will be not less than one hundred and ten percent (110%) of the Fair Market Value of a share of Stock on the date of grant.

(o) **“Expiration Date”** is defined in subsection 6(f).

(p) **“Fair Market Value”** of a share of Stock as of any date means the fair market value as determined in good faith by the Board or Committee. Unless otherwise required by any applicable provision of the Code or any regulations issued thereunder or as determined by the Committee, for the purposes of determining the Exercise Price of an Option or SAR, “Fair Market Value” of a share of Stock as of any date will mean (i) if the Stock is listed on a national securities exchange, the closing price of the Stock on the principal trading market for the Stock on such date, as reported by the exchange (or on the last preceding trading date if such Stock was not traded on such date); (ii) if the Stock is not listed on a national securities exchange, but is traded in the over-the-counter market, the average of the bid and asked prices on such date, as reported by the OTC Bulletin Board or the OTC Markets Inc. or similar publisher of such quotations; and (iii) if the Fair Market Value of the Stock cannot be determined pursuant to paragraph (i) or (ii) above or if there is no or limited trading volume or limited liquidity in the Stock as determined by the Board in its sole discretion, the Fair Market Value will be determined by the Board, which determination will be conclusive and binding.

(q) **“Full Value Award”** means the grant of one or more shares of Stock or a right to receive one or more shares of Stock (or cash based on the value of Stock) in the future (including restricted stock, restricted stock units, performance shares, and performance units).

(r) **“Good Reason”** means the occurrence of any of the following conditions that occur without the Participant’s written consent:

(i) a reduction in the Participant's base compensation or target cash bonus opportunity as a percentage of base salary of more than ten percent (10%) from the base compensation or target cash bonus opportunity in effect immediately prior to a Change in Control;

(ii) a material reduction in the Participant's overall compensation and benefits package from that in effect immediately prior to a Change in Control;

(iii) a material breach by the Company or any of its Affiliates of any employment or service agreement with the Participant;

(iv) a material adverse change in the Participant's authority, duties or responsibilities (other than temporarily while the Participant is physically or mentally incapacitated or as required by applicable law) from those applicable immediately prior to a Change in Control, taking into account the Company's size, status as a public company, and capitalization immediately prior to the Change in Control, other than a change to a position that is a Substantial Functional Equivalent; or

(v) a change in the Participant's principal place of employment that is greater than seventy five (75) miles from the Participant's principal place of employment immediately prior to the Change in Control.

A Qualifying Termination will not occur as a result of Good Reason unless, within ninety (90) days following the occurrence of any of the foregoing events, the Participant notifies the Company of the specific event that forms the basis for the Participant's belief that Good Reason exists, the event is not cured within thirty (30) days after receipt of such notice, and the Participant's Termination Date occurs at the end of such thirty (30) day cure period.

(s) **"Incentive Stock Option** means an Option that is intended to satisfy the requirements applicable to an "incentive stock option" described in Code Section 422(b).

(t) **"Nonstatutory Stock Option**" means an Option that is not intended to be or that does not (or to the extent that it does not) satisfy the requirements of an Incentive Stock Option.

(u) **"Option"** means an Award under the Plan that entitles Participant to purchase shares of Stock at the Exercise Price established by the Committee. Any Option granted under the Plan may be either an Incentive Stock Option or a Nonstatutory Stock Option as determined in the discretion of the Committee. Notwithstanding the foregoing, an Option will be deemed to be a Nonstatutory Stock Option unless it is specifically designated by the Committee as an Incentive Stock Option and/or to the extent that it does not otherwise satisfy the requirements for an Incentive Stock Option.

(v) **"Outside Director"** means a director of the Company who is not an officer or employee of the Company or any of its Affiliates.

(w) **"Participant"** means an Eligible Person to whom an Award has been granted under the Plan.

(x) **"Plan"** means the Workhorse Group Inc. 2023 Long-Term Incentive Plan, as amended from time to time.

(y) **"Prior Plans"** means the Workhorse Group Inc. 2017 Incentive Stock Plan and the Workhorse Group Inc. 2019 Stock Incentive Plan, each as amended from time to time.

