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

FORM 8-K/A
(Amendment No. 2)

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **October 23, 2020**

LORDSTOWN MOTORS CORP.

(Exact name of registrant as specified in its charter)

Delaware	**001-38821**	**83-2533239**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2300 Hallock Young Road
Lordstown, Ohio 44481
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(234) 285-4001**

N/A
(Former name or former address, if changed since last report)

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:

☐ 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.0001 per share	RIDE	The Nasdaq Stock Market LLC
Warrants to purchase Class A common stock	RIDEW	The Nasdaq Stock Market LLC

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. ☐

INTRODUCTORY NOTE

This Amendment No. 2 on Form 8-K/A (this "Amendment No. 2") amends Item 9.01 of the Current Report on Form 8-K filed by Lordstown Motors Corp. (the "Company") on October 29, 2020, as amended by Amendment No. 1 on Form 8-K/A filed on October 29, 2020 (collectively, the "Original Report"), in which the Company reported, among other events, the completion of the Merger and related Transactions. This Amendment No. 2 is being filed to include (a) the unaudited condensed financial statements of Legacy LMC as of and for the nine months ended September 30, 2020 and for the period from April 30, 2019 to September 30, 2019 and the related notes, (b) Management's Discussion and Analysis of Financial Condition and Results of Operations of Legacy LMC for the nine months ended September 30, 2020 and (c) the unaudited pro forma condensed combined balance sheet as of September 30, 2020, and the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2020.

This Amendment No. 2 does not amend any other item of the Original Report or purport to provide an update or a discussion of any developments at the Company subsequent to the filing date of the Original Report.

Capitalized terms used herein by not defined herein have the meanings given to such terms in the Original Report.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The unaudited condensed financial statements of Legacy LMC as of and for the nine months ended September 30, 2020 and for the period from April 30, 2019 to September 30, 2019 and the related notes are filed herewith as Exhibit 99.1 and incorporated herein by reference.

Also included herewith as Exhibit 99.2 and incorporated herein by reference is Management's Discussion and Analysis of Financial Condition and Results of Operations of Legacy LMC for the nine months ended September 30, 2020.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet as of September 30, 2020, and the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2020 and for the year ended December 31, 2019, are set forth in Exhibit 99.3 hereto and is incorporated herein by reference.

(d) Exhibits.

Exhibit Number	Description
99.1	Unaudited condensed financial statements of Legacy LMC as of and for the nine months ended September 30, 2020 and for the period from April 30, 2019 to September 30, 2019
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations of Legacy LMC for the nine months ended September 30, 2020
99.3	Unaudited pro forma condensed combined balance sheet as of September 30, 2020, and the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2020

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.

LORDSTOWN MOTORS CORP.

By: /s/ Stephen S. Burns
Name: Stephen S. Burns
Title: Chief Executive Officer and Chairman

Date: November 16, 2020

LORDSTOWN EV CORPORATION (f/k/a LORDSTOWN MOTORS CORP.)

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FINANCIAL INFORMATION

LORDSTOWN EV CORPORATION (f/k/a LORDSTOWN MOTORS CORP.)

Balance Sheets

	(Unaudited) As of September 30, 2020	As of December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 19,576,574	$ 2,159,217
Accounts receivable	20,328	—
Prepaid expenses and other current assets	4,793,970	—
Total current assets	$ 24,390,872	$ 2,159,217
Property, plant and equipment	21,741,328	20,275,729
Intangible assets	11,111,100	11,111,100
Restricted cash	130,009	—
TOTAL ASSETS	**$ 57,373,309**	**$ 33,546,046**
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current Liabilities		
Accounts payable	$ 22,388,178	$ 1,801,655
Accrued and other current liabilities	9,895,666	414,719
Due to related party	5,938,454	2,630,907
Related party notes payable	63,480,577	20,142,466
Total current liabilities	$ 101,702,875	$ 24,989,747
Note payable	1,014,652	—
Total liabilities	$ 102,717,527	$ 24,989,747
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
Stockholders' equity		
Common stock, $0.0001 par value, 10,000,000 shares authorized; 1,305,982 and 1,221,853 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively	128	122
Additional paid in capital	27,365,798	18,946,691
Accumulated deficit	(72,710,144)	(10,390,514)
Total stockholders' (deficit) equity	(45,344,218)	8,556,299
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	**$ 57,373,309**	**$ 33,546,046**

Lordstown Motors Corp.

Statements of Operations

(unaudited)

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	For the period from April 30, 2019 to September 30, 2019
Net sales	$ —	$ —	$ —	$ —
Operating expenses				
Selling and administrative expenses	12,032,463	96,865	17,981,322	96,865
Research and development expenses	29,966,350	258,096	45,946,433	258,096
Total operating expenses	41,998,813	354,961	63,927,755	354,961
Gain on sale of assets	—	—	2,345,996	—
Loss from operations	(41,998,813)	(354,961)	(61,581,759)	(354,961)
Other income (expense)				
Other income (expense)	57,683	(10,658)	163,402	(10,658)
Interest expense	(557,290)	—	(901,273)	—
Loss before income taxes	(42,498,420)	(365,619)	(62,319,630)	(365,619)
Income tax expense	—	—	—	—
Net loss	$ (42,498,420)	$ (365,619)	$ (62,319,630)	$ (365,619)
Loss per share attributable to common shareholders				
Basic & Diluted	(32.75)	(0.37)	(48.02)	(0.73)
Weighted average number of common shares outstanding				
Basic & Diluted	1,297,767	1,000,000	1,297,767	500,000

LORDSTOWN EV CORPORATION (f/k/a LORDSTOWN MOTORS CORP.)

