Workhorse Group Inc.
Form 424B5
April 30, 2019

Filed pursuant to Rule 424(b)(5)

Registration Statement No. 333-213100

(To prospectus dated December 23, 2016)

**3,957,432 Shares**

**Common Stock**

**Workhorse Group Inc.**

We are offering 3,957,432 shares of our common stock directly to investors without an underwriter or placement agent pursuant to this prospectus supplement and accompanying prospectus. We are not paying underwriting discounts or commissions, so the proceeds to us before expenses will be approximately $2.9 million. We estimate the total expenses of this offering will be approximately $25,000.

Our common stock is listed on the NASDAQ Capital Market under the symbol “WKHS.” On April 29, 2019, the last reported sales price of our common stock on the NASDAQ Capital Market was $0.8246 per share.

As of April 29, 2019, the aggregate market value of our outstanding common equity held by non-affiliates was approximately $49,038,441 based on 61,496,660 shares of outstanding common stock, of which 52,146,364 shares were held by non-affiliates, and a price of $0.9404 per share which was the last reported sale price of our common stock on the Nasdaq Stock Market on March 1, 2019. As of the date of this prospectus supplement, we have not sold any securities pursuant to General Instruction I.B.6 of Form S-3 during the prior 12-calendar month period that ends on, and includes the date of this prospectus supplement.

**Investing in our securities involves a high degree of risk. Before making an investment decision, you should carefully review and consider all of the information set forth in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, including the risks and uncertainties described under "Risk Factors" beginning on page S-7 of this prospectus supplement and the risk factors incorporated by reference into this prospectus supplement and the accompanying prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined whether this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

We expect the shares will be ready for delivery on May 1, 2019.

April 29, 2019

**Vehicles are not currently commercially available.**

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying base prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Each time we conduct an offering to sell securities under the accompanying base prospectus we will provide a prospectus supplement that will contain specific information about the terms of that offering, including the price, the amount of securities being offered and the plan of distribution. The shelf registration statement was initially filed with the SEC on August 11, 2016, and was declared effective by the SEC on December 23, 2016. This prospectus supplement describes the specific details regarding this offering and may add, update or change information contained in the accompanying base prospectus. The accompanying base prospectus provides general information about us and our securities, some of which, such as the section entitled "Plan of Distribution," may not apply to this offering. This prospectus supplement and the accompanying base prospectus are an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. We are not making offers to sell or solicitations to buy our common stock in any jurisdiction in which an offer or solicitation is not authorized or in which the person making that offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation.

If information in this prospectus supplement is inconsistent with the accompanying base prospectus or the information incorporated by reference with an earlier date, you should rely on this prospectus supplement. This prospectus supplement, together with the base prospectus, the documents incorporated by reference into this prospectus supplement and the accompanying base prospectus and any free writing prospectus we have authorized for use in connection with this offering include all material information relating to this offering. We have not authorized anyone to provide you with different or additional information and you must not rely on any unauthorized information or representations. You should assume that the information appearing in this prospectus supplement, the accompanying base prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying base prospectus and any free writing prospectus we have authorized for use in connection with this offering is accurate only as of the respective dates of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates. **You should carefully read this prospectus supplement, the accompanying base prospectus and the information and documents incorporated herein by reference herein and therein, as well as any free writing prospectus we have authorized for use in connection with this offering, before making an investment decision. See "Incorporation of Certain Documents by Reference" and "Where You Can Find More Information" in this prospectus supplement and in the accompanying base prospectus.**

This prospectus supplement and the accompanying base prospectus contain summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the full text of the actual documents, some of which have been filed or will be filed and incorporated by reference herein. See "Where You Can Find More Information" in this prospectus supplement. We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference into this prospectus supplement or the accompanying base prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

This prospectus supplement and the accompanying base prospectus contain and incorporate by reference certain market data and industry statistics and forecasts that are based on Company-sponsored studies, independent industry publications and other publicly available information. Although we believe these sources are reliable, estimates as they relate to projections involve numerous assumptions, are subject to risks and uncertainties, and are subject to change based on various factors, including those discussed under "Risk Factors" in this prospectus supplement and the accompanying base prospectus and under similar headings in the documents incorporated by reference herein and therein. Accordingly, investors should not place undue reliance on this information.

Unless otherwise stated or the context requires otherwise, references to "we," "us," the "Company" and "Workhorse Group" refer to Workhorse Group Inc. and unless otherwise differentiated, its wholly-owned subsidiaries, Workhorse Technologies Inc. and Workhorse Motor Works Inc.

PROSPECTUS SUPPLEMENT SUMMARY

*This prospectus summary highlights information contained elsewhere in this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference herein and therein. This summary does not contain all of the information that you should consider before deciding to invest in our securities. You should read this entire prospectus supplement and the accompanying base prospectus carefully, including the section entitled "Risk Factors" beginning on page S-7 and our consolidated financial statements and the related notes and the other information incorporated by reference into this prospectus supplement and the accompanying base prospectus, before making an investment decision.*

**Our Company**

We are a technology company focused on providing sustainable and cost-effective solutions to the commercial transportation sector. As an American manufacturer, we design and build high performance battery-electric vehicles and aircraft that make movement of people and goods more efficient and less harmful to the environment. As part of our solution, we also develop cloud-based, real-time telematics performance monitoring systems that enable fleet operators to optimize energy and route efficiency. Although we operate as a single unit through our subsidiaries, we approach our development through two divisions, Automotive and Aviation. We are currently focused on our core competency of bringing the N-GEN electric cargo van to market and fulfilling our existing backlog of orders. We are also exploring other opportunities in monetizing our intellectual property, which could include a sale, license or other arrangement of assets that are outside of our core focus. We cannot guarantee that we will be successful in such efforts to monetize our non-core assets.