(z) **"Qualifying Termination"** means a Participant's Termination Date that occurs by reason of (i) termination by the Company or any of its Affiliates (or a successor thereto) without Cause or (ii) termination by the Participant for Good Reason.

(aa) **"Recycled Shares"** is defined in subsection 5(c).

(ab) **"Replacement Award"** is defined in Section 8(c).

(ac) **"Rule 16b-3"** means Rule 16b-3 promulgated under the Exchange Act.

(ad) **"SAR"** means an Award under the Plan that entitles the Participant to receive, in cash or shares of Stock, value equal to the excess of: (i) the Fair Market Value of a specified number of shares of Stock at the time of exercise over (ii) the Exercise Price of the SAR established by the Committee.

(ae) **"Stock"** means the common stock of the Company.

(af) **"Subsidiary"** means a subsidiary corporation within the meaning of Code Section 424(f).

(ag) **"Substantial Functional Equivalent"** means a position that:

(i) is in a substantive area of the Participant's competence (e.g., financial or executive management) and is not materially different from the position held by the Participant immediately prior to the Change in Control;

(ii) allows the Participant to serve in a role and perform duties functionally equivalent to those performed immediately prior to the Change in Control; and

(iii) does not otherwise constitute a material adverse change in authority, title, status, responsibilities or duties from those of the Participant immediately prior to the Change in Control, causing the Participant to be of materially lesser rank or responsibility, including a material adverse change in the Participant's reporting responsibilities from those in effect immediately prior to the Change in Control.

(ah) "**Substitute Award"** means an Award granted or shares of Stock issued by the Company in assumption of, or in substitution or exchange for, an award previously granted, or the right or obligation to make a future award, in all cases by a company acquired by the Company or any Affiliate or with which the Company or any Affiliate combines. In no event will the issuance of Substitute Awards change the terms of such previously granted awards such that the change, if applied to a current Award, would be prohibited under the provisions of subsection 6(e).

(ai) **"Ten Percent Stockholder"** means a person who, as of the date an Incentive Stock Option is granted, owns (or is deemed to own pursuant to Code Section

424(d)) stock possessing more than ten percent (10%) of the total combined voting power or value of all classes of stock of the Company and its Subsidiaries.

(aj) **"Termination Date"** means, with respect to any Participant, the date on which Participant both ceases to be an employee of the Company and its Affiliates and ceases to perform material services for the Company and its Affiliates (whether as a director or otherwise), regardless of the reason for the cessation; provided, however, that a Participant's **"Termination Date"** will not be considered to have occurred during the period in which the reason for the cessation of services is a leave of absence approved by the Company or an Affiliate which was the recipient of Participant's services; and provided, further that, with respect to an Outside Director, **"Termination Date"** means date on which the Outside Director's service as a director terminates for any reason.

3. **Participation.** Subject to the terms and conditions of the Plan, the Committee will determine and designate, from time to time, from among the Eligible Persons those persons who will be granted one or more Awards under the Plan, and thereby become "Participants" in the Plan.

4. **Administration**.

(a) **Administration.** The authority to control and manage the operation and administration of the Plan will be vested in the Committee. Notwithstanding the foregoing, in no event will the Committee's duties under the Plan exceed the duties of the Committee in the applicable charter documents and, to the extent that the Plan provides for allocation to the Committee of duties that exceed such authority, the actions of the Committee under the Plan will be taken by the Board.

(b) **Powers of Committee.** The Committee's administration of the Plan will be subject to the following:

(i) Subject to the terms and conditions of the Plan, the Committee will have the authority and discretion to select from among the Eligible Persons those persons who will receive Awards, to determine the time or times of receipt of Awards, to determine the types of Awards and the number of shares of Stock or other amounts covered by the Awards, to establish the terms, conditions, performance measures and targets, restrictions and other provisions of such Awards, to cancel or suspend Awards, modify the terms of, reissue or repurchase Awards, and accelerate the exercisability or vesting of any Award. Without limiting the generality of the foregoing, unless an agreement with a Participant specifies otherwise, the Committee may cancel any unexpired, unpaid, or deferred Awards at any time if Participant is not in compliance with all applicable provisions of the Award Agreement and/or the Plan.

