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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 10, 2024

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

Nevada	001-37673	26-1394771
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging growth company ☐

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

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

Item 1.01. Entry into a Material Definitive Agreement.

Securities Purchase Agreement

As previously disclosed, on March 15, 2024, Workhorse Group Inc. (the "Company") entered into a securities purchase agreement (the "Securities Purchase Agreement") with an institutional investor (the "Investor") under which the Company agreed to issue and sell, in one or more registered public offerings by the Company directly to the Investor, (i) senior secured convertible notes for up to an aggregate principal amount of $139,000,000 (the "Notes") that will be convertible into shares of the Company's common stock, par value of $0.001 per share (the "Common Stock") and (ii) warrants (the "Warrants") to purchase shares of Common Stock in multiple tranches over a period beginning on March 15, 2024. Pursuant to the Securities Purchase Agreement, on May 10, 2024, the Company issued and sold to the Investor a (i) Note in the original principal amount of $6,285,714 (the "First Additional Note") and (ii) Warrant to purchase up to 36,785,453 shares of Common Stock (the "First Additional Warrant"). Refer to the Company's Current Report on Form 8-K filed on March 15, 2024 for additional information related to the Securities Purchase Agreement, the Notes, and the Warrants. The First Additional Note was issued pursuant to the Company's Indenture between the Company and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), dated December 27, 2023 (the "Base Indenture"), and a Third Supplemental Indenture to be entered into between the Company and the Trustee (together with the Base Indenture, the "Indenture").

As previously disclosed, on March 15, 2024, the Company issued and sold to the Investor (i) a Note in original principal amount of $9,000,000 (the "Initial Note") and (ii) a Warrant to purchase up to 31,992,890 shares of Common Stock (the "Initial Warrant") pursuant to the Securities Purchase Agreement and a prospectus supplement filed on March 15, 2024. As of the date hereof, the Initial Note has been fully converted into shares of our common stock and is no longer outstanding, and no shares have been issued pursuant to the Initial Warrant. Upon our filing of one or more additional prospectus supplements, and our satisfaction of certain other conditions, the Securities Purchase Agreement contemplates additional closings of up to $123,714,286 in aggregate principal amount of additional Notes and a corresponding Warrant pursuant to the Securities Purchase Agreement as further described on our Current Report on Form 8-K filed on March 15, 2024. The description of the Securities Purchase Agreement, form of Note, form of Warrant, Indenture, Security Agreement and Subsidiary Guarantee contained therein are hereby incorporated by reference herein in its entirety.

No Note may be converted and no Warrant may be exercised to the extent that such conversion or exercise would cause the then holder of such Note or Warrant to become the beneficial owner of more than 4.99%, or, at the option of such holder, 9.99% of the Company's then outstanding Common Stock, after giving effect to such conversion or exercise (the "Beneficial Ownership Cap").

Notes

Like the Initial Note, the First Additional Note was issued with original issue discount of 12.5%, resulting in $5,500,000 of proceeds to the Company before fees and expenses. The First Additional Note is senior, secured obligations of the Company, ranking senior to all other unsecured indebtedness, subject to certain limitations and are unconditionally guaranteed by each of the Company's subsidiaries, pursuant to the terms of a certain security agreement and subsidiary guarantee.

Like the Initial Note, the First Additional Note bears interest at a rate of 9.0% per annum, payable in arrears on the first trading day of each calendar quarter, at the Company's option, either in cash or in-kind by compounding and becoming additional principal. Upon the occurrence and during the continuance of an event of default, the interest rate will increase to 18.0% per annum. Unless earlier converted or redeemed, the First Additional Note will mature on the one-year anniversary of the date hereof, subject to extension at the option of the holders in certain circumstances as provided in the First Additional Note.

Like the Initial Note, all amounts due under the First Additional Note are convertible at any time, in whole or in part, and subject to the Beneficial Ownership Cap, at the option of the holders into shares of Common Stock at a conversion price equal to the lower of $0.1367 (the "Reference Price") or (b) the greater of (x) $0.0420 (the "Floor Price") and (y) 87.5% of the volume weighted average price of the Common Stock during the ten trading days ending and including the trading day immediately preceding the delivery or deemed delivery of the applicable conversion notice, as elected by the converting holder. The Reference Price and Floor Price are subject to customary adjustments upon any stock split, stock dividend, stock combination, recapitalization or similar event. The Reference Price is also subject to full-ratchet adjustment in connection with a subsequent offering at a per share price less than the Reference Price then in effect. Subject to the rules and regulations of Nasdaq, we have the right, at any time, with the written consent of the Investor, to lower the reference price to any amount and for any period of time deemed appropriate by our board of directors. Upon the satisfaction of certain conditions, we may prepay the First Additional Note upon 15 business days' written notice by paying an amount equal to the greater of (i) the face value of the Notes at premium of 25% (or 75% premium, during the occurrence and continuance of an event of default, or in the event certain redemption conditions are not satisfied) and (ii) the equity value of the shares of common stock underlying the First Additional Note. The equity value of our common stock underlying the First Additional Note is calculated using the two greatest volume weighted average prices of our common stock during the period immediately preceding the date of such redemption and ending on the date we make the required payment.