Statements of Stockholder's (Deficit) Equity

(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount			
Balance at June 30, 2020	1,305,982	$ 128	$ 26,657,475	$ (30,211,724)	$ (3,554,121)
Issuance of common stock	—	—	—	—	—
Stock compensation	—	—	708,323	—	708,323
Net loss	—	—	—	(42,498,420)	(42,498,420)
Balance at September 30, 2020	1,305,982	$ 128	$ 27,365,798	$ (72,710,144)	$ (45,344,218)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount			
Balance at December 31, 2019	1,221,853	$ 122	$ 18,946,691	$ (10,390,514)	$ 8,556,299
Issuance of common stock	84,129	6	6,396,493	—	6,396,499
Stock compensation	—	—	2,022,614	—	2,022,614
Net loss	—	—	—	(62,319,630)	(62,319,630)
Balance at September 30, 2020	1,305,982	$ 128	$ 27,365,798	$ (72,710,144)	$ (45,344,218)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Inception at April 30, 2019 and balance at June 30, 2019	—	$ —	$ —	$ —	$ —
Issuance of common stock	1,000,000	100	396,000	—	396,100
Stock compensation	—	—	—	—	—
Net loss	—	—	—	(365,619)	(365,619)
Balance at September 30, 2019	1,000,000	$ 100	$ 396,000	$ (365,619)	$ 30,481

LORDSTOWN EV CORPORATION (f/k/a LORDSTOWN MOTORS CORP.)

Statements of Cash Flows

(unaudited)

	Nine months ended September 30, 2020	For the period from April 30, 2019 to September 30, 2019
Cash flows from operating activities		
Net loss	$ (62,319,630)	$ (365,619)
Adjustments to reconcile net loss to cash used by operating activities:	—	
Stock-based compensation	2,022,614	—
Interest expense	901,273	
Gain on disposal of fixed assets	(2,345,996)	
Changes in assets and liabilities:		
Accounts receivables	(20,328)	—
Prepaid expenses	(4,793,970)	—
Accounts payable	20,586,523	295,000
Accrued expenses and due to related party	10,371,628	
Net cash used by operating activities	(35,597,886)	(70,619)
Cash flows from investing activities		
Sale of capital assets	2,395,996	—
Net cash provided by investing activities	2,395,996	—
Cash flows from financing activities		
Notes payable	1,014,652	—
Related party notes payable	43,338,111	
Issuance of common stock	6,396,493	396,000
Net cash provided by financing activities	50,749,256	396,000
Net increase in cash and cash equivalents and restricted cash	17,547,366	325,381
Cash and cash equivalents and restricted cash at beginning of period	2,159,217	—
Cash and cash equivalents and restricted cash at end of period	$ 19,706,583	$ 325,381

See Notes to Financial Statements

NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Lordstown EV Corporation, formerly known as Lordstown Motors Corp. (“LMC” or the “Company”) is an automotive start-up founded April 30, 2019 in Lordstown, Ohio for the purpose of developing the first electric full-size pickup truck. The Company was founded by Chief Executive Officer Steve Burns with the goal of becoming an original equipment manufacturer (OEM) of electrically powered pickup trucks and vehicles for fleet customers in pursuit of accelerating the sustainable future and set new standards in the industry. In connection with the formation, the Company entered into a stock purchase agreement with Steve Burns, who contributed cash in exchange for 1,000,000 common shares. The Company is in its initial design and testing phase related to its production of the Endurance pickup truck and has yet to bring a completed product to market.

The Company subsequently entered into a common stock subscription agreement whereby the Company issued 131,000 shares to Workhorse Group, Inc. (“Workhorse”), in exchange for the right to use certain intellectual property in vehicle production. The Company has since raised additional capital through Series A issuances during 2019. On November 7, 2019, the Company entered into an Asset Transfer Agreement and separate Mortgage Agreement (collectively, the “Agreements”) with General Motors LLC (“GM”) in which the Company acquired certain real and personal property in Lordstown, Ohio. Pursuant to the Agreements, a Note Payable was issued in the principal amount of $20,000,000, secured by the real property as described in Note 4.

On October 23, 2020, DiamondPeak Holdings Corp.(“DiamondPeak”), consummated a previously announced merger pursuant to the Agreement and Plan of Merger, dated as of August 1, 2020, by and among DiamondPeak, DPL Merger Sub Corp. (“Merger Sub”) and the Company, pursuant to which Merger Sub merged with and into LMC, with LMC surviving the merger as a wholly-owned subsidiary of DiamondPeak. On the Closing Date, as defined, and in connection with the closing of the Business Combination, DiamondPeak Holdings Corp. changed its name to Lordstown Motors Corp. and the Company changed its name to Lordstown EV Corporation.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Financial Statements and related disclosures have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as determined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) and pursuant to the regulations of the U.S. Securities and Exchange Commission (“SEC”). During the third quarter of 2020, the Company corrected the classification of a non-cash item to operating expenses from the prior quarter, as well as the classification of a financing activity to an operating activity on the Statements of Cash Flows. This reclassification was deemed immaterial and had no impact on cash flows.

Comparability

Management notes that while the Company was incorporated in April 2019, activities did not commence until July 2019 upon Mr. Burns’ first capital contribution funded to the entity in exchange for common shares, and as a result prior year results are not comparable.