(ii) Subject to the terms and conditions of the Plan, the Committee will have the authority and discretion to conclusively interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any Award made pursuant to the Plan and to make all other determinations that may be necessary or advisable for the administration of the Plan.

(iii) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.

(iv) In controlling and managing the operation and administration of the Plan, the Committee will take action in a manner that conforms to the articles of incorporation and by-laws of the Company, and applicable state corporate law.

(c) **Delegation by Committee.** Except to the extent prohibited by applicable law or the applicable rules of a securities exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.

(d) **Information to be Furnished to Committee.** The Company and Affiliates will furnish the Committee with such data and information as it determines may be required for it to discharge its duties. The records of the Company and Affiliates as to an individual's employment or service, termination of employment or service, leave of absence, reemployment or recommencement of service and compensation will be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the Plan.

(e) **Limitation on Liability and Indemnification of Committee.** No member or authorized delegate of the Committee will be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his own fraud or willful misconduct; nor will the Company or any Affiliate be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director or employee of the Company or Affiliate. The Committee, the individual members thereof, and persons acting as the authorized delegates of the Committee under the Plan, will be indemnified by the Company against any and all liabilities, losses, costs and expenses (including legal fees and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Committee or its members or authorized delegates by reason of the performance of a Committee function if the Committee or its members or authorized delegates did not act dishonestly or in willful violation of the law or regulation under which such liability, loss, cost or expense arises. This indemnification will not duplicate but may supplement any coverage available under any applicable insurance.

5. **Shares Reserved and Limitations.**

(a) **Authorized Stock.** Stock subject to Awards will be shares of Stock currently authorized but unissued or currently held or, to the extent permitted by applicable law, subsequently acquired by the Company as treasury shares, including shares of Stock purchased in the open market or in private transactions.

(b) **Maximum Number of Shares.** Subject to the terms and conditions of the Plan, including the following provisions of this Section 5, the total number of shares of Stock which may be delivered with respect to Awards under the Plan will be equal to 4,500,000. Shares of Stock covered by an Award will only be counted as used to the extent that they are actually used. A share of Stock issued in connection with any Award under the Plan will reduce the total number of shares of Common Stock available for issuance under the Plan by one. Shares of Stock covered by an Award will only be counted as used to the extent that they are actually used.

(c) **Reuse of Shares.** Notwithstanding the provisions of Section 5(b) but subject to the other terms and conditions of the Plan:

(i) Any shares of Stock (A) that are subject to Awards granted under the Plan or (B) that are subject to awards that were granted under the Prior Plans and that are outstanding on the Effective Date, in any case that terminate by reason of expiration, forfeiture, cancellation, or otherwise, without the issuance of such shares, or that are settled in cash (the shares described in subparagraphs (A) and (B) are collectively referred to as "**Recycled Shares**") will again be available for grant under the Plan and will be added back to the shares reserved for issuance under the Plan on a one for one basis.

(ii) The following shares of Stock may not be treated as Recycled Shares and may not again be made available for issuance as Awards under the Plan pursuant to this subsection 5(c): (A) shares of Stock not issued or delivered as a result of the net settlement of an outstanding Option or SAR; (B) shares of Common Stock tendered or withheld to pay the Exercise Price of an Option or withholding taxes relating to an outstanding Award; (C) shares of Stock repurchased on the open market with the proceeds of the Exercise Price of an Option, and (D) shares subject to Substitute Awards.

(d) **Incentive Stock Options.** The maximum number of shares of Stock that may be delivered to Participants pursuant to Incentive Stock Options is equal to the number of shares reserved for issuance under subsection 5(b); provided, however, that to the extent that shares not delivered must be counted against this limit as a condition of satisfying the rules applicable to Incentive Stock Options, such rules will apply to the limit on Incentive Stock Options granted under the Plan.

(e) **Substitute Awards.** Substitute Awards will not reduce the number of shares of Stock that may be issued under the Plan.

(f) **Form of Settlement.** To the extent provided by the Committee, any Award may be settled in cash rather than shares of Stock or vice versa.