Workhorse electric delivery vans are currently in production and are in use by our customers on U.S. roads. Our delivery customers include companies such as UPS, DHL, FedEx Express, Alpha Baking and W.B. Mason. Data from our in-house developed telematics system demonstrates our vehicles on the road are averaging approximately a 500% increase in fuel economy as compared to conventional gasoline-based trucks of the same size and duty cycle. In addition to improved fuel economy, we anticipate that the performance of our vehicles on-route will reduce long-term vehicle maintenance expense by approximately 50% as compared to fossil-fueled trucks.

We are an original equipment manufacturer ("OEM") capable of manufacturing Class 3-6 commercial-grade, medium-duty truck chassis at our Union City, Indiana facility, marketed under the Workhorse® brand. All Workhorse last mile delivery vans are assembled in the Union City assembly facility. From our development modeling and the existing performance of our electric vehicles on American roads, we estimate that our E-GEN Range-Extended Electric delivery vans will save over $150,000 in fuel and maintenance savings over the 20-year life of the vehicle. Due to the positive return-on-investment, we place a premium price for our vehicles when selling to major fleet buyers. We expect that fleet buyers will be able to achieve a four-year or better return-on-investment (without government incentives), which we believe justifies the higher acquisition cost of our vehicles. Our goal is to continue to increase sales and production, while executing on our cost-down strategy to a point that will enable us to achieve gross margin profitability of the last mile-delivery van platform. As a key strategy, we have developed the Workhorse N-GEN platform, which has been accelerated from our development efforts on the USPS NGDV program.

The Workhorse N-GEN electric cargo van platform will be available in multiple size configurations, 450, 650 and 1,000 cubic feet. We intend to initiate the launch with the 450 cubic foot configuration where it is designed to compete with the Sprinter, Transit and RAM gasoline/diesel trucks in the commercial sector with an emphasis on last-mile delivery and other service-oriented businesses, such as telecom. This ultra-low floor platform incorporates state-of-the-art safety features, economy and performance: we expect these vehicles to achieve a fuel economy of approximately 60 miles per gallon efficiency (“MPGe”) and offer fleet operators the most favorable total cost-of-ownership of any comparable vehicle available today. We believe we are the first American OEM to market a U.S. built electric cargo van, and early indications of fleet interest are significant. We expect the N-GEN trucks will be supported by our Ryder Systems partnership. Using N-GEN light duty prototypes, we delivered over 100,000 packages in San Francisco and Ohio during our testing. During this period, we achieved 50 MPGe and successfully demonstrated the role our vehicles can have in last mile delivery.

As a direct result of the USPS award and development efforts, Workhorse has begun development on the Workhorse W-15, a medium- and light-duty pickup truck platform aimed at commercial fleets. The W-15 pickup truck powertrain is a smaller version of its sister vehicle, the medium-duty battery electric powertrain, and will have two purpose-built variants, a W-15 work truck (pickup) and an N-GEN cargo van. Either of these two variants will appeal to delivery fleets, utility companies, telecom companies, municipalities and more.

Our HorseFly™ delivery drone is a custom designed, purpose-built drone that is fully integrated in our electric trucks. HorseFly™ is an octocopter designed with a maximum gross weight of 30 lbs., a 10 lb. payload and a maximum air speed of 50 mph. It is designed and built to be rugged and consists of redundant systems to further meet Federal Aviation Administration (“FAA”) rules and regulations.

SureFly™ is our entry into the emerging Vertical Take-Off and Landing (“VTOL”) market. It is designed to be a two-person, 400-pound payload aircraft with a hybrid internal combustion/electric power generation system. Our design goal is to build the safest and simplest way to fly rotary wing aircraft in the world. We believe it is a practical answer to personal flight, as well as commercial transportation segments, including air taxi series, agriculture and beyond. The FAA has granted 14 separate Experimental Airworthiness Certifications to-date for the aircraft, which is registered as N834LW. Each renewed certification comes after an extensive design review and inspection of the aircraft. In November 2018, Workhorse signed a cooperative research and development agreement with a branch of the U.S. military to test SureFly™ with a specific focus on military applications. This further expands the potential market for the aircraft. We are continuing with our efforts to sell the SureFly™ business, although we cannot guarantee that we will be successful in such efforts.

**Recent Events**

***Executive Team Changes***

On January 30, 2019, Stephen S. Burns, Chief Executive Officer and a member of the Board of Directors (the "Board") of the Company, resigned as Chief Executive Officer and as a member of the Board. Mr. Burns will serve the Company as a consultant pursuant to a Services Agreement between Mr. Burns and the Company dated as of February 4, 2019 (the "Services Agreement"). On February 4, 2019, the Company announced the appointment of Duane Hughes as Chief Executive Officer and a member of the Board effective February 4, 2019.

In connection with his appointment as Chief Executive Officer, the Company entered into an amended and restated retention agreement (the "Hughes Retention Agreement") with Mr. Hughes effective February 4, 2019. Pursuant to the Hughes Retention Agreement, Mr. Hughes will receive a base salary of $350,000 per year and will be eligible to receive a target performance bonus equal to 50% of his base salary with the potential to increase to 100% or 150% of his base salary assuming pre-determined milestones are met as determined by the Board. Mr. Hughes will also receive a $25,000 signing bonus as well as a $25,000 bonus upon the Company raising $10 million in financing. The Company also granted an option to purchase 1,000,000 shares of the Company's common stock that will vest over a three-year period. The stock option award was granted under the Company's 2017 Incentive Stock Plan with an exercise price equal to $0.97. The shares subject to such options will vest over three years in equal quarterly installments commencing March 31, 2019. In the event Mr. Hughes is terminated without cause or resigns for good reason (as such terms are defined in the Hughes Retention Agreement), he will be entitled to severance payments in an amount equal to his base salary plus a prorated portion of his target performance bonus. In addition, any outstanding equity awards will immediately accelerate and vest. The Company will also continue to pay the employer portion of the COBRA premium cost for up to twelve months. In the event Mr. Hughes is terminated without cause or resigns for good reason within twelve months following a change in control of the Company (as such term is defined in the Hughes Retention Agreement), he shall be entitled to severance benefits described above.