Use of estimates in financial statement preparation

The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unaudited Interim financial statements

The accompanying Unaudited Interim Balance Sheets as of September 30, 2020 and December 31, 2019, Unaudited Interim Statements of Operations and Stockholders' Equity for the nine months ended September 30, 2020 and from April 30, 2019 to September 30, 2019 respectively, and the three months ended September 30, 2020 and 2019, and the Unaudited Interim Statements of Cash Flows for nine months ended September 30, 2020 and the period from April 30, 2019 to September 30, 2019 have been prepared on the same basis as the audited annual financial statements and, in management's opinion, include all adjustments consisting of only normal recurring adjustments necessary for the fair statement of the Company's financial position as of September 30, 2020 and its results of operations and cash flows for the nine months ended September 30, 2020, the three periods ended September 30, 2019 and for the period from April 30, 2019 to September 30, 2019. The financial data and the other financial information disclosed in the notes to these financial statements related to the three and nine-month periods are also unaudited. The results of operations for the three and nine months ended September 30, 2020 are not necessarily indicative of the results to be expected for the full fiscal year or any other period. These unaudited interim financial statements should be read in conjunction with the Company's annual financial statements for the for the period beginning April 30, 2019 through December 31, 2019.

During the period ended September 30, 2020, an outbreak of a novel strain of coronavirus (COVID-19) has disrupted supply chains and affected production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. COVID-19 disrupted development work on the preparation of the Company's Lordstown facility to produce the Endurance during the nine months ended September 30, 2020. While development work on the facility was delayed by a number of months, long-term impact on the Company's employees and vendors cannot be predicted, and the extent to which COVID-19 may impact the Company's financial condition or results of operations is uncertain at this time.

Recent accounting pronouncements

Other than policies noted within Recent Accounting Pronouncements below, there have been no significant changes from the significant accounting policies disclosed in Note 2 of the "Notes to Financial Statements" to the audited financial statements as of and for the period ended December 31, 2019 incorporated by reference into the Form 8-K to which these unaudited financial statements are attached.

As an emerging growth company ("EGC"), the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act until such time the Company is no longer considered to be an EGC. The adoption dates discussed below reflect this election.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. In July 2018, ASU 2018-10, *Codification Improvements to Topic 842, Leases*, was issued to provide more detailed guidance and additional clarification for implementing ASU 2016-02. Furthermore, in July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method in addition to the existing modified retrospective transition method by allowing a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. Furthermore, on June 3, 2020, the FASB deferred by one year the effective date of the new leases standard for private companies, private NFPs and public NFPs that have not yet issued (or made available for issuance) financial statements reflecting the new standard. These new leasing standards are effective for the Company beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the effect of the adoption of this guidance on the financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments*, which, together with subsequent amendments, amends the requirement on the measurement and recognition of expected credit losses for financial assets held. ASU 2016-13 is effective for the Company beginning December 15, 2022, including interim periods within those fiscal years, with early adoption permitted. The Company is currently in the process of evaluating the effects of this pronouncement on the Company's financial statements and does not expect it to have a material impact on the financial statements.

In June 2018, the FASB issued ASU 2018-07, *Compensation — Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. ASU 2018-07 extends the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 amendments are effective for the Company beginning January 1, 2020 and interim periods within fiscal years beginning after December 15, 2020.The Company is currently evaluating the effect of the adoption of this guidance on the financial statements

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU No. 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company is currently evaluating the impact of this standard on its financial statements.

NOTE 3 — FAIR VALUE MEASUREMENTS

The Company follows the accounting guidance in ASC 820 for its fair value measurements of financial assets and liabilities measured at fair value on a recurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

The Company has not identified any financial assets measured on the basis on the categories defined above.

Management believes the carrying amount of the Related party notes payable described in Note 5 approximates fair value due to current rates, terms and securitization under the Note Payable and Mortgage Agreement and continue to approximate fair value terms that would be available with other third-party lenders. Management also believes the Note payable described in Note 6 approximates fair value as the Note originated in April 2020 with a third-party lender.

NOTE 4 — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of an idle assembly and manufacturing plant in Lordstown, Ohio. The facility is fully equipped with the tooling necessary to begin production of the Endurance pickup truck along with all personal property, purchased from GM in November 2019 for $20,000,000. In early 2019, GM made the decision to halt manufacturing on its Chevrolet Cruze sedan which was manufactured at its Lordstown plant. The plant remained closed with no production until GM and the Company were able to agree on the terms of the asset purchase, which resulted in a purchase price lower than the fair market value of the assets acquired.

The plant was acquired in exchange for a Note Payable *(refer to Note 5 below)*. The Company is currently reengineering its production process, bringing acquired assets up to the level needed for production and evaluating assets that will be necessary in the production of its electric vehicle, the Endurance pickup truck.

The initial cost of other property, plant and equipment includes the value of the note payable, along with any directly attributable costs of bringing the asset to its working condition and location for intended use, including direct acquisition costs and capitalized interest. All assets are currently recorded in construction-in-process (“CIP”) as the Company is still in the process of being the assets to their intended use.

The assets were still under construction and not in service as of September 30, 2020, therefore, depreciation in relation thereto will begin once the identification is complete and production of a saleable product has and when the assets are placed into service. No depreciation expense was recognized for the three and nine months ended September 30, 2020, the three months ended September 30, 2019 or the period from April 30, 2019 to September 30, 2019.