(g) **Limits on Outside Director Compensation.** Subject to subsection 5(h), the sum of any cash compensation or other compensation and the value of any Awards granted to an Outside Director as compensation for services as an Outside Director during the period beginning on the date of one regular annual meeting of the Company's stockholders until the date of the next regular annual meeting of the Company's stockholders may not exceed $350,000. The Committee may make exceptions to this limit for individual Outside Directors in exceptional circumstances, as the Committee may determine in its sole discretion, provided that the Outside Director receiving such additional compensation may not participate in the decision to award such compensation. If the delivery of Stock or cash is deferred until after the Stock has been earned, any adjustment in the amount delivered to reflect actual or deemed earnings or other investment experience during the deferral period will be disregarded in applying the foregoing limitations.

(h) **Adjustments.** In the event of a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the Committee will adjust the terms of the Plan and Awards to preserve the benefits or potential benefits of the Plan or the Awards as determined in the sole discretion of the Committee. Action by the Committee with respect to the Plan or Awards under this subsection 5(h) may include, in its sole discretion: (i) adjustment of the number and kind of shares which may be delivered under the Plan (including adjustments to the number and kind of shares that may be granted to an individual during any specified time as described above); (ii) adjustment of the number and kind of shares subject to outstanding Awards; (iii) adjustment of the Exercise Price of outstanding Options and SARs; and (iv) any other adjustments that the Committee determines to be equitable (which may include, without limitation, (1) replacement of Awards with other Awards which the Committee determines have comparable value and which are based on stock of a company resulting from the transaction; and (2) cancellation of the Award in return for a cash payment of the current value of the Award, determined as though the Award is fully vested at the time of payment, provided that in the case of an Option or SAR, the amount of such payment may be the excess of the value of the Stock subject to the Option or SAR at the time of the transaction over the Exercise Price).

(i) **Special Vesting Rules.** Subject to the other terms and conditions of the Plan, and except for Awards granted under the Plan with respect to shares of Stock which do not exceed, in the aggregate, five percent (5%) of the total number of shares of Stock reserved for issuance pursuant to subsection 5(b), or, if provided by the Committee, in the event of termination due to death, Disability, involuntary termination or retirement, the required period of service for any Award in which shares of Stock may be issued upon settlement will be at least one year.

6. **Options and SARs.**

(a) **Eligibility.** The Committee will designate Eligible Persons to whom Options or SARs are to be granted under this Section 6 and will determine the number of shares of Stock subject to each such Option or SAR, the Exercise Price of the Option or SAR, and the other terms and conditions thereof, in any case not inconsistent with the Plan. No dividend or dividend equivalent rights may be granted with respect to an Option or SAR.

(b) **Exercise.** An Option or SAR granted under this Section 6 will be exercisable in accordance with such terms and conditions and during such periods as may be established by the Committee not inconsistent with the Plan; provided, however, that no Option or SAR will be exercisable after the Expiration Date with respect thereto.

(c) **Payment of Exercise Price.** The payment of the Exercise Price of an Option granted under this Section 6 will be subject to the following:

(i) Subject to the following provisions of this subsection 6(c), the full Exercise Price for shares of Stock purchased upon the exercise of any Option will be paid at the time of such exercise (except that, in the case of an exercise arrangement approved by the Committee and described in clause 6(c)(ii)(D), payment may be made as soon as practicable after the exercise).

(ii) Subject to applicable law, the Exercise Price will be payable to the Company in full in (A) cash or its equivalent; (B) by tendering (either by actual delivery or attestation) previously acquired shares of Stock having an aggregate fair market value at the time of exercise equal to the total Exercise Price; (C) by a combination of cash or its equivalent and shares as described in clauses (A) and B); (D) by irrevocably authorizing a third party to sell shares of Stock (or a sufficient portion of the shares of Stock) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise; or (E) by any other method approved by the Committee in its sole discretion at the time of grant and as set forth in the Award Agreement; provided, however, that shares of Stock may not be used to pay any portion of the Exercise Price unless the holder thereof has good title, free and clear of all liens and encumbrances.

(d) **Delivery of Shares.** As soon as practicable following exercise of an Option or SAR (if payable in shares of Stock), including payment of the Exercise Price if applicable, shares of Stock so purchased or deliverable will be delivered to the person entitled thereto or shares of Stock so purchased or deliverable will otherwise be registered in the name of Participant on the records of the Company's transfer agent and credited to Participant's account.