In connection with his appointment as Chief Executive Officer, on February 4, 2019, the Company entered into a letter agreement (the "Director Agreement") with Mr. Hughes setting forth certain terms of his appointment as director of the Company. The Director Agreement provides that Mr. Hughes will receive an annual fee of $40,000 as consideration for his service as a director. Additionally, the Company granted Mr. Hughes options to purchase 50,000 shares of the Company's common stock at $0.97 per share. The options will expire ten years from the vesting period with 10,000 options vesting immediately and 4,000 every June 30 and December 31 thereafter.

Under the Services Agreement, Mr. Burns will provide consulting services to the Company for a term of one year and will receive a consulting fee of $27,083 per month. The Company also granted Mr. Burns an option to purchase 1,000,000 shares of the Company's common stock, which vested immediately. The stock option award was granted under the Company’s 2017 Incentive Stock Plan with an exercise price equal to $0.97.

On February 19, 2019, the Company announced the appointment of Robert Willison as Chief Operating Officer effective February 18, 2019. In connection with his appointment as Chief Operating Officer, the Company entered into a retention agreement (the “Willison Retention Agreement”) with Mr. Willison effective February 18, 2019. Pursuant to the Willison Retention Agreement, Mr. Willison will receive a base salary of $250,000 per year and will be eligible to receive a target performance bonus equal to 50% of his base salary with the potential to increase to 100% or 150% of his base salary assuming pre-determined milestones are met as determined by the Board. Subject to the approval by the Company’s shareholders of the Company’s 2019 Stock Incentive Plan, the Company will grant an option to purchase 400,000 shares of the Company’s common stock that will vest over a four-year period in equal quarterly installments commencing in the quarter in which the 2019 Stock Incentive Plan is approved. The stock option award will be granted under the Company’s 2019 Incentive Stock Plan with an exercise price equal to the closing price of the Company’s common stock on the date of shareholder approval of the 2019 Incentive Stock Plan.

In the event Mr. Willison is terminated without cause or resigns for good reason (as such terms are defined in the Willison Retention Agreement), he will be entitled to severance payments in an amount equal to his base salary plus a prorated portion of his target performance bonus. In addition, any outstanding equity awards will immediately accelerate and vest. The Company will also continue to pay the employer portion of the COBRA premium cost for up to twelve months. In the event Mr. Willison is terminated without cause or resigns for good reason within twelve months following a change in control of the Company (as such term is defined in the Willison Retention Agreement) he shall be entitled to severance benefits described above.

***February Private Placement***

Commencing February 11, 2019 through February 15, 2019, the Company entered into and closed Subscription Agreements with accredited investors (the "February 2019 Accredited Investors") pursuant to which the February 2019 Accredited Investors purchased 1,616,684 shares of the Company's common stock for a purchase price of approximately $1,465,056. If, prior to the six month anniversary, the Company issues shares of its common stock for a purchase price per share less than the purchase price paid by the February 2019 Accredited Investors subject to standard carve-outs (a "Down Round"), the Company will issue additional shares of common stock (for no additional consideration) to the February 2019 Accredited Investors such that the effective purchase price per share is equal to the purchase price per share paid in a Down Round. In connection with this offering, the Company will issue 116,496 additional shares of common stock to the February 2019 Accredited Investors. Benjamin Samuels and Gerald Budde, directors of the Company, acquired 841,928 and 26,310 shares of common stock, respectively, as part of this offering, provided, however, their per share purchase was $0.9502, which was above the closing price the date prior to close and they did not receive the Down Round protection.

***Marathon Financing***

On December 31, 2018, the Company entered into a Credit Agreement (the "Marathon Agreement") with Marathon Asset Management, LP, on behalf of certain entities it manages, as lenders (collectively, with their permitted successors and assignees, "Marathon" or the "Lenders"), and Wilmington Trust, National Association, as the agent ("Wilmington"). The Marathon Agreement provided the Company with a $10 million tranche of term loans (the "Tranche One Loans") which may not be re-borrowed following repayment and (ii) a $25 million tranche of term loans which may be re-borrowed following repayment (the "Tranche Two Loans" together with the Tranche One Loans, the "Marathon Loans"). The Company used the proceeds for the Tranche One Loans (x) to pay off a loan provided by Arosa Opportunistic Fund LP ("Arosa") in the principal amount of $7.8 million plus interest and (y) for working capital purposes. Draws from the Tranche Two Loans will be used in connection with vehicle production and are subject to the Company's receipt of purchase orders. The Company has drawn $5.85 million of Tranche Two Loans. The Company's ability to borrow amounts under the Marathon Agreement is conditioned upon its compliance with specified covenants, including certain reporting covenants and financial covenants that, in addition to other items, require the Company to maintain (i) minimum liquidity of at least $4 million at all times on or after March 31, 2019, (ii) a maximum total leverage ratio (ratio of total debt borrowed by the Company to EBITDA for the four consecutive fiscal quarters most recently ended, subject to certain adjustments set forth in the Marathon Agreement) not to exceed 4.50:1.00 on the last day of the quarter ended September 30, 2019, which total leverage ratio is adjusted for subsequent quarters as set forth in the Marathon Agreement and (iii) a maximum debt service coverage ratio (ratio of EBITDA (for the four consecutive fiscal quarters most recently ended, subject to certain adjustments set forth in the Marathon Agreement) to interest expense and payments for operating leases) not to exceed 1.25:1.00 on the last day of the quarter ended September 30, 2019, which debt service coverage ratio is adjusted for subsequent quarters as set forth in the Marathon Agreement. In the event the Company breaches the total leverage ratio or the debt service coverage ratio covenants, the Company may cure such breach by raising capital through the sale of equity, which capital will be added on a dollar-for-dollar basis to the calculation of EBITDA for purposes of such test period to determine compliance with the financial covenant. In each consecutive four fiscal quarter period, equity cures can only be made for two fiscal quarters, and only four equity cures are allowed during the term of the Marathon Agreement. The capital raised in connection with such equity cure must be used to repay the Marathon Loans. In addition, the Marathon Agreement contains customary representations and warranties and customary affirmative and negative covenants.