Like the Initial Note, the First Additional Note contains customary affirmative and negative covenants, including certain limitations on debt, liens, restricted payments, asset transfers, changes in the business and transactions with affiliates. It also requires the Company maintain minimum liquidity on the last day of each fiscal quarter in the amount of either (i) $1,500,000 if the sale leaseback transaction of Company's manufacturing facility in Union City, Indiana (the "Sale Leaseback") has not been consummated and (ii) $4,000,000 if the Sale Leaseback has been consummated, subject to certain conditions. The Notes also contain customary events of default.

Under certain circumstances, including a change of control, the holder may cause us to redeem all or a portion of the then-outstanding amount of principal and interest on the First Additional Note in cash at the greater of (i) the face value of the amount of Note to be redeemed at a 25% premium (or at a 75% premium, if certain redemption conditions are not satisfied or during the occurrence and continuance of an event of default), (ii) the equity value of our Common Stock underlying such amount of Note to be redeemed and (iii) the equity value of the change of control consideration payable to the holder of our Common Stock underlying the First Initial Note.

In addition, during an event of default, the holder may require us to redeem in cash all, or any portion, of the Fist Additional Note at the greater of (i) the face value of our Common Stock underlying the Notes at a 75% premium and (ii) the equity value of our Common Stock underlying the First Additional Note. In addition, during a bankruptcy event of default, we shall immediately redeem in cash all amounts due under the Notes at a 75% premium unless the holder of the First Additional Note waives such right to receive payment. Further, upon the sale of certain assets, the holder may cause a redemption at a premium, including upon consummation of the Sale Leaseback if the redemption conditions are not satisfied. The First Additional Note also provides for purchase and participation rights in the event of a dividend or other purchase right being granted to the holders of Common Stock.

Warrants

The exercise price per share of Common Stock under the First Additional Warrant is $0.2943. Like the Initial Warrant, the First Additional Warrant is immediately exercisable for a period of 10 years following its issuance date.

Like the Initial Warrant, the Investor has a purchase right that allows the Investor to participate in transactions in which the Company issues or sells certain securities or other property to holders of Common Stock, allowing the Investor to acquire, on the terms and conditions applicable to such purchase rights, the aggregate purchase rights which the Investor would have been able to acquire if the Investor held the number of shares of Common Stock acquirable upon exercise of the First Additional Warrant.

In the event of a Fundamental Transaction (as defined in the Warrant) that is not a change of control or corporate event as described in the Warrant, the surviving entity would be required to assume the Company's obligations under the First Additional Warrant. In addition, if the Company engages in certain transactions that result in the holders of the Common Stock receiving consideration, a holder of the First Additional Warrant will have the option to either (i) exercise the First Additional Warrant prior to the consummation of such transaction and receive the consideration to be issued or distributed in connection with such transaction or (ii) cause the Company to repurchase the First Additional Warrant for its then Black Scholes Value (as defined in the Warrant).

The issuance of the First Additional Note, First Additional Warrant and the shares of Common Stock issuable upon conversion or exercise, as the case may, have been registered pursuant to the Company's effective shelf registration statement on Form S-3 (File No. 333-273357) (the "Registration Statement"), and the related base prospectus included in the Registration Statement, as further supplemented by a prospectus supplement filed on May 10, 2024.

The description of the terms and conditions of the Securities Purchase Agreement, the Note, the Warrant and the Base Indenture do not purport to be complete and is qualified in its entirety by the full text of Securities Purchase Agreement, the Note, the Warrant and the Base Indenture, which are filed as exhibits to the Company's Current Report on Form 8-K filed on March 15, 2024.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 of this Current Report on Form 8-K is hereby incorporated by reference in its entirety.

Item 8.01 Other Events

Recent Orders, Deliveries and Commercial Dealers

The Company recently received an order for 141 W4CC trucks. As of the date hereof, 30 such W4CC trucks have shipped. In addition, the Company has now received orders for a total of 68 W56 trucks. The Company expects to begin making shipments of these trucks during 2024. Each of these orders are subject to significant terms and conditions including, in the case of trucks to be delivered in California the receipt of HVIP vouchers for such trucks, and the purchasers have, under certain circumstances, the right to cancel such orders without any penalty or other cost. In addition, the Company entered into agreements to add three new dealers to its dealer network in the past thirty days for a total of twelve dealer partners.

Sale Leaseback

As previously reported, on January 31, 2024, a subsidiary of the Company entered into a purchase and sale agreement (the "Purchase and Sale Agreement") with William Repny LLC (the "Union City Purchaser") for the sale of the Company's Union City, Indiana manufacturing facility for a purchase price, before fees and expenses, of approximately $34.5 million, in connection with which the Company would lease the property back from the Union City Purchaser. Although the Purchase and Sale Agreement has not been terminated, the Company does not believe the transaction will be consummated at the current purchase price. Accordingly, the Company is currently discussing alternative sale and leaseback transactions with other potential purchasers, as well as possible changes of the terms of the Purchase and Sale Agreement with the Union City Purchaser. The Company expects that if a sale and leaseback transaction for the Union City facility is consummated, whether with the Union City Purchaser or another party, the purchase price in such transaction will be materially lower than the price provided in the Purchase and Sale Agreement.