(e) **No Repricing.** Except for either adjustments pursuant to subsection 5(h) (relating to the adjustment of shares), or reductions of the Exercise Price approved by the Company's stockholders, the Exercise Price for any outstanding Option or SAR may not be decreased after the date of grant nor may an outstanding Option or SAR granted under the Plan be surrendered to the Company as consideration for the grant of a replacement Option or SAR with a lower exercise price or a Full Value Award. Except as approved by the Company's stockholders, in no event will any Option or SAR granted under the Plan be surrendered to the Company in consideration for a cash payment if, at the time of such surrender, the Exercise Price of the Option or SAR is greater than the then current Fair Market Value of a share of Stock.

(f) **Expiration Date.** The "Expiration Date" with respect to an Option or SAR means the date established as the Expiration Date by the Committee at the time of the grant (as the same may be modified in accordance with the terms of the Plan); provided, however, that the Expiration Date with respect to any Option or SAR will not be later than the earliest to occur of the ten-year anniversary of the date on which the Option or SAR is granted or the following dates, unless the following dates are determined otherwise by the Committee:

(i) if Participant's Termination Date occurs by reason of death or Disability, the six (6)-month anniversary of such Termination Date;

(ii) if Participant's Termination Date occurs for reasons other than death, Disability, or Cause, the one (1)-month anniversary of the Termination Date; or

(iii) if Participant's Termination Date occurs for reasons of Cause, Participant's Termination Date.

In no event will the Expiration Date of an Option or SAR be later than the ten-year anniversary of the date on which the Option or SAR is granted (or such shorter period required by law or the rules of any securities exchange on which the Stock is listed).

(g) **Rights as a Stockholder.** A Participant will have no rights as a stockholder with respect to any shares of Stock covered by an Option or SAR until the effective date of the issuance of the shares following exercise of such Option or SAR by Participant.

7. **Full Value Awards.**

(a) **Generally.** A Full Value Award will be granted to a Participant contingent on continuing service, the achievement of performance objectives during a specified period performance, or other restrictions as determined by the Committee or in consideration of a Participant's previously performed services or surrender or other compensation that may be due. The grant of Full Value Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee, including provisions relating to dividend or dividend equivalent rights and deferred payment or settlement.

(b) **Dividends and Dividend Equivalents.** A Full Value Award may provide a Participant with the right to receive dividend payments, dividend equivalent payments or dividend equivalent units with respect to shares of Stock subject to the Award (both for periods before and after the shares of Stock subject to the Award are earned, vested, or acquired), which payments may be either made currently as they are earned or vested or credited to an account for Participant, and may be settled in cash or shares of Stock as determined by the Committee. Any such settlements, and any such crediting of dividends or dividend equivalents or reinvestment in shares of Stock or Stock equivalents, may be subject to such conditions, restrictions and contingencies as the Committee will establish, including the reinvestment of such credited amounts in Stock equivalents. Notwithstanding the foregoing, no dividends or dividend equivalent rights will be paid or settled on Awards that have not been earned or vested.

8. **Change in Control.**

(a) **Generally**. Subject to the provisions of subsection 5(h) (relating to certain adjustments to shares) and unless otherwise specifically prohibited under applicable laws or by the rules and regulations of any applicable governmental agencies or national securities exchange, or unless otherwise provided by the Committee in the Award Agreement or in an individual severance, employment or other agreement between the Company (or Subsidiary) and a Participant, the provisions of this Section 8 will apply in the event of a Change in Control.

(b) **Performance Awards.** Upon a Change in Control, (i) any performance conditions applicable to Full Value Awards outstanding under the Plan as of the date of the Change in Control will be deemed to have been achieved at the higher of (A) the target level of performance for the performance period in effect on the date of the Change in Control or (B) the actual level of performance measured as of the date of the Change in Control, and, in any case, such Awards will thereafter not be subject to any performance conditions, and (ii) subject to the terms and conditions of this Section 8, any service-based conditions applicable to such Awards will continue to apply as if the Change in Control had not occurred. The provisions of this subsection 8(b) will be applied prior to the provisions of subsection 8(c) or (d) as applicable.