The Tranche One Loans, and both the drawn and undrawn portions of the Tranche Two Loan, bear interest at a rate per annum (based on a year of 360 days) equal to LIBOR (as defined in the Marathon Agreement) plus 7.625%, which interest is payable quarterly commencing April 5, 2019, as amended. The Marathon Agreement contains customary events of default, including for non-payment, misrepresentation, breach of covenants, defaults under other material indebtedness, material adverse change, bankruptcy, change of control and material judgments. The Marathon Loans mature on the third anniversary of the closing date. The Company is required to repay a portion of the Tranche One Loans with $500,000 installment payments on each of June 30, 2020, December 31, 2020 and June 30, 2021. Upon the occurrence and during the continuance of an event of default, the Lenders may declare all outstanding amounts thereunder immediately due and payable and may terminate commitments to make any additional advances under the Tranche Two Loans. The Tranche Two Loans are required to be prepaid in an amount equal to the payments received from the subject purchase orders. The Company is also obligated to repay the Marathon Loans with a specified percentage of the net cash proceeds the Company receives in connection with certain dispositions of assets, casualty events, incurrences of debt and any issuances of capital stock (other than issuances of capital stock during the first 9 months after closing). The Company is required to prepay the Loans utilizing 100% of the net proceeds from any casualty event or the issuance or incurrence of debt and 50% of the net proceeds from any disposition. If the Company receives net cash proceeds from the issuance of capital stock after the nine-month anniversary of the closing date, the Company is required to prepay the Marathon Loans utilizing 35% of the net cash proceeds from such issuance. With limited exceptions, if the Company prepays any portion of the Tranche One Loans or the Tranche Two Loans (with the concomitant termination of the portion of the commitments under the Tranche Two Loans that is repaid) during the 12 months following the closing date, it is required to pay 100% of the interest that would have been due on such prepaid Marathon Loans if the prepaid amounts had been outstanding for a period of 12 months after the date of prepayment. If such prepayment occurs during the period beginning after the 12 month anniversary of the closing date and continuing through the 18 month anniversary of the closing date, the Company is required to pay 50% of the interest that would have been due on such prepaid Marathon Loans for the 12 month period following the date of such prepayment on a prorated basis. The Company, the Company’s subsidiaries and Wilmington, as agent for the Lenders, entered into a Security Agreement, a Pledge Agreement and a Guarantee, among other loan documents, providing that the Company’s obligations to the Lenders are secured by a first priority security interest in substantially all of the Company’s and its subsidiaries’ tangible and intangible assets including the Company’s real property located in Loveland, Ohio and Union City, Indiana.

On March 13, 2019, the Company and the Lenders entered into the First Amendment, Waiver and Consent to Marathon Agreement, which, among other items, adjusted the interest payment date to the fifth day of January, April, July and October. Until the later of the repayment of all obligations owed to Marathon or two years from the closing date, the Company will be required to issue additional common stock purchase warrants (the "Additional Warrants") to Marathon equal to 10%, in the aggregate, of any additional issuance, subject to certain exceptions, on substantially the same terms and conditions of the initial common stock purchase warrants, except that (i) the applicable expiration date thereof shall be five years from the issuance date of the applicable warrant, (ii) the initial exercise price shall be a price equal to the price per share of common stock used in the relevant issuance multiplied by 110% and (iii) the holder shall be entitled to exercise the warrant on a cashless exercise at any time the warrant is exercisable. In accordance with the above, on March 27, 2019, the Company issued a common stock purchase warrant to acquire 133,272 shares of common stock at an exercise price of $1.039 per share to Marathon Centre, a common stock purchase warrant to acquire 102,414 shares of common stock at an exercise price of $1.039 per share issued to Marathon Structured, a common stock purchase warrant to acquire 55,355 shares of common stock at an exercise price of $1.039 per share issued to TRS and a common stock purchase warrant to acquire 67,409 shares of common stock at an exercise price of $1.039 per share issued to Marathon Blue Grass. In connection with this offering, the Company will issue to Marathon and its affiliates warrants to purchase a total of 439,714 shares of common stock at an exercise price of $0.8140 per share.