Cost-saving Measures

On April 22, 2024, the Company furloughed 73 employees at its Union City manufacturing facility without pay. The Company expects the furloughs to provide savings of approximately $300,000 per month and has not incurred, and does not expect to incur, material costs in connection with the furloughs. The Company is also currently working with certain of its vendors to extend or restructure the payment terms of certain of its accounts payable. The furloughs, salary deferrals and vendor discussions are part of the Company's previously disclosed strategy to reduce costs, including as described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023. The Company currently intends to reinstate all furloughed employees when the Company's financial and operational position permits. There can, however, be no assurance that all such furloughed employees will be available and willing to return to work.

As previously announced, the Company decided to fully transition its Aero business from a design and manufacturing drone business to a Drones as a Service business. In addition, the Company is currently working with a third party to complete the divestiture of its Aero business. The Company does not expect to realize cash proceeds upon consummation of the sale but expects the transition to a Drones as a Service business and the subsequent divestiture to provide it savings of approximately $375,000 per month. In addition, the Company expects that the final divestiture agreements will include limited earn-out provisions under which the Company would receive a portion of the proceeds if Aero realizes revenues from certain contingent sources. The Company expects to consummate this transaction during the second fiscal quarter of 2024.

CSI Litigation

On April 19, 2024, Coulomb Solutions Inc. ("CSI"), a supplier to the Company of certain of the batteries used in its trucks, filed a complaint against the Company in United States District Court for the Eastern District of Michigan concerning late payment for certain products sold by CSI to the Company in the amount of approximately $4 million. The Company is currently in negotiations with CSI to resolve this matter.

First Quarter Unaudited Preliminary Selected Financial Items

Certain preliminary, unaudited selected financial items for the financial quarter ended March 31, 2024 are set forth below (the "Unaudited Preliminary Selected Financial Items"). The Unaudited Preliminary Selected Financial Items are not audited and are not final, and therefore cannot be relied upon with the same assurance as audited or final financial results. In addition, the Unaudited Preliminary Selected Financial Items do not include condensed consolidated statements of operations, consolidated balance sheets, condensed consolidated statements of stockholders' equity and condensed consolidated statements of cash flows or any notes thereto, and accordingly, do not provide the same information as our consolidated financial statements. Further, the Unaudited Preliminary Selected Financial Items are not necessarily indicative of results that may be expected for the full year or any future period.

- Sales, net of returns and allowances, were $1.3 million for the financial quarter ended March 31, 2024, compared to $1.7 million in the same period last year and $4.4 million for the financial quarter ended December 31, 2023.
- Cost of sales for the financial quarter ended March 31, 2024, increased to $7.4 million from $5.3 million in the same period last year, but decreased relative to these costs for the financial quarter ended December 31, 2023, $18.1 million, driven by the launch of the W56 step-van product.
- Selling, general and administrative expenses for the financial quarter ended March 31, 2024, decreased slightly to $14.4 million from $14.7 million in the same period last year and $15.1 million for the financial quarter ended December 31, 2023.
- Net operating loss for the financial quarter ended March 31, 2024 was $18.1 million, compared to $21.9 million in the same period last year and $21.5 million for the financial quarter ended December 31, 2023.
- As of March 31, 2024, the Company had $6.7 million in cash and cash equivalents, accounts receivable of $1.7 million, net inventory of $49.9 million and accounts payable of $14.3 million, which compared to $25.8 million in cash and cash equivalents, $4.5 million in accounts receivable and $12.5 million in accounts payable as of December 31, 2023. Additionally, as of March 31, 2024, the only financial indebtedness the Company had was $6.2 million in principal and accrued interest on the Initial Notes, all of which has been converted into shares of the Company's common stock.

Forward-Looking Statements

Certain statements contained in this Form 8-K, other than purely historical information, including, but not limited to, estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, 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 prospectus supplement, the words "anticipate," "expect," "plan," "believe," "seek," "estimate" and similar expressions are intended to identify forward-looking statements. These are statements that relate to future periods and include, but are not limited to, statements about the features, benefits and performance of our products, our ability to introduce new product offerings and increase revenue from existing products, expected expenses including those related to selling and marketing, product development and general and administrative, our beliefs regarding the health and growth of the market for our products, anticipated increase in our customer base, expansion of our products functionalities, expected revenue levels and sources of revenue, expected impact, if any, of legal proceedings, the adequacy of our liquidity and capital resources,

