

WeWork warns there's 'substantial doubt' about its ability to stay in business

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This Oct. 15, 2019 file photo shows a WeWork logo at the entrance to one of their office spaces in the SoHo neighborhood of New York. WeWork is warning there's "substantial doubt" about its ability continue business as a going concern as a result of financial losses, projected cash needs and other factors. The New York-based workspace-sharing company said Tuesday, Aug. 8, 2023 that it's ability to stay in business depends on its ability to improve its liquidity and profitability over the next 12 months. Credit: AP Photo/Mary Altaffer, File

WeWork is warning there's "substantial doubt" about its ability to stay in business over the next year because of its financial losses and its need for cash, among other factors.

The New York-based workspace-sharing [company](#) said Tuesday that its ability to stay in operation is contingent upon improving its liquidity and profitability over the next 12 months.

WeWork went public in October 2021 after a spectacular collapse during its first attempt to do so two years earlier—which led to the ousting of its CEO and founder, Adam Neumann. The company was valued at \$47 billion at one point, before investors started to drop off due to Neumann's erratic behavior and exorbitant spending.

The company leases buildings and divides them into office spaces to sublet to its members, which include [small businesses](#), startups and freelancers who want to avoid paying for permanent office space.

But over time its [operating expenses](#) soared and it relied on repeated cash infusions from [private investors](#). The company also said Tuesday it is facing high member turnover rates. It said it plans to negotiate more favorable lease terms, control spending and seek additional capital by issuing debt, stock or selling assets.

WeWork's interim CEO, David Tolley, sounded an optimistic note Tuesday in the company's results for the second-quarter, during which it lost \$349 million.

"The company's transformation continues at pace, with a laser focus on member retention and growth, doubling down on our real estate portfolio optimization efforts, and maintaining a disciplined approach to reducing operating costs," Tolley said.

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