On April 1, 2019, the Company, the Lenders and Wilmington entered into the Second Amendment to Credit Agreement (the "Marathon Second Amendment"), among the Company, as borrower, certain affiliates of Marathon Asset Management, LP, as lenders (collectively, with their permitted successors and assignees, the "Lenders"), and Wilmington Trust, National Association, as the agent ("Wilmington") amending certain terms of the Marathon Agreement. The Marathon Second Amendment delayed the application of certain financial covenants including:

(i) the minimum liquidity, providing that at least $4 million must be maintained at all times on or after April 30, 2019 rather than beginning on March 31, 2019;

(ii) the maximum total leverage ratio (ratio of total debt borrowed by the Company and its subsidiaries to EBITDA), providing that the maximum total leverage ratio shall not exceed 4.50:1.00 on the last day of the quarter ending December 31, 2019, rather than beginning with the quarter ending September 30, 2019, which total leverage ratio is adjusted for subsequent quarters as set forth in the Credit Agreement; and

(iii) the maximum debt service coverage ratio (ratio of EBITDA (for the four consecutive fiscal quarters most recently ended, subject to certain adjustments set forth in the Credit Agreement) to interest expense and payments for operating leases), providing that the maximum debt service coverage ratio shall not exceed 1.25:1.00 on the last day of the quarter ending December 31, 2019, rather than beginning with the quarter ending September 30, 2019, which debt service coverage ratio is adjusted for subsequent quarters as set forth in the Credit Agreement.

On April 16, 2019, the Company and Marathon Structured Product Strategies Fund, LP entered into Amendment No. 1 to Common Stock Purchase Warrant (the "Warrant Amendment"), amending certain terms of the existing warrant issued by the Company in favor of Marathon. Pursuant to the Warrant Amendment, unless the Company has obtained the approval of its shareholders as required by the Nasdaq Capital Market, the number of shares to be issued under warrants held by Marathon shall not exceed 19.99% of the issued and outstanding common stock of the Company. The Warrant Amendment also provides that the failure to obtain shareholder approval of an increase in the number of authorized shares of common stock of the Company will constitute an Event of Default under the Marathon Agreement.

*Arosa Financing*

On July 6, 2018, we, as borrower, entered into a Loan Agreement with a fund managed by Arosa Capital Management LP (“Arosa”), as lender, providing for a term loan (the “Arosa Loan”) in the principal amount of $6.1 million (the “Arosa Loan Agreement”), which was subsequently increased to $7.8 million. We paid off the Arosa Loan on December 31, 2018. In accordance with the Arosa Loan Agreement, we issued Arosa a warrant to purchase 5,000,358 shares of common stock of the Company at an exercise price of $2.00 per share, which was subsequently reduced to $1.25, exercisable in cash only for a period of five years. In addition, in accordance with the Loan Agreement entered with Arosa, while the Arosa Loan remained outstanding, we were required to issue additional warrants to purchase common stock to Arosa equal to 10% of any additional issuance excluding issuances under an approved stock plan. On October 1, 2018, we issued Arosa an additional warrant to acquire 108,768 shares of common stock at an exercise price of $1.596, which was subsequently reduced to $1.25. As a result of our August 2018 public offering including the over-allotment, we issued to Arosa an additional warrant to purchase 1,143,200 shares of common stock at an exercise price of $1.21. The Company issued Arosa a warrant to purchase 894,821 shares of common stock exercisable at $1.25 per share upon the closing of the Marathon Agreement. Pursuant to the warrant, Arosa may not exercise such warrant if such exercise would result in Arosa beneficially owning in excess of 9.99% of our then issued and outstanding common stock. On November 28, 2018, in consideration for consenting to the Company selling certain battery cells to Duke Energy, which served as collateral for Arosa under the Loan Agreement for $7.8 million, the Company entered into a Limited Consent, Waiver and Release with Arosa pursuant to which the Company issued Arosa 2,000,000 shares of common stock and reduced the exercise price of warrants previously issued to Arosa to $1.25 per share.

***Duke Energy/Arosa Amendment***

On November 28, 2018, we entered into a Sales Agreement with Duke Energy One, Inc., a wholly-owned subsidiary of Duke Energy Corporation (NYSE: DUK) (“Duke”), pursuant to which we sold Duke 615,000 battery cells (the “615,000 Cells”) in consideration of $1,340,700. Workhorse will continue to use the cells in the near term for the delivery of trucks to UPS and DHL. Until May 1, 2019, we have the right and option to require Duke to sell the 615,000 Cells back to Workhorse and Duke has the right and option to require Workhorse to purchase the 615,000 Cells at price equal to the price the 615,000 Cells were sold.

**Corporate Information**

We are a Nevada corporation. Our executive offices are located at 100 Commerce Drive, Loveland, Ohio 45140, and our telephone number is 513-360-4704. Our website is www.workhorse.com. Information contained in, or accessible through, our website does not constitute part of, and should not be construed as being incorporated by reference into, this prospectus and inclusions of our website address in this prospectus are inactive textual references only.

**The Offering**

*The following is a brief summary of some of the terms of the offering and is qualified in its entirety by reference to the more detailed information appearing elsewhere in this prospectus supplement and the accompanying base prospectus.*

| | |
|---|---|
| Common stock offered by us | 3,957,432 shares of our common stock |
| Offering price | $0.74 per share of common stock. |
| Common stock to be outstanding after this offering | 65,454,422 shares. |
| Use of proceeds | We estimate that our net proceeds from this offering will be approximately $2.9 million, after deducting the estimated offering expenses payable by us. We expect to use the net proceeds from this offering for working capital and general corporate purposes. See "Use of Proceeds" on page S-18. |
| Risk factors | Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page S-7 and the other information included or incorporated by reference in this prospectus supplement and the accompanying base prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock. |
| NASDAQ Capital Market Symbol | WKHS |

The number of shares of our common stock expected to be outstanding after this offering is based on 61,496,990 shares of common stock outstanding as of April 29, 2019, and excludes the following:

5,723,552 shares of common stock issuable upon exercise of options outstanding as of April 29, 2019, which have a weighted average exercise price of $3.03 per share;

18,177,294 shares of common stock issuable upon exercise of warrants outstanding as of April 29, 2018, which have a weighted average exercise price of $1.82 per share;

In accordance with the terms of the Marathon Agreement, as a result of this offering, we will issue to Marathon and its affiliates additional warrants to purchase a total of 439,714 shares of common stock at an exercise price of $0.8140 as a result of this offering; and

As a result of this offering, we will issue to the February 2019 Accredited Investors a total of 116,496 shares of common stock.