the likelihood of us obtaining additional financing in the immediate future and the expected terms of such financing, and expected growth in business. Forward-looking statements are statements that are not historical facts. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from the forward-looking statements contained in this 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 programs; our ability to attract and retain customers for our existing and new products; risks associated with obtaining orders and executing upon such orders; the unavailability, reduction, elimination or adverse application of government subsidies, incentives and regulations; supply chain disruptions, including constraints on steel, semiconductors and other material inputs and resulting cost increases impacting our Company, our customers, our suppliers or the industry; our ability to capitalize on opportunities to deliver products to meet customer requirements; our limited operations and need to expand and enhance elements of our production process to fulfill product orders; our general inability to raise additional capital to fund our operations and business plan; our ability to obtain financing to meet our immediate liquidity needs and the potential costs, dilution and restrictions imposed by any such financing; our ability to regain compliance with the listing requirements of the Nasdaq Capital Market and otherwise maintain the listing of our securities thereon and the impact of any steps we take to regain such compliance, such as a reverse split of our common stock, on our operations, stock price and future access to liquidity; our ability to protect our intellectual property; market acceptance for our products; our ability to obtain sufficient liquidity from operations and financing activities to continue as a going concern and, our ability to control our expenses; the effectiveness of our cost control measures and impact such measures could have on our operations, including the effects of the furloughing employees; potential competition, including without limitation shifts in technology; volatility in and deterioration of national and international capital markets and economic conditions; global and local business conditions; acts of war (including without limitation the conflicts in Ukraine and Israel) and/or terrorism; the prices being charged by our competitors; our inability to retain key members of our management team; our inability to satisfy our customer warranty claims; the outcome of any regulatory or legal proceedings, including with Coulomb Solutions Inc.; our ability to consummate the divestiture of our aero business, our ability to consummate and realize the benefits of a potential sale and leaseback transaction of our Union City Facility; and other risks and uncertainties and other factors discussed from time to time in our filings with the SEC. 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.

Discussions containing these forward-looking statements may be found, among other places, in “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” incorporated by reference from our most recent Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q, as well as any amendments thereto reflected in subsequent filings with the SEC or in any Current Report on Form 8-K. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. While we believe that we have a reasonable basis for each forward-looking statement contained in this Form 8-K, but we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. As a result of these factors, we cannot assure you that the forward-looking statements in this prospectus and the documents incorporated by reference herein will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Form 8-K. You should read this Form 8-K completely and with the understanding that our actual future results may be materially different from what we expect. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, as well as any amendments thereto.

Item 9.01. Exhibits.

Exhibit No.	Description
10.4	Form of Third Supplemental Indenture.
104	Cover page from this Current Report on Form 8-K, formatted as Inline XBRL.

SIGNATURES

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

WORKHORSE GROUP INC.

Date: May 10, 2024

By: /s/ James D. Harrington
Name: James D. Harrington
Title: General Counsel, Chief Compliance Officer and Secretary

Exhibit 10.4

[Certain portions of this document have been omitted pursuant to Item 601(b)(10) of Regulation S-K and, where applicable, have been marked with "[*] to indicate where omissions have been made. The marked information has been omitted because it is (i) not material and (ii) is the type that the registrant treats as private or confidential.]

WORKHORSE GROUP INC.

TO

THIRD SUPPLEMENTAL INDENTURE TO
INDENTURE DATED DECEMBER 27, 2023

Dated as of May 10, 2024

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,

as Trustee

Series A-3 Senior Secured Convertible Note Due 2025

WORKHORSE GROUP INC.

**THIRD SUPPLEMENTAL INDENTURE TO
INDENTURE DATED DECEMBER 27, 2023**

Series A-3 Senior Convertible Note Due 2025

THIRD SUPPLEMENTAL INDENTURE, dated as of May 10, 2024 (this "**Third Supplemental Indenture**"), between **WORKHORSE GROUP INC.**, a Nevada corporation (the "**Company**"), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, as Trustee (the "**Trustee**").

RECITALS

A. The Company filed a registration statement on Form S-3 on July 20, 2023 (File Number 333-273357) (the "**Registration Statement**") with the Securities and Exchange Commission (the "**SEC**") pursuant to Rule 415 under the Securities Act of 1933, as amended (the "**Securities Act**") and the Registration Statement has been declared effective by the SEC on July 28, 2023.

B. The Company has heretofore executed and delivered to the Trustee an Indenture, dated as of December 27, 2023, substantially in the form filed as an exhibit to the Registration Statement (the "**Base Indenture**"), the Supplemental Indenture, dated as of December 27, 2023 (the "**First Supplemental Indenture**") and the Second Supplemental Indenture, dated as of March 15, 2024 (the "**Second Supplemental Indenture**", and collectively with the Base Indenture and the First Supplemental Indenture, the "**Indenture**"), providing for the issuance from time to time of Securities (as defined in the Indenture) by the Company.

C. The Indenture has been qualified under the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**").

D. Section 2 of the Indenture provides for various matters with respect to any series of Securities issued under the Indenture to be established in an indenture supplemental to the Indenture.

E. Section 9.01 of the Indenture provides that, without the consent of the Holders, the Company and the Trustee may enter into an indenture supplemental to the Indenture to establish the form or terms of Securities of any series as provided by Section 2 of the Indenture.

