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Workhorse Group Secures \$35 Million in Financing from Marathon Asset Management

Immediate Access to Capital Enables Funding for Existing and Future Purchase Orders, Satisfies Existing Debt Obligations, and Serves as Another Key Step in Workhorse's Long-Term Capital Strategy

CINCINNATI, Jan. 2, 2019 /PRNewswire/ -- [Workhorse Group Inc. \(NASDAQ: WKHS\)](#) ("**Workhorse**"), an American technology company focused on changing the way the world works by providing sustainable and cost-effective electric-mobility solutions to the transportation sector, has closed a financing in the amount of \$35 million with Marathon Asset Management. The proceeds will be used for current working capital, parts acquisitions to fulfill existing and future customer purchase orders and contracts as well as to satisfy full repayment of the senior secured notes incurred in July 2018.

The facility has a three-year term secured by a first priority lien on all assets. Funds will be provided in two separate tranches, the first of which is a \$10 million lump sum amount that will be used principally to satisfy repayment of the July 2018 senior secured notes. The remaining \$25 million will function as a revolving credit facility from which Workhorse may draw down as necessary to meet existing and future purchase orders.

Marathon, based in New York, NY, is an opportunistic global credit event-driven manager with approximately \$15 billion in assets under management. The firm pursues credit through a broad spectrum of investments in global corporate credit, distressed and special situational credit, structured credit, emerging markets and leveraged loans. A perfect fit for Workhorse's needs, Marathon is uniquely positioned to quickly create innovative financing solutions that fit within Workhorse's existing capital structure and its business objectives.

"Marathon is the right strategic partner for Workhorse's current capital needs, and we plan to leverage their experience, size and resources to further support our growth as a company," said Workhorse CEO Steve Burns. "This agreement provides meaningful, near-term funding that will go directly toward building and delivering vehicles to customers in 2019. Additionally, we have repaid, in full, our previous debt obligations from July, which will remove all covenants associated with that arrangement, including the obligation to sell our eVTOL aircraft, SureFly. Going forward, our primary goal for both current and future capital initiatives is to leverage the best available financing solutions that will provide liquidity and favorable economics."

In addition to closing the Marathon loan facility, Workhorse continues working in partnership with Duke Energy Corporation (NYSE: DUK). On November 28, 2018, as the first step in the relationship, a subsidiary of Duke Energy purchased 615,000 Panasonic battery cells for \$1.3 million from Workhorse. The transaction is intended as an initial step toward an

arrangement between Duke Energy and Workhorse in creating an innovative battery leasing program designed to provide customers a cost competitive electric vehicle product alternative. Through this relationship, Duke Energy intends to explore further development of eFleet solutions to Workhorse customers which may include single-point management and financing of all the Behind the Meter (BTM) infrastructure necessary to support depot wide electrification, vehicle/battery leasing and distributed energy resources. Duke Energy and Workhorse believe a seamless/integrated solution will help reduce the overall costs of converting fleets to electric power enabling faster adoption of electric vehicles into commercial fleets.

Duane Hughes, Workhorse President and COO, added: "Completing these financial transactions and developing these strategic relationships are additional key steps in our long-term capital strategy. We plan to implement these measures and other near-term initiatives in the coming months to help drive continued growth in both sales and profitability."

About Workhorse Group Inc.

Workhorse is a technology company focused on providing electric mobility solutions to the transportation sector. As an American original equipment manufacturer, we design and build high performance battery-electric vehicles including trucks and aircraft. We also develop cloud-based, real-time telematics performance monitoring systems that are fully integrated with our vehicles and enable fleet operators to optimize energy and route efficiency. All Workhorse vehicles are designed to make the movement of people and goods more efficient and less harmful to the environment. For additional information, visit www.workhorse.com.

About Duke Energy

Headquartered in Charlotte, N.C., Duke Energy (NYSE: DUK) is one of the largest energy holding companies in the U.S., with approximately 29,000 employees and a generating capacity of 49,500 megawatts.

The company's Electric Utilities and Infrastructure unit serves approximately 7.6 million retail electric customers in six states – North Carolina, South Carolina, Florida, Indiana, Ohio and Kentucky.

Its Gas Utilities and Infrastructure unit distributes natural gas to approximately 1.6 million customers in five states – North Carolina, South Carolina, Tennessee, Ohio and Kentucky. Its Commercial Renewables unit operates a growing renewable energy portfolio across the U.S.

More information about the company is available at duke-energy.com. The [Duke Energy News Center](#) includes news releases, fact sheets, photos, videos and other materials. Duke Energy's [illumination](#) features stories about people, innovations, community topics and environmental issues.

About Marathon Asset Management

Marathon Asset Management is a New York-based global investment advisor with approximately \$15 billion of capital under management. The firm was founded in 1998 by

Bruce Richards and Louis Hanover and employs approximately 160 professionals. Marathon is headquartered in New York City, and has international offices in London, and Singapore. Marathon's team has significant experience investing in credit dislocations through multiple cycles and is fully integrated to capitalize on credit opportunities globally. Marathon is a Registered Investment Adviser with the Securities and Exchange Commission.

Workhorse Safe Harbor Statement

This release includes forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements may be identified by words such as "believes," "expects," "anticipates," "estimates," "projects," "intends," "should," "seeks," "future," "continue," or the negative of such terms, or other comparable terminology. Forward-looking statements are statements that are not historical facts. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from the forward-looking statements contained herein. Factors that could cause actual results to differ materially include, but are not limited to: our limited operations and need to expand in the near future to fulfill product orders; risks associated with obtaining orders and executing upon such orders; the ability to protect our intellectual property; the potential lack of market acceptance of our products; potential competition; our inability to retain key members of our management team; our inability to raise additional capital to fund our operations and business plan; our inability to maintain our listing of our securities on the Nasdaq Capital Market; our ability to continue as a going concern; our liquidity and other risks and uncertainties and other factors discussed from time to time in our filings with the Securities and Exchange Commission ("SEC"), including our annual report on Form 10-K filed with the SEC. Workhorse expressly disclaims any obligation to publicly update any forward-looking statements contained herein, whether as a result of new information, future events or otherwise, except as required by law.


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