## RISK FACTORS

*Investing in our common stock involves a high degree of risk. Before purchasing our common stock, you should read and consider carefully the following risk factors as well as all other information contained and incorporated by reference in this prospectus supplement and the accompanying base prospectus, including our consolidated financial statements and the related notes. Each of these risk factors, either alone or taken together, could adversely affect our business, operating results and financial condition, as well as adversely affect the value of an investment in our common stock. There may be additional risks that we do not presently know of or that we currently believe are immaterial, which could also impair our business and financial position. If any of the events described below were to occur, our financial condition, our ability to access capital resources, our results of operations and/or our future growth prospects could be materially and adversely affected and the market price of our common stock could decline. As a result, you could lose some or all of any investment you may make in our common stock.*

### Risks Relating to Our Business

**We need access to additional financing in 2019 and beyond, which may not be available to us on acceptable terms or at all. If we cannot access additional financing when we need it and on acceptable terms, our business may fail.**

Our business plan to design, produce, sell and service commercial electric vehicles through our Union City facility will require continued capital investment in 2019. Our research and development activities will also require continued investment. For the year ended December 31, 2018, our independent registered public accounting firm issued a report on our 2018 financial statements that contained an explanatory paragraph stating that the lack of sales, negative working capital and stockholders' deficit, raise substantial doubt about our ability to continue as a going concern. Among other things, even with the addition of the expected proceeds of this offering, unless we obtain additional financing, we will not have sufficient capital recourses to fund our operations beyond the first half of 2019 or to maintain compliance with certain covenants under the Marathon Agreement. In addition, although the Marathon Agreement provides us access to some funds to produce vehicles for which we have received confirmed purchase orders, we will not be able to produce the N-GEN vehicles for which we currently have confirmed purchase orders unless we obtain approximately $22 million in financing in addition to the proceeds of this offering and what is expected to be available under the Marathon Agreement. Unless and until we are able to generate a sufficient amount of revenue, reduce our costs and/or enter a strategic relationship, we expect to finance future cash needs through public and/or private offerings of equity securities and/or debt financings. More generally, as discussed above, we have committed debt funding through the Marathon Agreement to support inventory purchases for confirmed customer purchase orders, but do not currently have any committed future funding for other operating costs. If we are not able to obtain additional financing and/or substantially increase revenue from sales, we will be unable to continue as a going concern. As a result, we may have to liquidate our assets and may receive less than the value at which those assets are carried on our consolidated financial statements, and investors will likely lose a substantial part or all of their investment. We cannot be certain that additional financing will be available to us on favorable terms when required, or at all. Further, if there remains doubt about our ability to continue as a going concern, investors or other financing sources may be unwilling to provide additional funding on acceptable terms or at all. If we cannot obtain additional financing when we need it and on terms acceptable to us, we will not be able to continue as a going concern. Any additional financing may be made at a price per share below the price at which the shares of common stock are sold in this offering and would result in dilution to the investors in this offering.

**Our results of operations have not resulted in profitability and we may not be able to achieve profitability going forward.**

We have an accumulated deficit of $141.6 million for the period from inception (February 20, 2007) through December 31, 2018. We have had net losses in each quarter since our inception. We expect that we will continue to incur net losses in the first part of 2019. We may incur significant losses in the future for a number of reasons, including the other risks described in this prospectus, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown events. Accordingly, we may not be able to achieve or maintain profitability. Our management is developing plans to alleviate the negative trends and conditions described above and there is no guarantee that such plans will be successfully implemented. Our business plan is focused on providing sustainable and cost-effective solutions to the commercial transportation sector but is still unproven. There is no assurance that even if we successfully implement our business plan, that we will be able to curtail our losses or ever achieve profitable operations. If we incur additional significant operating losses, our stock price may significantly decline.

**We have yet to achieve positive cash flow and, given our projected funding needs, our ability to generate positive cash flow is uncertain.**

We have had negative cash flow from operating activities of $21.8 million and $38.7 million for the years ended December 31, 2018 and 2017, respectively. We anticipate that we will continue to have negative cash flow from operating and investing activities in the first part of 2019 as we expect to incur research and development, sales and marketing, and general and administrative expenses and make modest capital expenditures in our efforts to increase sales and ramp up operations at our Union City facility. Our business also will at times require significant amounts of working capital to support our growth of additional platforms. An inability to generate positive cash flow for the near term may adversely affect our ability to raise needed capital for our business on reasonable terms, diminish supplier or customer willingness to enter into transactions with us, and have other adverse effects that may decrease our long-term viability. There can be no assurance that the Company will achieve positive cash flow in the near future or at all.