F. In accordance with that certain Securities Purchase Agreement, dated March 15, 2024 (the "**Securities Purchase Agreement**"), by and among the Company and the investors party thereto (the "**Investors**"), at the applicable Closing (as defined in the Securities Purchase Agreement) related to this Third Supplemental Indenture, the Company has agreed to sell to the Investors, and the Investors have agreed to purchase from the Company, up to $6,285,714 in aggregate principal amount of Notes (in one or more tranches, in accordance with the terms of the Securities Purchase Agreement), subject to the satisfaction of certain terms and conditions set forth in the Securities Purchase Agreement, in each case, pursuant to (i) the Indenture, (ii) this Third Supplemental Indenture, (iii) the Securities Purchase Agreement, (iv) the Security Agreement (defined below), (v) Subsidiary Guarantee (defined below) and (vi) the Registration Statement.

G. In connection with the Securities Purchase Agreement, the Company and each other Grantor (as defined in the Security Agreement) (together with the Company, each a "**Grantor**", and collectively, the "**Grantors**") and the Agent (as defined below), have entered into that certain Security Agreement, dated as of March 15, 2024, (as it

may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Security Agreement**"), pursuant to which each Grantor granted a first priority security interest in such Grantor's right, title and interest in the Collateral (as defined in the Security Agreement) to [*], as collateral agent for the Investors (in such capacity, the "**Agent**"), to secure all obligations owed to the Agent and the Investors under the Transaction Documents (as defined in the Securities Purchase Agreement).

H. In connection with the Securities Purchase Agreement, that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of March 15, 2024 (as it may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Mortgage**") was made by Workhorse Motor Works Inc. in favor of the Agent, to secure all obligations owed to the Agent and the Investors under the Transaction Documents (as defined in the Securities Purchase Agreement).

I. In connection with the Securities Purchase Agreement, certain affiliates and subsidiaries of the Company(each, a "**Guarantor**", and collectively, the "**Guarantors**"), have entered into that certain Subsidiary Guarantee, dated as of March 15, 2024, (as it may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Subsidiary Guarantee**"), pursuant to which each Guarantor has guaranteed the obligations owed to the Agent and the Investors under the Transaction Documents (as defined in the Securities Purchase Agreement).

J. The Company hereby desires to supplement the Indenture pursuant to this Third Supplemental Indenture to set forth the terms and conditions of the Notes to be issued in accordance herewith.

NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH, for and in consideration of the premises and the issuance of the series of Securities provided for herein, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities of such series, as follows:

ARTICLE I

RELATION TO INDENTURE; DEFINITIONS

Section 1.1. RELATION TO INDENTURE. This Third Supplemental Indenture constitutes an integral part of the Indenture.

Section 1.2. DEFINITIONS. For all purposes of this Third Supplemental Indenture:

(a) Capitalized terms used herein without definition shall have the meanings specified in the Indenture or in the Notes, as applicable;

(b) All references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Third Supplemental Indenture; and

(c) The terms "herein," "hereof," "hereunder" and other words of similar import refer to this Third Supplemental Indenture.

ARTICLE II

THE SERIES OF SECURITIES

Section 2.1. TITLE. There shall be a series of Securities designated the "Series A-3 Senior Secured Convertible Notes Due 2025" (the "**Notes**").

Section 2.2. LIMITATION ON AGGREGATE PRINCIPAL AMOUNT. The aggregate principal amount of the Notes to be sold pursuant to the Securities Purchase Agreement and to be issued pursuant to this Third Supplemental Indenture on the date hereof shall be $6,285,714.

Section 2.3. PRINCIPAL PAYMENT DATE. The principal amount of the Notes outstanding (together with any accrued and unpaid interest and other amounts) shall be payable in accordance with the terms and conditions set forth in the Notes on each Conversion Date, Alternate Conversion Date, redemption date and on the Maturity Date, in each case as defined in the Notes.

Section 2.4. INTEREST AND INTEREST RATES. Interest shall accrue and shall be payable at such times and in the manner set forth in the Notes.

Section 2.5. PLACE OF PAYMENT. Except as otherwise provided by the Notes, the place of payment where the Notes may be presented or surrendered for payment, where the Notes may be surrendered for registration of transfer or exchange (to the extent required or permitted, as applicable, by the terms of the Notes) and where notices and demand to or upon the Trustee in respect of the Notes and the Indenture may be served shall be: U.S. Bank Trust Company, National Association, CN-OH-W6CT; 425 Walnut Street, Cincinnati, OH 45202, Attn.: Corporate Trust - Workhorse Group Inc.; Telephone: (513) 632-2077; Email: Daniel.Boyers@usbank.com.

Section 2.6. REDEMPTION. The Company may redeem the Notes, in whole or in part, at such times and in the manner set forth in the Notes.

Section 2.7. DENOMINATION. The Notes shall be issuable only in registered form without coupons and in minimum denominations of $1,000 and integral multiples in excess thereof.

Section 2.8. CURRENCY. Principal and interest and any other amounts payable, from time to time, on the Notes shall be payable in such coin or currency of the United States of America that at the time of payment is legal tender for payment of public and private debts in accordance with Section 26(b) of the Notes.

Section 2.9. FORM OF SECURITIES. The Notes shall be issued in the form attached hereto as **Exhibit A**. **Exhibit A** also includes the form of Trustee's certificate of authentication for the Notes. The Company has elected to issue only definitive Securities and shall not issue any global Securities hereunder.