The Company recorded approximately $312,800 of capitalized interest during the period from January 1, 2020 through March 31, 2020 as the facility assets underwent activities necessary to bring them to their intended use. Beginning April 1, 2020, activity on the facility stopped due to the shutdown caused by the COVID-19 pandemic. As these activities were no longer ongoing, interest capitalization on the Note Payable was suspended.

During the second quarter of 2020, the Company received $2,395,996 in connection with the sale of equipment it determined was not necessary for production. As the equipment was acquired for consideration below fair value in November 2019 as described above, the Company recorded a gain on sale of the asset for $2,345,996. Additionally, the Company purchased additional property from GM for $1,202,821 which was recorded to CIP as it is still under development.

While the Company is developing the Lordstown facility and preparing it for its intended use, it began leasing a portion of the property to a third-party lessee on March 1, 2020. Total rental income for the three and nine months ended September 30, 2020 is $25,000 and $75,000 respectively and recorded as Other income in the Statements of Operations. The lease was terminated in August of 2020.

NOTE 5 — RELATED PARTY NOTES PAYABLE

During September 2020, the Company entered into a Placement Agency Agreement with existing LMC shareholders. Pursuant to the terms of the agreement, the Company issued Convertible Promissory Notes to investors for proceeds totaling $13,190,000. It is expected that the Promissory Notes will be converted to common shares as part of the aforementioned merger agreement. The notes bear interest at a simple rate equal to 5% per year and mature on March 31, 2021. The full balance was outstanding as of September 30, 2020. Interest expense for the nine months ended September 30, 2020 amounted to $22,554. Refer to Note 14 for additional funding obtained from the Placement Agency Agreement.

On August 10, 2020, the Company entered into a Placement Agency Agreement with Maxim Group, LLC (“Maxim”). Pursuant to the terms of the agreement, the Company issued Convertible Promissory Notes to a series of investors for proceeds worth $24,711,000. The notes bore interest at a simple rate equal to 5% per year and were scheduled to mature on March 31, 2021. The full balance was outstanding as of September 30, 2020. Interest expense for the nine months ended September 30, 2020 amounted to $172,638. Upon closing of the Business Combination, the Promissory Notes automatically converted into common shares of Lordstown Motor Corp.

On May 28, 2020, the Company entered into a Convertible Promissory Note (the “Convertible Note”) with GM that provides a financing to the Company of up to $10,000,000 secured by the Company’s property, plant and equipment and intangible assets. Pursuant to the terms of the Convertible Note, the Company periodically draws down on the Convertible note to meet its working capital needs. As of September 30, 2020, the outstanding balance of the convertible note is $4,816,000. All outstanding amounts were satisfied in exchange for equity of Lordstown Motors Corp. upon the closing of the Business Combination.

On November 7, 2019, the Company entered into an Asset Transfer Agreement, Operating Agreement and separate Mortgage Agreement (collectively, the “Agreements”) with GM. Pursuant to the Agreements, the Company issued GM a Note Payable in the principal amount of $20,000,000, secured by the property, plant and equipment described in Note 4. The Company has imputed interest of 5% on the Note Payable until February 1, 2020 when the stated interest rate of 7% begins per the terms of the Agreement. Interest for the three and nine months ended September 30, 2020 totaled $353,889 and $1,020,556, respectively, of which $312,778 was capitalized as part of PP&E as described in Note 4. The outstanding principal balance plus accrued interest as of September 30, 2020 and December 31, 2019 was $21,163,021 and $20,142,466, respectively. All outstanding amounts were satisfied in exchange for equity of Lordstown Motors Corp. upon the closing of the Business Combination.

NOTE 6 — NOTE PAYABLE

On April 17, 2020, LMC entered into a Promissory Note with The Huntington National Bank, which provides for a loan in the amount of $1,014,652 (the “PPP Loan”) pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The PPP Loan has a two-year term and bears interest at a rate of 1.0% per annum. Monthly principal and interest payments are deferred for six months after the date of disbursement. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. The Paycheck Protection Program provides that the PPP Loan may be partially or wholly forgiven if the funds are used for certain qualifying expenses as described in the CARES Act. The Company intends to use the entire PPP Loan amount for qualifying expenses and to apply for forgiveness of the loan in accordance with the terms of the CARES Act. The outstanding balance as of September 30, 2020 was $1,014,652.

NOTE 7 — DUE TO RELATED PARTY

In conjunction with the Operating Agreement described in Note 5, the Company is required to reimburse GM for expenditures related to general plant maintenance and compliance associated with the Lordstown facility. The Company recorded expenses for the nine months ended September 30, 2020 in the amount of $2,104,727 and has accrued a total of $5,938,455 of reimbursable costs as of September 30, 2020. No expenses were recorded for the three months ended September 30, 2020. As part of the balance incurred in the period, $1,202,821 relates to the Company's purchase of land from GM. Refer to Note 5 for more details. All expenses were recorded to the Selling, general, and administrative expenses line item on the Statements of Operations.

NOTE 8 — STOCK-BASED COMPENSATION

The Company established an equity incentive plan (the "Plan"), adopted on September 1, 2019. The Plan provides for the granting of 200,000 shares and options to purchase shares to certain employees. Options granted under the Plan may be either incentive stock options ("ISO") or nonqualified stock options ("NSO").

The options are time-based and vest over the defined period in each individual grant agreement. The date at which the options are exercisable is defined in each agreement. The Board establishes the exercise price of the shares subject to an option at the time of the grant, provided, however, that (i) the exercise price of an ISO and NSO shall not be less than 100% of the estimated fair value of the shares on the date of grant, and (ii) the exercise price of an ISO granted to a 10% shareholder shall not be less than 110% of the estimated fair value of the shares on the date of grant. The fair value of the shares is determined by the Board of Directors on the date of grants. Stock options generally have a contractual life of 10 years.

