

# Nu Ride Inc.

## Lordstown Motors and Foxconn Close Asset Purchase Agreement and Enter into JV Agreement for MIH Based EV Development

May 11, 2022

### \$100 million Investment in Joint Venture

- Asset Purchase Agreement closing results in approximately \$260 million in proceeds to LMC, in addition to prior \$50 million common stock purchase
- Contract manufacturing of the Endurance by Foxconn at Lordstown facility with no interruption in operations
- Creation of \$100 million joint venture, MIH EV Design LLC, to develop electric vehicles for the global market
- Foxconn and LMC to share expertise and resources to accelerate EV adoption

LORDSTOWN, Ohio, May 11, 2022 /PRNewswire/ -- [Lordstown Motors Corp.](#) (Nasdaq: RIDE), ("Lordstown Motors" or "LMC"), an original equipment manufacturer (OEM) of electric light duty trucks focused on the commercial fleet market, today announced that it has closed the sale of its Lordstown facility and signed a contract manufacturing agreement and joint venture agreement for product development with affiliates of Hon Hai Technology Group ("Foxconn") (TWSE: 2317).



As previously disclosed, on November 10, 2021, Lordstown Motors and Foxconn entered into an Asset Purchase Agreement ("APA") providing for the sale of LMC's Lordstown, Ohio vehicle assembly plant to Foxconn for \$230 million plus the reimbursement of certain operating and expansion costs from September 1, 2021 to the closing date. The transaction was subject to several conditions, including that the parties enter into a contract manufacturing agreement for LMC's flagship vehicle, the Endurance, a full-size, all-electric pickup truck.

On May 11, the transactions under the APA were completed. Total proceeds to LMC were \$230 million, plus the reimbursement of approximately \$27 million in operating and expansion costs. In addition, Foxconn had previously purchased \$50 million of LMC Class A common stock directly from the company. Concurrently with the closing, Foxconn and Lordstown Motors entered into a manufacturing supply agreement for the Endurance. Start of commercial production of the Endurance is targeted for the third quarter of this year, with the first commercial deliveries expected in fourth quarter. Foxconn will assume manufacturing operations at the Lordstown plant immediately with no interruption. Approximately 400 skilled and talented LMC employees will transition to employment with Foxconn. LMC will retain a presence in Lordstown, Ohio along with engineering and technical centers, as well as corporate staff, in Farmington Hills, Mich. and Irvine, Calif.

In connection with the closing of the APA, Foxconn and LMC also entered into a joint venture agreement to co-develop EV programs using Foxconn's Mobility-in-Harmony (MIH) open-source EV platform. The new joint venture will be called MIH EV Design LLC and will be 55% owned by Foxconn and 45% by LMC. Foxconn is committing \$100 million towards the new joint venture, including a loan to Lordstown for \$45 million to support its initial capital commitment. The joint venture creates an innovative business model whereby LMC and Foxconn would jointly develop new electric vehicles, utilizing the MIH platform, for LMC in the North American commercial vehicle market and for other OEMs internationally.

Vehicles developed by MIH EV Design would be built for North America at the Lordstown, Ohio plant, and at other Foxconn contract-manufacturing locations around the world. The objective is for OEM users of Foxconn's flexible MIH platform, manufacturing footprint, and supply chain to achieve production scale at lower volumes and with a shorter time to market. The joint venture also leverages Lordstown Motors' strong engineering and product development capabilities globally and provides LMC a scalable vehicle development platform in North America, accelerating EV development, reducing product development costs, and increasing the breadth of LMC's product portfolio over time.

"The closing of the Foxconn APA and the completion of a joint venture agreement for the development of new electric vehicles using Foxconn's MIH platform are important milestones for LMC," said Daniel Ninivaggi, CEO of Lordstown Motors. "Our strategic partnership with Foxconn provides LMC with a flexible and less capital-intensive business model, access to broad supply chain and software capabilities and an effective vehicle development platform to bring EVs to market faster and more efficiently. I have always been a strong believer in what Foxconn is doing to accelerate the adoption of electric vehicles and we are proud to be their partner."

"The creation of the MIH EV Design LLC joint venture between Lordstown Motors and Foxconn supports the EV ambitions of both companies. The MIH shared EV architecture will create synergies in vehicle design, engineering, development, testing, sourcing, and manufacturing. This will enable us to create innovative and winning products for our customers, while optimizing costs and reducing our time to market," said Edward T. Hightower, President of Lordstown Motors.

### About Lordstown Motors Corp.

Lordstown Motors is an electric vehicle (EV) innovator developing high-quality, light duty commercial fleet vehicles, with the Endurance all electric pick-up truck as its first vehicle being launched in the Lordstown, Ohio facility. Lordstown Motors has engineering, research and development facilities in Farmington Hills, Michigan and Irvine, California. For additional information visit [www.lordstownmotors.com](http://www.lordstownmotors.com).