Section 2.10. CONVERTIBLE SECURITIES. The Notes are convertible into shares of Common Stock (as defined in the Notes) of the Company upon the terms and conditions set forth in the Notes and all references to "Common Stock" in the Indenture shall be deemed to be references to Common Stock for all purposes thereunder. In connection with any conversion of any given Note into Common Stock, the Trustee may rely conclusively, without any independent investigation, on any Conversion Notice (as defined in the Notes) executed by the applicable Holder of such Note and an Acknowledgement (as defined in the Notes) signed by the Company (in each case, in the forms attached as Exhibits I and II to the Note), in lieu of the Company's obligations to deliver an Officer's Certificate, Board Resolution or an Opinion of Counsel pursuant to Article Two, Article Three, Section 7.02 or Section 7.07 of the Indenture in connection with any conversion of any Note. The applicable Conversion Notice and/or Acknowledgement (unless subsequently revoked or withdrawn) shall be deemed to be a joint instruction by the Company and such Holder to the Trustee to record on the register of the Notes such

conversion and decrease in the principal amount of such Note by such aggregate principal amount of the Note converted, in each case, as set forth in such applicable Conversion Notice and/or Acknowledgement.

Section 2.11. REGISTRAR. The Trustee shall only serve initially as the Security Registrar and not as a paying agent and, in such capacity, shall maintain a register (the "**Security Register**") in which the Trustee shall register the Notes and transfers of the Notes. The entries in the Security Register shall be conclusive and binding for all purposes absent manifest error. The initial Security Register shall be created by the Trustee in connection with the authentication of the initial Notes in the names and amounts detailed in the related Company Order. No Note may be transferred or exchanged except in compliance with the authentication procedures of the Trustee in accordance with this Third Supplemental Indenture. The Trustee shall not register a transfer, exchange, redemption, conversion, cancellation or any other action with respect to a Note unless instructed to do so in an Officer's Certificate, the Company's order for the authentication and delivery of such Note, Conversion Notice and/or Acknowledgement, as applicable. Each Officer's Certificate, Company's order for the authentication and delivery of such Note, Conversion Notice and/or Acknowledgement, as applicable, given to the Trustee in accordance with this Section 2.11 shall constitute a representation and warranty to the Trustee that the Trustee shall be fully indemnified in connection with any liability arising out of or related to any action taken by the Trustee in good faith reliance on such Officer's Certificate, Company's order for the authentication and delivery of such Note, Conversion Notice and/or Acknowledgement, as applicable.

Section 2.12. SINKING FUND OBLIGATIONS. The Company has no obligation to redeem or purchase any Notes pursuant to any sinking fund or analogous requirement or upon the happening of a specified event or at the option of a Holder thereof.

Section 2.13. NO PAYING AGENT. Notwithstanding anything in Sections 3.02 or 4.03 of the Indenture to the contrary, the Company shall not be required to appoint and has not appointed any Paying Agent in respect of the Notes pursuant to the Indenture or any Supplemental Indenture and all amounts payable, from time to time, pursuant to the Notes shall, for so long as so long as no Paying Agent has been appointed, be paid directly by the Company to the applicable Holder.

Section 2.14. EVENTS OF DEFAULT. The Company has elected that the provisions of Section 4 of the Notes shall govern all Events of Default in lieu of Section 6 of the Indenture.

Section 2.15. EXCLUDED DEFINITIONS. The Company has elected that none of the following definitions in the Indenture shall be applicable to the Notes and any analogous definitions set forth in the Notes shall govern in lieu thereof:

- Definition of "Business Day" in Section 1.01;
- Definition of "Event of Default" in Sections 1.01 or 6.01;
- Definition of "Person" in Section 1.01; and
- Definition of "Subsidiary" in Section 1.01.

Section 2.16. EXCLUDED PROVISIONS. The Company has elected that none of the following provisions of the Indenture shall be applicable to the Notes and any analogous provisions (including definitions related thereto) of this Third Supplemental Indenture and/or the Notes shall govern in lieu thereof:

- Section 2.03 (Denominations; Provisions for Payment)
- Section 2.05 (Registration of Transfer and Exchange)
- Section 2.06 (Temporary Securities)
- Section 2.07 (Mutilated, Destroyed, Lost or Stolen Securities)
- Section 2.10 (Authenticating Agent)
- Section 2.11 (Global Securities)
- Article 3 (Redemption)
- Section 4.03 (Paying Agents)

- Article 6 (Remedies of the Trustee and Securityholders on Event of Default)
- Section 9.01 (Without Consent of Holders)
- Article 10 (Successor Entity)
- Article 11 (Satisfaction and Discharge)
- Article 12 (Immunity of Incorporators, Stockholders, Officers and Directors)
- Section 13.05 Governing Law; Jury Trial Waiver

Section 2.17. COVENANTS. In addition to any covenants set forth in Article 4 of the Indenture, the Company shall comply with the additional covenants set forth in Section 15 of the Notes.

Section 2.18. IMMEDIATELY AVAILABLE FUNDS. All cash payments of principal and interest shall be made in U.S. dollars and immediately available funds.