The Company recognizes compensation expense for the shares equal to the fair value of the option at the time of grant. The expense is recognized on a straight-line basis over the vesting period of the awards. The estimated fair value of each stock option grant was computed using the following weighted average assumptions:

	September 30, 2020	September 30, 2019
Risk-free interest rate	1.59 %	—
Expected term (life) of options (in years)	10	—
Expected dividends	— %	—
Expected volatility	50 %	—

The expected volatility was estimated by management based on results from public companies in the industry. The expected term of the awards granted was assumed to be the contract life of the option as determined in the specific arrangement. The risk-free rate of return was based on market yields in effect on the date of each grant for United States Treasury debt securities with a maturity equal to the expected term of the award. The expected dividends are zero as the Company has not historically paid dividends.

The activities of stock options are summarized as follows, including granted, exercised and forfeited for the nine months ended September 30, 2020:

	Number of Options	Weighted Average Grant Date Fair Value per Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Outstanding, beginning of period	80,374	$ 60.78	$ 100	9.9
Granted	18,282	60.45	100	9.4
Exercised	—	—	—	
Forfeited	(1,500)	60.74	100	9.6
Expired	—	—	—	
Outstanding, end of period	97,156	$ 60.72	$ 100	9.2

Total stock-based compensation expense for the three and nine months ended September 30, 2020 is $708,322. and $2,022,614, respectively. As of September 30, 2020, unrecognized compensation expense is $3,596,129 for unvested options, which is expected to be recognized over the next 1.3 years.

The following is a summary of the range of exercise prices for stock options that are exercisable at September 30, 2020:

Range of Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$ 100	24,753	9.5	$ 100

Upon the closing of the Business Combination, each outstanding stock option was converted into approximately 55.8817 options to purchase shares common stock of Lordstown Motors Corp. with an exercise price of $1.79 per share.

NOTE 9 — BASIC AND DILUTED LOSS PER SHARE

The following table shows the computation of basic and diluted loss per share:

	Nine Months Ended September 30, 2020
Net loss after tax attributable to common stockholders	(62,319,630)
Basic and diluted weighted average shares outstanding	1,297,767
Net loss per unit attributable to common stockholder, basic and diluted	(48.02)

The weighted-average outstanding stock options and convertible notes were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been anti-dilutive. This includes vested and unvested stock options and convertible notes.

NOTE 10 — INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided against deferred tax assets when, based on all available evidence, it is considered more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. The Company cannot be certain that future taxable income will be sufficient to realize its deferred tax assets, and accordingly, a full valuation allowance has been provided on its deferred tax assets.

On March 27, 2020, the U.S. President signed into law the CARES Act, an economic stimulus package in response to the COVID-19 global pandemic. The CARES Act contains several corporate income tax provisions, including making remaining alternative minimum tax credits immediately refundable; providing a 5-year carryback of net operating loss carryforwards (“NOLs”) generated in tax years 2018, 2019, and 2020, and removing the 80% taxable income limitation on utilization of those NOLs if carried back to prior tax years or utilized in tax years beginning before 2021; and temporarily liberalizing the interest deductibility rules under Section 163(j) of the Tax Cuts and Jobs Act, by raising the adjusted taxable income limitation from 30% to 50% for tax years 2019 and 2020 and giving taxpayers the election of using 2019 adjusted taxable income for purposes of computing 2020 interest deductibility.

The Company is still evaluating the impact but does not currently expect the provisions of the CARES Act to have a material effect on the realizability of deferred income tax assets or tax expense. There is no material impact for the three and nine months ended September 30, 2020. As additional guidance is released, the Company will evaluate whether there would need to be a change in the period when such guidance is issued.

As of September 30, 2020, there were no material changes to either the nature or the amounts of the uncertain tax positions previously determined for the year ended December 31, 2019.

NOTE 11 — LEASES

Future minimum lease commitments during each of the five years following September 30, 2020 and thereafter are as follows:

	Operating Leases
Three months ended December 31, 2020	$ 108,823
2021	432,576
2022	445,552
2023	302,912
2024	—
2025	—
Thereafter	—
Total minimum lease payments	$ 1,289,863

NOTE 12 — COMMITMENTS AND CONTIGENCIES

The Company is subject to various pending and threatened legal proceedings arising in the ordinary course of business. The Company records a liability for loss contingencies in the consolidated financial statements when a loss is known or considered probable and the amount can be reasonably estimated. Our provisions are based on historical experience, current information and legal advice, and they may be adjusted in the future based on new developments. Estimating probable losses requires the analysis of multiple forecasted factors that often depend on judgments and potential actions by third parties.

On October 30, 2020, the Company, was named as defendants in a lawsuit filed by Karma Automotive LLC (“Karma”) in the United States District Court for the Central District of California. These claims are made in connection with consideration by us of a venture with Karma regarding Karma’s development of an infotainment system for the Endurance and assert that the Company unlawfully poached key Karma employees and misappropriated Karma’s trade secrets and other confidential information. Karma is seeking injunctive relief and various types of damages. The Company is continuing to evaluate the matters asserted in the lawsuit but intend to vigorously defend against these claims and believes it has strong defenses to the claims and the damages demanded. Although it is not possible to predict with certainty the ultimate outcome or cost of these matters, the Company believes they will not have a material adverse effect on our consolidated financial statements

Except as described above, the Company is not a party to any material legal proceedings and is not aware of any pending or threatened claims. From time to time however, the Company may be subject to various legal proceedings and claims that arise in the ordinary course of its business activities.

