

Startup Lordstown Motors warns it may not stay in business

June 9 2021



In this Thursday, June 25, 2021, file photo, the electric Endurance pick-up truck is on display at Lordstown Motors Corporation, in Lordstown, Ohio. Startup commercial electric vehicle maker Lordstown Motors says it may not be in business a year from now as it tries to secure funding to start full production of an electric pickup truck. In a quarterly regulatory filing released Tuesday, June 8, 2021, Lordstown says the \$587 million it had on hand as of March 31 isn't enough to start commercial production and begin selling the truck. Credit: AP Photo/Tony Dejak, File

Startup commercial electric vehicle maker Lordstown Motors says it may not be in business a year from now as it tries to secure funding to start full production of an electric pickup truck.

In a quarterly regulatory filing Tuesday, Lordstown said the \$587 million it had on hand as of March 31 isn't enough to start commercial production and begin selling the full-size pickup, called the Endurance.

"These conditions raise substantial doubt regarding our ability to continue as a going concern for a period of at least one year," the company said in the filing with the Securities and Exchange Commission.

Shares of the company, which is set up in a now-closed General Motors plant east of Cleveland, fell 16.2% to close Tuesday at \$11.22. The lost another 3% in after-hours trading.

On May 24, CEO Steve Burns warned that production could be cut by over half to only 1,000 vehicles this year unless Lordstown raised an undisclosed amount of new capital.

Tuesday's SEC filing appears to be much more dire. "Going concern" is a term companies typically use when noting that their outside auditors are questioning their ability to remain in business.

Lordstown reported a first-quarter net loss of \$125 million and said it had a deficit of \$259 million as of March 31.

The filing said management is evaluating new sources of capital, including issuing more equity or borrowing from partners, government or [financial institutions](#).

"There can be no assurance that such financing would be available to us

on favorable terms or at all," the filing said.

Burns said in May the company expects to lose up to \$380 million this year, but he assured investors that Lordstown will end 2021 with at least \$50 million in cash.

He said the company expects to start making the Endurance in September.

The \$52,500 Endurance has passed two of the U.S. government's toughest crash tests, and it will beat Ford Motor Co.'s electric F-150 to market, he said, adding that Lordstown has purchase agreements for about 30,000 of the trucks.

A [company](#) spokesman said he could not comment beyond Burns' guidance from May.

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