Section 2.19. TRUSTEE MATTERS.

(a) Duties of Trustee. Notwithstanding anything in the Indenture to the contrary:

(i) the sole duty of the Trustee is to act as the Security Registrar unless otherwise agreed to by [*] (the "**Required Holder**"), the Trustee and the Company in an additional supplemental Indenture (other than this Third Supplemental Indenture) or as separately agreed to in a writing by the Trustee and the Required Holder;

(ii) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder (including as Security Registrar), and to each agent, custodian, and any other such Persons employed to act hereunder;

(iii) the Trustee has no duty to make any calculations called for under the Notes, and shall be protected in conclusively relying without liability upon an Officer's Certificate with respect thereto without independent verification;

(iv) for the protection and enforcement of the provisions of the Indenture, this Third Supplemental Indenture and the Notes, the Trustee shall be entitled to such relief as can be given at either law or equity;

(v) in the event that the Holders of the Notes have waived any Event of Default with respect to this Third Supplemental Indenture or the Notes, the default covered thereby shall be deemed to be cured for all purposes hereunder and the Company, the Trustee and the Holders of the Notes shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other default to impair any right consequent thereon;

(vi) the Trustee makes no representation as to the validity or value of any securities or assets issued upon conversion of the Notes, and the Trustee shall not be responsible for the failure by the Company to comply with any provisions of the Notes;

(vii) the Trustee will not at any time be under any duty or responsibility to any Holder to determine the Conversion Price (as defined in the Notes) (or any adjustment thereto) or whether any facts exist that may require any adjustment to the Conversion Price, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed in the Indenture, this Third Supplemental Indenture, in any supplemental indenture or the Notes provided to be employed, in making the same;

(viii) the Trustee will not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities, cash or other property that may at any time be issued or delivered upon the conversion of any Note; and the Trustee makes any representations with respect thereto; and

(ix) the Trustee will not be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities, cash or other property upon the surrender of any Note for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company with respect thereto.

(b) Additional Indemnification. In addition to any indemnification rights set forth in the Indenture, the Company agrees the Trustee may retain one separate counsel on behalf of itself and the Holders (and in the case of an actual or perceived conflict of interest, one additional separate counsel on behalf of the Holders) and, if deemed advisable by such counsel, local counsel, and the Company shall pay the reasonable fees and expenses of such separate counsel and local counsel.

(c) Successor Trustee Petition Right. If an instrument of acceptance by a successor Trustee required by Section 7.08 or 7.09 of the Indenture has not been delivered to the Trustee within 30 days after the giving of a notice of removal, the Trustee being removed, at the expense of the Company, may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(d) Trustee as Creditor. If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

(e) Reports by the Company. The parties hereto acknowledge and agree that delivery of such reports, information, and documents to the Trustee pursuant to the provisions of Section 4.05 of the Indenture is for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates). The Trustee shall have no duty to monitor or confirm, on a continuing basis or otherwise, the Company's or any other Person's compliance with any of the covenants under the Indenture and this Third Supplemental Indenture, to determine whether such reports, information or documents are available on the SEC's website (including the EDGAR system or any successor system,) the Company's website or otherwise, to examine such reports, information, documents and other reports to ensure compliance with the provisions of this Indenture, or to ascertain the correctness or otherwise of the information or the statements contained therein.

(f) Statements by Officers as to Default. In addition to the Company's obligations pursuant to the Indenture, the Company agrees as follows:

(i) Annually, within 120 days after the close of each fiscal year beginning with the first fiscal year during which the Notes remain outstanding, the Company will deliver to the Trustee an Officer's Certificate (one of which Officers signatory thereto shall be the Chief Executive Officer, Chief Financial Officer or Chief Corporate and Strategy Officer of the Company) as to the knowledge of such Officers of the Company's compliance (without regard to any period of grace or requirement of notice provided herein) with all conditions and covenants under the Indenture, this First Supplemental Indenture and the Notes and, if any Event of Default has occurred and is continuing, specifying all such Events of Defaults and the nature and status thereof of which such Officers have knowledge.

(ii) The Company shall, so long as any of the Notes remain outstanding, deliver to the Trustee, as soon as practicable and in any event within 30 days after the Company becomes aware of any Event of Default, an Officer's Certificate specifying such Events of Default, its status and the actions that the Company is taking or proposes to take in respect thereof.

(g) Further Instruments and Acts. Upon request of the Trustee, the Company will execute and deliver such further instruments and perform such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of the Indenture and this Third Supplemental Indenture.

(h) Expense. Notwithstanding anything in the Indenture to the contrary, any actions taken by the Trustee in any capacity shall be at the Company's reasonable expense.