NOTE 13 — RELATED PARTY TRANSACTIONS

On November 7, 2019, the Company entered into an Asset Transfer Agreement, inclusive of an Operating Agreement, along with a separate Mortgage Agreement (collectively, the “Agreements”) with GM. Pursuant to the Agreements, the Company issued GM a Note Payable in the principal amount of $20,000,000, secured by the real property described in Note 4. Refer to Note 5 for further details on the related party Note Payable.

In addition to the Note Payable, the terms of the Operating Agreement state that all expenses associated with the real property shall be paid by GM and subsequently reimbursed by the Company. As of September 30, 2020, the Company has incurred $5,938,455 under the Operating Agreement, which is recorded in as a Due to related party. GM also holds an option to reacquire certain property located adjacent from the main production plant from Company in the event it determines not to develop the specified property GM holds a call option to purchase the property back for $100. Management has determined the GM is likely to call its option to require and due to an economic incentive GM has to exercise its call option on the property, the Company has not considered itself the deemed owner of the property and has excluded the carrying value of the property from its books and records..

On November 7, 2019, the Company entered into a transaction with Workhorse Group Inc., for the purpose of obtaining certain intellectual property. In connection with the Intellectual Property License Agreement, the Company is also required to pay royalties to for use of the intellectual property related to the production of the Endurance. These royalties will be paid as a percent of each vehicle sold, up to the first 200,000 vehicles, with a prepayment in advance payable upon closing of certain merger agreement described below. As of September 30, 2020, no such royalties had been incurred. Under the terms of a subsequent agreement with Workhorse Group entered into concurrent with the Business Combination Agreement, we agreed to pay Workhorse Group up front royalties of $4.75 million. This payment was made at the closing of the Business Combination.

On May 28, 2020, the Company entered into a Convertible Promissory Note with GM that provides a financing option to the Company of up to $10,000,000. Refer to Note 5 for further details on the Note.

On August 10, 2020, the Company entered into a “Placement Agency Agreement” with Maxim Group, LLC (“Maxim”). Pursuant to the terms of the agreement, the Company issued “Convertible Promissory Notes” to a series of investors for proceeds worth $24,711,000. Upon closing of the Business Combination, the Promissory Notes automatically converted into common shares of Lordstown Motor Corp.

In September 2020, the Company issued Convertible Promissory Notes to a series of investors for proceeds worth $13,190,000. Upon closing of the Business Combination, the Promissory Notes automatically converted into common shares of Lordstown Motor Corp.

NOTE 14 — SUBSEQUENT EVENTS

In October 2020, the Company entered into a Placement Agency Agreement with certain LMC directed parties. Pursuant to the terms of the agreement, the Company issued Convertible Promissory Notes to a series of investors for proceeds worth $2,099,000. It is expected that the Promissory Notes will be converted to common shares as part of the aforementioned merger agreement. The notes bear interest at a simple rate equal to 5% per year and mature on March 31, 2021.

Except for the events discussed in Note 1 in connection with the Business Combination, the Company determined that there are no other items to disclose.

LORDSTOWN EV CORPORATION (f/k/a LORDSTOWN MOTORS CORP.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information that Lordstown's management believes is relevant to an assessment and understanding of Lordstown's results of operations and financial condition. The discussion should be read together with the unaudited interim financial statements and related notes for the three and nine months ended September 30, 2020, the three months ended September 30, 2019 and the period of April 30, 2019 to September 30, 2019 that are included as part of the Form 8-K to which this Management's Discussion and Analysis of Financial Condition and Results of Operations is attached. The discussion and analysis should also be read together with the pro forma financial information for the period from April 30, 2019 through December 31, 2019 and for the nine months ended September 30, 2020 that is part of the Form 8-K to which this Management's Discussion and Analysis of Financial Condition and Results of Operations is attached. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" or in other parts of the Form 8-K to which this Management's Discussion and Analysis of Financial Condition and Results of Operations is attached.. Unless the context otherwise requires, references in this "Lordstown Management's Discussion and Analysis of Financial Condition and Results of Operations" to "Lordstown" refer to the business and operations of Lordstown Motors Corp. and its subsidiaries prior to the Business Combination and to Lordstown, following the consummation of the Business Combination.

Overview

Lordstown is an automotive start-up company founded in April 2019 for the purpose of developing and manufacturing the first electric full-size pickup truck targeted for sale to fleet customers. Located in Lordstown, Ohio, Lordstown's facility spans 6.2 million square feet and is in a near-production-ready state.

Since inception, Lordstown has been developing its flagship vehicle, the Endurance, an electric full-size pickup truck. Lordstown has built an operational prototype and publicly introduced the Endurance in June 2020 and expects to complete the production of additional engineering and pre-production vehicles during the remainder of 2020 and early 2021. Lordstown is targeting commencement of commercial production and initial sales in in the second half of 2021.