**The development of our business in the near future is contingent upon the implementation of orders from UPS and other key customers for the purchase of Workhorse vehicles and if we are unable to perform under these orders, our business may fail.**

On June 4, 2014, the Company entered into a Vehicle Purchase Agreement with United Parcel Service Inc. (“UPS”) which outlined the relationship by which the Company would sell vehicles to UPS. To date, we have received six separate orders totaling up to 1,405 vehicles from UPS. The sixth and most recent order is from Q1 2018. We have entered into various purchase orders with UPS relating to the delivery of certain vehicles ordered. The vehicles subject to these purchase orders were originally required to be delivered in Q1 2019; we currently expect to begin delivering them in Q4 2019, subject to our ability to obtain additional financing to fund their production. There is no guarantee that the Company will be able to perform under these orders and if it does perform, that UPS will purchase additional vehicles from the Company. Also, there is no assurance that UPS will not terminate its agreement with the Company pursuant to the termination provisions therein. Further, if the Company is not able to raise the required capital to purchase required parts and pay certain vendors, the Company may not be able to comply with UPS’s deadlines. Accordingly, despite the receipt of the orders from UPS, there is no assurance, due to the Company’s financial constraints and status as a development stage company, that the Company will be able to deliver such vehicles or that it will receive additional orders whether from UPS or other potential customers.

If we are unable to perform under our orders with UPS, the Company business will be significantly negatively impacted.

**Our limited operating history makes it difficult for us to evaluate our future business prospects and make decisions based on those estimates of our future performance.**

As we begin to fully implement our manufacturing capabilities, it is difficult, if not impossible, to forecast our future results based upon our historical data. Because of the uncertainties related to our lack of historical operations, we may be hindered in our ability to anticipate and adapt to increases or decreases in revenues or expenses. If we make poor budgetary decisions as a result of unreliable historical data, we could be less profitable or incur losses, which may result in a decline in our stock price.

**Our obligations to Marathon, which holds a secured loan, are secured by a security interest in substantially all of our assets, so if we default on those obligations, Marathon could foreclose on, liquidate and/or take possession of our assets. If that were to happen, we could be forced to curtail, or even to cease, our operations.**

All amounts due under the loan payable to Marathon are secured by our assets. As a result, if we default on our obligations under the secured loan, Marathon could foreclose on its security interest and liquidate or take possession of some or all of these assets, which would harm our business, financial condition and results of operations and could require us to curtail, or even to cease our operations.

**We are subject to certain covenants set forth in the Marathon Agreement. Upon an event of default, including a breach of a covenant or the failure to obtain shareholder approval to increase our authorized shares of common stock, we may not be able to make such accelerated payments under the Marathon Agreement.**

The Marathon Agreement contains customary events of default, including for non-payment, misrepresentation, breach of covenants, defaults under other material indebtedness, material adverse change, bankruptcy, change of control and material judgments. Among other things, we will be required to maintain a minimum liquidity of at least $4.0 million at all times after April 30, 2019. We do not expect that we will be able to maintain compliance with this covenant unless we obtain further financing in addition to the proceeds of this offering. Additionally, failure to obtain shareholder approval to increase the number of authorized shares of our common stock would constitute an Event of Default under the Marathon Agreement.

The Loans mature on the third anniversary of the closing date. The Company is required to repay a portion of the Tranche One Loans with $500,000 installment payments on each of June 30, 2020, December 31, 2020 and June 30, 2021. Upon the occurrence and during the continuance of an event of default, the Lenders may declare all outstanding amounts thereunder immediately due and payable and may terminate commitments to make any additional advances under the Tranche Two Loans. Upon an event of default, the outstanding principal amount of the loan plus any other amounts owed to Marathon will become immediately due and payable and Marathon could foreclose on our assets. A default would also likely significantly diminish the market price of our common stock.

**We offer no financing on our vehicles. As such, our business is dependent on cash sales, which may adversely affect our growth prospects.**

While most of our current customers are well-established companies with significant purchasing power, many of our potential smaller and medium-sized customers may need to rely on credit or leasing arrangements to gain access to our vehicles. Unlike some of our competitors who provide credit or leasing services for the purchase of their vehicles, we do not provide, and currently do not have commercial arrangements with a third party that provides, such financial services. We believe the current limited availability of credit or leasing solutions for our vehicles could adversely affect our revenues and market share in the commercial electric vehicle market.

**We do not receive progress payments on orders of our vehicles, and if a purchaser fails to pay upon delivery, we may not be able to recoup the costs we incurred in producing such vehicles.**

Our arrangements with existing customers do not provide for progress payments as we begin to fulfill orders. Customers are only required to pay us upon delivery of vehicles. If a customer fails to take delivery of an ordered vehicle or fails to pay for such vehicle, we may not receive cash to offset the production expenses of such vehicle, which could adversely affect our cash flows.

**Our business, prospects, financial condition and operating results will be adversely affected if we cannot reduce and adequately control the costs and expenses associated with operating our business, including our material and production costs.**

We incur significant costs and expenses related to procuring the materials, components and services required to develop and produce our electric vehicles. We have secured supply agreements for our critical components including our batteries. However, these are dependent on volume to ensure that they are available at a competitive price. We continually work on cost-down initiatives to reduce our cost structure so that we may effectively compete. If we do not reduce our costs and expenses, our net losses will continue which will negatively impact our business and stock price.

**Increases in costs, disruption of supply or shortage of lithium-ion cells could harm our business.**

We may experience increases in the cost or a sustained interruption in the supply or shortage of lithium-ion cells. Any such increase, supply interruption or shortage could materially and negatively impact our business, prospects, financial condition and operating results. The prices for these lithium-ion cells can fluctuate depending on market conditions and global demand for these materials and could adversely affect our business and operating results. We are exposed to multiple risks relating to lithium-ion cells including:

the inability or unwillingness of current battery manufacturers to build or operate battery cell manufacturing plants to supply the numbers of lithium-ion cells we may require going forward;

disruption in the supply of cells due to quality issues or recalls by battery cell manufacturers;

an increase in the cost of raw materials used in the cells; and fluctuations in the value of the Japanese yen against the U.S. dollar in the event our purchasers of lithium-ion cells are denominated in Japanese yen.