(c) **Continuation, Assumption, and/or Replacement of Awards**. If, upon a Change in Control, then outstanding Awards under the Plan are continued under the Plan or are assumed by a successor to the Company and/or awards in other shares or securities are substituted for then outstanding Awards under the Plan pursuant to subsection 5(h) or otherwise (which continued, assumed, and/or substituted awards are referred to collectively herein as **"Replacement Awards"**) then:

(i) each Participant's Replacement Awards will continue in accordance with their terms; and

(ii) with respect to any Participant whose Termination Date has not occurred as of the Change in Control, if the Participant's Termination Date occurs by reason of a Qualifying Termination on or within twenty four (24) months following the Change in Control, then (A) all of the Participant's outstanding Replacement Awards that are Full Value Awards will be fully vested upon his or her Termination Date and will be settled or paid within thirty (30) days after the Termination Date or, if required by Code Section 409A, on the date that settlement or payment would have otherwise occurred under the terms of the Award and (B) in the case of any Replacement Awards that are Options or SARs, the Replacement Award will be fully vested and exercisable as of the Termination Date and the exercise period will extend for twenty four (24) months following the Termination Date or, if earlier, the expiration date of the Option or SAR.

Any Replacement Award that is substituted for an Award under the Plan will be an award of the same type and of substantially equivalent value as the Award for which the Replacement Award is substituted.

(d) **Termination/Acceleration**. If, upon a Change in Control, the provisions of subsection 8(c) do not apply, all then outstanding Awards will become fully vested immediately prior to the Change in Control and will be cancelled in exchange for a cash payment or other consideration generally provided to stockholders in the Change in Control equal to the then current value of the Award, determined as though the Award was fully vested and exercisable (as applicable) and any restrictions applicable to such Award had lapsed immediately prior to the Change in Control; provided, however, that in the case of an Option or SAR, the amount of such payment may be equal to the excess of the aggregate per share consideration to be paid with respect to the cancellation of the Option or SAR over the aggregate Exercise Price of the Option or SAR (but not less than zero). For the avoidance of doubt, in the case of any Option or SAR with an Exercise Price that is greater than the per share consideration to be paid with respect to the cancellation of the Option or SAR pursuant to this subsection 8(d), the consideration to be paid with respect to cancellation of the Option or SAR may be zero. Any payment or settlement pursuant to this subsection 8(d) will be made within thirty (30) days after the Change in Control or, if required by Code Section 409A, on the date that payment or settlement would have otherwise occurred under the terms of the Award.

9. **Miscellaneous**.

(a) **Term.** The Plan will be unlimited in duration and, in the event of Plan termination, will remain in effect as long as any Awards under it are outstanding; provided, however, that no Awards may be made under the Plan after the tenth (10^{th}) anniversary of the Effective Date and any Awards granted prior to the Effective Date will not be effective until the Effective Date. Any Awards made under the Prior Plans will continue to be subject to the terms of the Prior Plans. No awards will be granted under the Prior Plans after the Effective Date.

(b) **General Restrictions**. Delivery of shares of Stock or other amounts under the Plan will be subject to the following:

(i) Notwithstanding any other provision of the Plan, the Company will have no liability to deliver any shares of Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933, as amended), and the applicable requirements of any securities exchange or similar entity.

(ii) In the case of a Participant who is subject to Section 16(a) and 16(b) of the Exchange Act, the Committee may, at any time, add such conditions and limitations to any Award to such Participant, or any feature of any such Award, as the Committee, in its sole discretion, deems necessary or desirable to comply with Section 16(a) or 16(b) and the rules and regulations thereunder or to obtain any exemption therefrom.

(iii) To the extent that the Plan provides for issuance of certificates to reflect the issuance of shares of Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any securities exchange.

(c) **Tax Withholding.** All payments and distributions under the Plan will be subject to withholding of all applicable taxes, and the Committee may condition the delivery of any shares or other benefits under the Plan on satisfaction of the applicable withholding obligations. Except as otherwise provided by the Committee, such withholding obligations may be satisfied (i) through cash payment by Participant; (ii) through the surrender of shares of Stock which Participant already owns; or (iii) through the surrender of shares of Stock to which Participant is otherwise entitled under the Plan (including by means of net withholding); provided, however, that (A) the amount withheld in the form of shares of Stock under this subsection 9(c) may not exceed the minimum statutory withholding obligation (based on the minimum statutory withholding rates for Federal and state purposes, including, without limitation, payroll taxes) unless otherwise elected by Participant; (B) in no event will Participant be permitted to elect less than the minimum statutory withholding obligation; and (C) in no event will Participant be permitted to elect to have an amount withheld in the form of shares of Stock pursuant to this subsection 9(c) that exceeds the maximum individual tax rate for the employee in applicable jurisdictions.