Lordstown's goal is to achieve a leadership position as an OEM vehicle supplier to the commercial fleet industry. Lordstown intends to do so by focusing on the following strengths:

- a highly experienced and proven senior management team led by founder and CEO, Mr. Steve Burns, with over 180 years of collective experience in the automotive and electric vehicle areas from prominent OEMs;
- the near-production-ready, strategically located Lordstown Complex, which Lordstown believes offers significant advantages in terms of the time and cost necessary to reach full-scale commercial production;
- the unique and efficient design of the Endurance incorporating advanced technology and engineering, including the use of in-wheel hub motors resulting in what Lordstown believes will be among the fewest moving parts of any highway-capable production vehicle ever produced; and
- a safe, reliable and efficient vehicle, designed for and targeted to the needs of the fleet market, that Lordstown believes will offer a significantly reduced total cost of ownership as compared to currently available alternatives.

Within the broader trend of vehicle electrification, by targeting the sizable fleet market and focusing on its particular needs, Lordstown aims to obtain a "first mover" advantage, build strong customer relationships and capitalize on a significant market opportunity.

Recent Developments

The Business Combination

Lordstown entered into a Business Combination Agreement (the “Business Combination Agreement”) with DiamondPeak Holdings Corp. (“DiamondPeak”) on August 1, 2020. Pursuant to the Business Combination Agreement, Merger Sub, a newly formed wholly-owned subsidiary of DiamondPeak, merged with and into Lordstown. Upon consummation of the Business Combination, the separate corporate existence of Merger Sub ceased and Lordstown survived and become a wholly-owned subsidiary of DiamondPeak. DiamondPeak was renamed Lordstown Motors Corp. and Lordstown was renamed Lordstown EV Corporation.

The Business Combination was accounted for as a reverse recapitalization. Lordstown was deemed the accounting predecessor and the combined entity will be the successor SEC registrant, meaning that Lordstown’s financial statements for previous periods will be disclosed in the registrant’s future periodic reports filed with the SEC. Under this method of accounting, DiamondPeak was treated as the acquired company for financial statement reporting purposes. The most significant change in the successor’s future reported financial position and results are an estimated net increase in cash (as compared to Lordstown’s balance sheet at September 30, 2020) of approximately $708 million, including $425 million in gross proceeds from the private investment in public equity (“PIPE”) by DiamondPeak. Total transaction costs were approximately $50 million . See “Unaudited Pro Forma Condensed Combined Financial Information.” In connection with the Business Combination, Lordstown settled the outstanding principal and accrued but unpaid interest due on its outstanding existing credit facility with GM, which amounted to approximately $21.2 million as of September 30, 2020.

As a consequence of the Business Combination, the combined company will need to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. The combined company expects to incur additional annual expenses as a public company that Lordstown did not historically incur to date for, among other things, directors’ and officers’ liability insurance, director fees and additional internal and external accounting and legal and administrative resources, including increased audit and legal fees.

Impact of COVID-19

During 2020, an outbreak of a novel strain of coronavirus (COVID-19) has disrupted supply chains and affected production and sales across a range of industries and has led to a global decrease in vehicle sales in markets around the world. While the impact to Lordstown’s financial performance is unpredictable, the COVID-19 crisis may cause a decrease in demand for Lordstown’s vehicles if fleet operators delay purchases of vehicles or if fuel prices for internal combustion engine vehicles remain low, an increase in costs resulting from Lordstown’s efforts to mitigate the effects of COVID-19, delays in Lordstown’s schedule to full commercial production of the Endurance and disruptions to Lordstown’s supply chain, among other negative effects.

The pandemic has resulted in government authorities implementing certain measures to contain the spread of COVID-19, including travel bans and restrictions, quarantines, shelter-in-place and stay-at-home orders, and business shutdowns. If, as a result of these measures, Lordstown has to limit the number of employees and contractors at the Lordstown Complex at a given time, it could cause a delay in retooling efforts or in the production schedule of the Endurance.

Further, Lordstown’s sales and marketing activities may be adversely affected due to the cancellation or reduction of in-person sales activities, meetings, events and conferences. If Lordstown’s workforce is unable to work effectively, due to illness, quarantines, government actions, or other restrictions in connection with COVID-19, operations will be adversely affected. Lordstown’s planned operations at a single facility, the Lordstown Complex, concentrate these risks.

The extent of the impact of COVID-19 on Lordstown’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. Impact on Lordstown’s employees and vendors cannot be predicted, and the extent to which COVID-19 may impact Lordstown’s financial condition or results of operations is uncertain at this time.

Components of Results of Operations

Net Sales

Lordstown has not begun commercial operations and currently does not generate any revenue. Once Lordstown commences production and commercialization of vehicles, it is expected that the majority of Lordstown's revenue will be initially derived from direct sales of electric pickup trucks.

Operating Expenses

Lordstown's operating expenses have been limited to date and are not indicative of the type or amount of expenses expected to be incurred in the future. Following the Business Combination, Lordstown expects expenses to increase in the near term as the engineering and design of the Endurance are completed, the Lordstown Complex is retooled and prepared for commercial production, additional personnel are hired, commercial marketing efforts commence, and public company costs are incurred. These increases are likely to occur in advance of corresponding revenue generation. As production and sales commence and Lordstown grows its business, it will also incur costs of goods sold, license fees and will begin recording depreciation and amortization expense.

Selling and Administrative Expense

Selling, administrative and other costs to date have consisted primarily of employee expense, legal and professional, travel and entertainment, rent, insurance, marketing, freight, utilities, taxes and other. Lordstown intends to incur significant additional operating and general and administrative expenses as it begins production, specifically related to the hiring of a highly skilled workforce and to build the Endurance.

Research and Development Expense

Research and development costs to date have consisted primarily of personnel costs for engineering and research, prototyping costs and contract and professional services. Lordstown intends to incur significant additional research and development costs as it begins production, specifically related to product development, validation, and certification.