Our business is dependent on the continued supply of battery cells for the battery packs used in our vehicles. While we believe several sources of the battery cells are available for such battery cells, we have fully qualified only Panasonic for the supply of the cells used in such battery packs and have very limited flexibility in changing cell suppliers. Any disruption in the supply of battery cells could disrupt production of our vehicles until such time as a different supplier is fully qualified. Furthermore, fluctuations or shortages in petroleum, tariff or trade issues and other economic or tax conditions may cause us to experience significant increases in freight charges. Substantial increases in the prices for the battery cells or prices charged to us, would increase our operating costs, and could reduce our margins if we cannot recoup the increased costs through increased vehicle prices. Any attempts to increase vehicle prices in response to increased costs in our battery cells could result in cancellations of vehicle orders and therefore materially and adversely affect our brand, image, business, prospects and operating results.

**The demand for commercial electric vehicles depends, in part, on the continuation of current trends resulting from dependence on fossil fuels. Extended periods of low diesel or other petroleum-based fuel prices could adversely affect demand for our vehicles, which would adversely affect our business, prospects, financial condition and operating results.**

We believe that much of the present and projected demand for commercial electric vehicles results from concerns about volatility in the cost of petroleum-based fuel, the dependency of the United States on oil from unstable or hostile countries, government regulations and economic incentives promoting fuel efficiency and alternative forms of energy, as well as the belief that climate change results in part from the burning of fossil fuels. If the cost of petroleum-based fuel decreased significantly, the outlook for the long-term supply of oil to the United States improved, the government eliminated or modified its regulations or economic incentives related to fuel efficiency and alternative forms of energy, or if there is a change in the perception that the burning of fossil fuels negatively impacts the environment, the demand for commercial electric vehicles could be reduced, and our business and revenue may be harmed.

Diesel and other petroleum-based fuel prices have been extremely volatile, and we believe this continuing volatility will persist. Lower diesel or other petroleum-based fuel prices over extended periods of time may lower the perception in government and the private sector that cheaper, more readily available energy alternatives should be developed and produced. If diesel or other petroleum-based fuel prices remain at deflated levels for extended periods of time, the demand for commercial electric vehicles may decrease, which would have an adverse effect on our business, prospects, financial condition and operating results.

**Our future growth is dependent upon the willingness of operators of commercial vehicle fleets to adopt electric vehicles and on our ability to produce, sell and service vehicles that meet their needs. This often depends upon the cost for an operator adopting electric vehicle technology as compared to the cost of traditional internal combustion technology.**

Our growth is dependent upon the adoption of electric vehicles by operators of commercial vehicle fleets and on our ability to produce, sell and service vehicles that meet their needs. The entry of commercial electric vehicles into the medium-duty commercial vehicle market is a relatively new development, particularly in the United States, and is characterized by rapidly changing technologies and evolving government regulation, industry standards and customer views of the merits of using electric vehicles in their businesses. This process has been slow as without including the impact of government or other subsidies and incentives, the purchase prices for our commercial electric vehicles currently is higher than the purchase prices for diesel-fueled vehicles. Our growth has also been negatively impacted by the relatively low price of oil over the last few years.

**If the market for commercial electric vehicles does not develop as we expect or develops more slowly than we expect, our business, prospects, financial condition and operating results will be adversely affected.**

As part of our sales efforts, we must educate fleet managers as to the economical savings we believe they will benefit from during the life of the vehicle. As such, we believe that operators of commercial vehicle fleets should consider a number of factors when deciding whether to purchase our commercial electric vehicles (or commercial electric vehicles generally) or vehicles powered by internal combustion engines, particularly diesel-fueled or natural gas-fueled vehicles. We believe these factors include:

the difference in the initial purchase prices of commercial electric vehicles and vehicles with comparable gross vehicle weight powered by internal combustion engines, both including and excluding the impact of government and other subsidies and incentives designed to promote the purchase of electric vehicles;

the total cost of ownership of the vehicle over its expected life, which includes the initial purchase price and ongoing operating and maintenance costs;

the availability and terms of financing options for purchases of vehicles and, for commercial electric vehicles, financing options for battery systems;

the availability of tax and other governmental incentives to purchase and operate electric vehicles and future regulations requiring increased use of nonpolluting vehicles;

government regulations and economic incentives promoting fuel efficiency and alternate forms of energy;

fuel prices, including volatility in the cost of diesel;

the cost and availability of other alternatives to diesel fueled vehicles, such as vehicles powered by natural gas;

corporate sustainability initiatives;

commercial electric vehicle quality, performance and safety (particularly with respect to lithium-ion battery packs);

the quality and availability of service for the vehicle, including the availability of replacement parts;

the limited range over which commercial electric vehicles may be driven on a single battery charge;

access to charging stations and related infrastructure costs, and standardization of electric vehicle charging systems;

electric grid capacity and reliability; and

macroeconomic factors.

If, in weighing these factors, operators of commercial vehicle fleets determine that there is not a compelling business justification for purchasing commercial electric vehicles, particularly those that we produce and sell, then the market for commercial electric vehicles may not develop as we expect or may develop more slowly than we expect, which would adversely affect our business, prospects, financial condition and operating results.

**If our customers are unable to efficiently and effectively integrate our electric vehicles into their existing commercial fleets our sales may suffer and our business, prospects, financial condition and operating results may be adversely affected.**

Our sales strategy involves a comprehensive plan for the pilot and rollout of our electric vehicles, as well as the ongoing replacement of existing commercial vehicles with our electric vehicles, that is tailored to the individual needs of our customers. If we are unable to develop and execute fleet integration strategies or fleet management support services that meet our customers' unique circumstances with minimal disruption to their businesses, our customers may not realize the economic benefits they expect from our electric vehicles. If this were to occur, o