Section 2.20. SATISFACTION; DISCHARGE. The Indenture and this Third Supplemental Indenture will be discharged and will cease to be of further effect with respect to the Notes (except as to any surviving rights expressly provided for herein and in the Transaction Documents (as defined in the Securities Purchase Agreement)), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of the Indenture and this Third Supplemental Indenture with respect to the Notes, when all outstanding amounts under the Notes shall have been paid in full (and/or converted into shares of Common Stock or other securities in accordance therewith) and no other obligations remain outstanding pursuant to the terms of the Notes, this Third Supplemental Indenture, the Indenture and/or the other Transaction Documents, as applicable, which have not been paid in full by the Company, and when the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of the Indenture and this Third Supplemental Indenture with respect to the Notes have been complied with. Notwithstanding the satisfaction and discharge of the Indenture and this Third Supplemental Indenture, the obligations of the Company to the Trustee under Section 7.06 of the Indenture shall survive.

Section 2.21. CONTROL BY SECURITYHOLDERS. The Required Holder shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Notes; provided, however, that such direction shall not be in conflict with any rule of law. Subject to the provisions of Section 7.01 of the Indenture and this Third Supplemental Indenture, the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve the Trustee in personal liability. The Notes may be amended, modified or waived, as applicable, in accordance with Section 18 of the Notes. Upon any waiver of any term of the Notes, the default covered thereby shall be deemed to be cured for all purposes of the Indenture, this Third Supplemental Indenture, the Notes and the Company, the Trustee and the Holders of the Notes shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

ARTICLE III

EXPENSES

Section 3.1. PAYMENT OF EXPENSES. In connection with the offering, sale and issuance of the Notes, the Company, in its capacity as issuer of the Notes, shall pay all reasonable, documented out-of-pocket costs and expenses relating to the offering, sale and issuance of the Notes and compensation and expenses of the Trustee under the Indenture in accordance with the provisions of Section 7.06 of the Indenture.

Section 3.2. PAYMENT UPON RESIGNATION OR REMOVAL. Upon termination of this Third Supplemental Indenture or the Indenture or the removal or resignation of the Trustee, unless otherwise stated, the Company shall pay to the Trustee all reasonable, documented out-of-pocket amounts, fees and expenses (including reasonable attorney's fees and expenses) accrued to the date of such termination, removal or resignation.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.1. TRUSTEE NOT RESPONSIBLE FOR RECITALS. The recitals herein contained are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Third Supplemental Indenture.

Section 4.2. ADOPTION, RATIFICATION AND CONFIRMATION. The Indenture, as supplemented and amended by this Third Supplemental Indenture, is in all respects hereby adopted, ratified and confirmed.

Section 4.3. CONFLICT WITH INDENTURE; TRUST INDENTURE ACT. Notwithstanding anything to the contrary in the Indenture, if any conflict arises between the terms and conditions of this Third Supplemental Indenture (including, without limitation, the terms and conditions of the Notes) and the Indenture, the terms and conditions of this Third Supplemental Indenture (including the Notes) shall control; provided, however, that if any provision of this Third Supplemental Indenture or the Notes limits, qualifies or conflicts with a provision of the Trust Indenture Act that is required thereunder to be a part of and govern this Third Supplemental Indenture, the latter provisions shall control. If any provision of this Third Supplemental Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provisions shall be deemed to apply to the Indenture as so modified or excluded, as the case may be.

Section 4.4. AMENDMENTS; WAIVER. This Third Supplemental Indenture may be amended by the written consent of the Company and the Required Holder; provided however, no amendment shall adversely impact the rights, duties, immunities or liabilities of the Trustee without its prior written consent. Notwithstanding anything in any other Transaction Document to the contrary, no amendment to any Transaction Document that adversely impact the rights, duties, immunities or liabilities of the Trustee hereunder, pursuant to the Indenture and/or the Notes, as applicable, shall be effective without the Trustee's prior written consent. No provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought.

Section 4.5. SUCCESSORS. This Third Supplemental Indenture shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, including any purchasers of the Notes.

Section 4.6. SEVERABILITY; ENTIRE AGREEMENT. If any provision of this Third Supplemental Indenture shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Third Supplemental Indenture in that jurisdiction or the validity or enforceability of any provision of this Third Supplemental Indenture in any other jurisdiction. The Indenture, this Third Supplemental Indenture, the Transaction Documents and the exhibits hereto and thereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 4.7. COUNTERPARTS. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 4.8. GOVERNING LAW. This Third Supplemental Indenture and the Indenture shall each be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Note shall be governed by, the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Delaware. Except as otherwise required by Section 25 of the Notes, the Company hereby irrevocably submits to the exclusive jurisdiction of the Court of Chancery of the State of Delaware, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and

hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein (i) shall be deemed or operate to preclude any Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to such Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of such Holder or (ii) shall limit, or shall be deemed or construed to limit, any provision of Section 25 of the Notes. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS THIRD SUPPLEMENTAL INDENTURE OR ANY TRANSACTION CONTEMPLATED HEREBY.**

Section 4.9. U.S.A. PATRIOT ACT. The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. PATRIOT Act, the Trustee is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Supplemental Indenture agree that they shall provide the Trustee with such information as it may reasonably request in order for the Trustee to satisfy the requirements of the U.S.A. PATRIOT Act.

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IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed on the date or dates indicated in the acknowledgments and as of the day and year first above written.

WORKHORSE GROUP INC.

By: _____
Name:
Title:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: _____
Name:
Title:

EXHIBIT A

(FORM OF NOTE)