## Forward Looking Statements

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 "feel," "believe," "expects," "estimates," "projects," "intends," "should," "is to be," 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 not guarantees of future performance and are subject to risks and uncertainties, which could cause actual results to differ materially from the forward-looking statements contained herein due to many factors, including, but not limited to: the need to raise substantial additional capital to execute our business plan, achieve our production targets for the Endurance in 2022 and beyond, to continue ongoing operations and remain a going concern, and our ability to raise such funding on a reasonable timeline and with suitable terms; the cost and other impacts of litigation, regulatory proceedings, investigations, claims and availability of insurance coverage and/or adverse publicity including with respect to the matters raised by the March 24, 2022 stockholder letter, which may have a material adverse effect, whether or not successful or valid, on our liquidity position, business prospects and ability to obtain financing; our limited operating history and our ability to execute our business plan, including through our relationship with Foxconn; our ability to raise sufficient capital in order to invest in the tooling that we expect will enable us to eventually lower the Endurance bill of materials cost, continue design enhancements of the Endurance and fund any future vehicles we may develop; the rollout of our business and the timing of expected business milestones, including our ability, together with Foxconn as applicable, to complete the engineering of the Endurance, and conversion and retooling of the Lordstown facility, to establish and maintain appropriate supplier relationships, to successfully complete testing, homologation and certification, and to start production of the Endurance in accordance with our projected timeline; supply chain disruptions, inflation and the potential inability to source essential components and raw materials, including on a timely basis or at acceptable cost, and their consequences on testing, production, sales and other activities; our ability to obtain binding purchase orders and build customer relationships; our ability to deliver on the expectations of customers with respect to the pricing, performance, quality, reliability, safety and efficiency of the Endurance and to provide the levels of service and support that they will require; our ability to conduct business using a direct sales model, rather than through a dealer network used by most other OEMs; the effects of competition on our ability to market and sell vehicles; our inability to retain key personnel and to hire additional personnel; the ability to protect our intellectual property rights; the failure to obtain required regulatory approvals; changes in laws or regulatory requirements or new or different interpretations of existing law; changes in governmental incentives and fuel and energy prices; the impact of health epidemics, including the COVID-19 pandemic, on our business; cybersecurity threats and compliance with privacy and data protection laws; failure to timely implement and maintain adequate financial, information technology and management processes and controls and procedures; and the possibility that we may be adversely affected by other economic, geopolitical, business and/or competitive factors, including the direct and indirect effects of the war in Ukraine. In addition, the transactions entered into with Foxconn are subject to risks and uncertainties. No assurances can be given that Lordstown Motors and Foxconn will successfully implement the contract manufacturing agreement, jointly develop additional EVs for launch through the joint venture or otherwise achieve the expected benefits of their business relationship. If we are unable to maintain our relationship with Foxconn or effectively manage outsourcing the production of the Endurance to Foxconn, we may be unable to ensure continuity, quality, and compliance with our design specifications or applicable laws and regulations, which may ultimately disrupt and have a negative effect on our production and operations. The success of the joint venture depends on many variables, such as technology, innovation, adequate funding, supply chain and other economic conditions, competitors, customer demand and other factors that impact new vehicle development, many of which are not within the parties' control. If we are unable to develop new vehicles for ourselves and potentially other OEM customers, our business prospects, results of operations and financial condition may be adversely affected. We will need additional funding to execute our 2022 business plan and achieve scaled production of the Endurance. As we seek additional sources of financing, there can be no assurance that such financing would be available to us on favorable terms or at all. Our ability to obtain additional financing in the debt and equity capital markets is subject to several factors, including market and economic conditions, the significant amount of capital required, the fact that our bill of materials cost is currently, and expected to continue to be, substantially higher than our anticipated selling price, uncertainty surrounding regulatory approval and the performance of the vehicle, meaningful exposure to material losses related to ongoing litigation and the SEC investigation, our performance and investor sentiment with respect to us and our business and industry, as well as our ability to successfully implement our arrangements with Foxconn. Additional information on potential factors that could affect the financial results of the Company and its forward-looking statements is included in its most recent Form 10-K and subsequent filings with the Securities and Exchange Commission. All forward-looking statements are qualified in their entirety by this cautionary statement. Any forward-looking statements speak only as of the date on which they are made, and Lordstown Motors undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this release.

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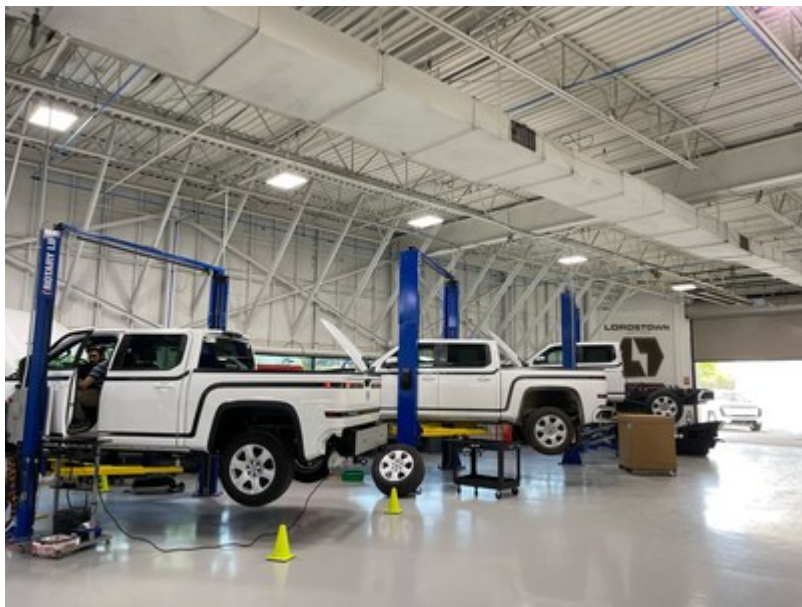
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