(d) **Grant and Use of Awards.** Subject to the terms and conditions of the Plan, in the discretion of the Committee, a Participant may be granted any Award permitted under the provisions of the Plan, and more than one Award may be granted to a Participant. Awards may be granted as alternatives to or replacement of Awards granted or outstanding under the Plan, or any other plan or arrangement of the Company or an Affiliate (including a plan or arrangement of a business or entity, all or a portion shares of common stock of which is acquired by the Company or an Affiliate). The Committee may use available shares of Stock hereunder as the form of payment for compensation, grants or rights earned or due under any other compensation plans or arrangements of the Company or an Affiliate, including the plans and arrangements of the Company or an Affiliate assumed in business combinations.

(e) **Restrictions on Shares and Awards.** The Committee, in its discretion, may impose such restrictions on shares of Stock or cash acquired pursuant to the Plan, whether pursuant to the exercise of an Option or SAR, settlement of a Full Value Award or otherwise, as it determines to be desirable, including, without limitation, restrictions relating to disposition of the shares or cash and forfeiture restrictions based on service, performance, Stock ownership by Participant, conformity with the Company's recoupment, compensation recovery, or clawback policies and such other factors as the Committee determines to be appropriate. Without limiting the generality of the foregoing, unless otherwise specified by the Committee, any awards under the Plan and any shares of Stock or cash issued pursuant to the Plan will be subject to the Company's compensation recovery, clawback, and recoupment policies as in effect from time to time.

(f) **Settlement and Payments.** Awards may be settled through cash payments, the delivery of shares of Stock, the granting of replacement Awards, or combination thereof as the Committee will determine. Any Award settlement, including payment deferrals, may be subject to such conditions, restrictions and contingencies as the Committee will determine. The Committee may permit or require the deferral of any Award payment (other than an Option or SAR and then only to the extent permitted by Code Section 409A), subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest, or dividend equivalents, including converting such credits into deferred Stock equivalents. Each Affiliate will be liable for payment of cash due under the Plan with respect to any Participant to the extent that such benefits are attributable to the services rendered for that Affiliate by Participant. Any disputes relating to liability of an Affiliate for cash payments will be resolved by the Committee.

(g) **Transferability.** Except as otherwise provided by the Committee, Awards under the Plan are not transferable except as designated by Participant by will or by the laws of descent and distribution.

(h) **Form and Time of Elections; Notices.** Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification or revocation thereof, will be in writing filed with the Committee at such times, in such form and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, as the Committee will require. Any notice or document required to be filed with the Committee or the Participant under the Plan will be properly filed if delivered in person, (including by e-mail notification with receipt requested), mailed by registered mail, postage prepaid, or sent by nationally recognized courier service to the Participant at the Participant's most current address on file with the Company and, if to the Board or Committee, in care of the Company at its principal executive offices to the attention of the Company's Chief Legal Officer or Chief Human Resources Officer. The Company may, by advance written notice to affected persons, revise such notice procedure from time to time. Any notice required under the Plan (other than a notice of election) may be waived by the person entitled to notice.

(i) **Action by Company or Affiliate.** Any action required or permitted to be taken by the Company or any Affiliate will be by resolution of its board of directors, or by action of one or more members of the board (including a committee of the board) who are duly authorized to act for the board, or (except to the extent prohibited by applicable law or applicable rules of any securities exchange) by a duly authorized officer of such company.

(j) **Gender and Number.** Where the context admits, words in any gender will include any other gender (or no gender), words in the singular will include the plural and the plural will include the singular.

(k) **Limitation of Implied Rights.**

(i) Neither a Participant nor any other person will, by reason of participation in the Plan, acquire any right in or title to any assets, funds or property of the Company or any Affiliate whatsoever, including, without limitation, any specific funds, assets or other property which the Company or any Affiliate, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant will have only a contractual right to the shares of Stock or amounts, if any, payable under the Plan, unsecured by any assets of the Company or any Affiliate, and nothing contained in the Plan will constitute a guarantee that the assets of the Company or any Affiliate will be sufficient to pay any benefits to any person.

(ii) The Plan does not constitute a contract of employment or continued service, and selection as a Participant will not give any participating individual the right to be retained in the employ or continued service of the Company or any Affiliate, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. Except as otherwise provided in the Plan, no Award under the Plan will confer upon the holder thereof any rights as a stockholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights and shares of Stock are registered in his name.

(l) **Evidence.** Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

(m) **Governing Law.** The Plan and all determinations made and actions taken pursuant hereto, to the extent not otherwise governed by the Code or the securities laws of the United States, will be governed by the law of the State of Nevada and construed accordingly.

(n) **Severability.** If for any reason any provision or provisions of the Plan are determined invalid or unenforceable, the validity and effect of the other provisions of the Plan will not be affected thereby.

(o) **Foreign Individuals.** Notwithstanding any other provision of the Plan to the contrary, the Committee may grant Awards to eligible persons who are foreign nationals on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to foster and promote achievement of the purposes of the Plan. In furtherance of such purposes, the Committee may make such modifications, amendments, procedures and subplans as may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which the Company or an Affiliate operates or has employees. The foregoing provisions of this subsection 9(o) will not be applied to increase the share limitations of Section 5 or to otherwise change any provision of the Plan that would otherwise require the approval of the Company's shareholders.

(p) **Code Section 409A.** It is the intention of the Company that, to the extent that any provisions of this Plan or any Awards granted hereunder are subject to Code Section 409A, the Plan and the Awards comply with the requirements of Code Section 409A and that the Board shall have the authority to amend the Plan as it deems necessary or desirable to conform to Code Section 409A. Notwithstanding the foregoing, the Company does not guarantee that the Plan or Awards under the Plan will comply with Code Section 409A and the Committee is under no obligation to make any changes to the Plan or any Award to cause such compliance. Neither the Company, its Affiliates, nor their respective directors, officers, employees or advisers will be liable to any Participant (or any other individual claiming a benefit through Participant) for any tax, interest, or penalties Participant may owe as a result of participation in the Plan, and the Company and its Affiliates will have no obligation to indemnify or otherwise protect any Participant from the obligation to pay any taxes pursuant to Code Section 409A.

10. **Amendment, Modification, Suspension or Discontinuance of the Plan.** The Board may, suspend, amend, or terminate the Plan, and the Board or Committee may amend any Award; provided, however, that, except for amendments to conform the Plan or an Award to the requirements of Code Section 409A, no amendment or termination of the Plan or amendment of any Award may, in the absence of written consent to the change by the affected Participant (or, if Participant is not then living, the affected beneficiary), adversely affect the rights of any Participant or beneficiary under any Award granted under the Plan prior to the date such amendment is adopted by the Board (or Committee, as applicable). Notwithstanding the foregoing, (a) adjustments pursuant to subsection 5(h) will not be subject to the foregoing limitations of this Section 10, (b) except that without the approval of the stockholders of the Company, no such amendment of the Plan will (i) increase the number of shares subject to the Plan (including with respect to Incentive Stock Options); (ii) be made to subsection 6(e) (relating to Option and SAR repricing); (iii) change the class of persons who are Eligible Persons; or (iv) effect any other change to the Plan if approval of the Company's stockholders is required by law or the rules of any stock exchange on which the Stock is listed.

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Richard Dauch, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Workhorse Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant) and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 15, 2023

/s/ Richard Dauch
Richard Dauch,
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Robert M. Ginnan, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Workhorse Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant) and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 15, 2023

/s/ Robert M. Ginnan

Robert M. Ginnan,
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly report of Workhorse Group Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard Dauch, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2023

/s/ Richard Dauch

Richard Dauch,
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly report of Workhorse Group Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert M. Ginnan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2023

/s/ Robert M. Ginnan
Robert M. Ginnan,
Chief Financial Officer
(Principal Financial Officer)