Income Taxes

Lordstown's income tax provision consists of an estimate for U.S. federal and state income taxes based on enacted rates, as adjusted for allowable credits, deductions, changes in deferred tax assets and liabilities, and changes in the tax law. Lordstown maintains a valuation allowance against the full value of U.S. and state deferred tax assets because management believes the recoverability of the tax assets is uncertain.

Results of Operations for the nine months ended September 30, 2020 compared to the period from April 31, 2019 through September 30, 2020

	Nine months ended September 30, 2020	April 30, 2019 through September 30, 2019
Net sales	$ —	$ —
Operating expenses		
Selling and administrative expenses	17,981,322	96,865
Research and development expenses	45,946,433	258,096
Total operating expenses	63,927,755	354,961
Gain on sale of assets	2,345,996	—
Loss from operations	(61,581,759)	(354,961)
Other income (expense)	163,402	(10,658)
Interest expense	(901,273)	—
Loss before income taxes	(62,319,630)	(365,619)
Income tax expense	—	—
Net loss	$ (62,319,630)	$ (365,619)

Selling and Administrative Expense

Selling and administration expenses increased $17.9 million or 18,463% during the nine months ended September 30, 2020, compared to the five-month period from April 30, 2019 through September 30, as Lordstown ramped up development and organizational activities in 2020. Additionally, the entity accrued for approximately $8.1 million of transaction expenses related to the business combination as described above. Further, the nine months ended includes nine months of activity versus the five-month period April 30, 2019 through September 30, 2019.

Research and Development Expense

Research and development expenses increased $45.7 million or 17,702% during the nine months ended September 30, 2020 compared to the five-month period from April 30, 2019 through September 30, 2019 as Lordstown continued design and development work on the Endurance. Further, the nine months ended includes nine months of activity versus the five-month period April 30, 2019 through September 30, 2019.

Gain on sale of assets

During the nine months ended September 30, 2020, Lordstown received approximately $2.4 million in connection with the sale of equipment it determined was not necessary for production. As the equipment was acquired for consideration below fair value from GM in November 2019, Lordstown recorded a gain on the sale of equipment as the sale price exceeded its relative fair value.

Interest expense

Interest expense increased $0.9 million or 100% compared to the nine months ended September 30, 2020 compared to the five-month period from April 30, 2019 through September 30, 2019, which is a result of additional funding obtained by the Company.

Results of Operations for the three months ended September 30, 2020 compared to 2019.

The following table sets forth Lordstown's historical operating results for the months ended:

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019
Net sales	$ —	$ —
Operating expenses:		
Selling and administrative expenses	12,032,463	96,865
Research and development expenses	29,966,350	258,096
Total operating expenses	41,998,813	354,961
Loss from operations	(41,799,621)	(354,961)
Other income (expense)	57,683	(10,658)
Interest expense	(557,290)	—
Loss before income taxes	(42,498,420)	(365,619)
Income tax expense	—	—
Net loss	(42,498,420)	$ (365,619)

Selling and Administrative Expense

Selling and administrative expense increased $11.9 million or 12,322% during the three months ended September 30, 2020 compared to the three months ended September 30, 2019, as Lordstown ramped up development and organizational activities in 2020. Additionally, the entity accrued for approximately $8.1 million of transaction expenses related to the business combination as described above.

Research and Development Expense

Research and development expenses were approximately increased $29.7 million or 11,511% during the three months ended September 30, 2020 compared to the three months ended September 30, 2019, as Lordstown continued design and development work on the Endurance.

Interest expense

Interest expense increased $0.6 million or 100% during the three months ended September 30, 2020 compared to the three months ended September 30, 2019, which is a result of an additional $63.4 million in funding obtained by the Company.

Financial Condition, Liquidity, and Capital Resources

Debt

As of September 30, 2020, Lordstown had $64.5 million in outstanding debt, most of which was to repaid or converted into equity upon the consummation of the Business Combination.

On November 7, 2019, Lordstown issued to GM a Note Payable (the “Note Payable”) in the principal amount of $20 million. The Note Payable began bearing interest on February 1, 2020, at a rate of 7.0% per year. Interest from November 7, 2019 through January 31, 2020 was imputed at a rate of 5%. All outstanding amounts were satisfied in exchange for equity of Lordstown Motors Corp. upon the closing of the Business Combination.

On April 17, 2020, Lordstown entered into a Promissory Note with The Huntington National Bank, which provides for a loan in the amount of $1.0 million (the “PPP Loan”) pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The PPP Loan has a two-year term and bears interest at a rate of 1.0% per annum.

On May 28, 2020, Lordstown entered into a Convertible Promissory Note (the “GM Convertible Note”) with GM that provides additional financing to Lordstown of up to $10 million. As of September 30, 2020, the outstanding balance on the note was $4.8 million. Any amounts outstanding under the GM Convertible Note, all outstanding amounts were satisfied in exchange for equity of Lordstown Motors Corp. upon the closing of the Business Combination.

On August 10, 2020, Lordstown entered into a Placement Agency Agreement with Maxim Group, LLC (“Maxim”). Pursuant to the terms of the agreement, Lordstown issued Convertible Promissory Notes to a series of investors for aggregate proceeds of $24.7 million. These Convertible Promissory Notes converted to equity in conjunction with the terms of the Business Combination.

In September 2020, the Company entered into a Placement Agency Agreement with existing LMC shareholders. Pursuant to the terms of the agreement, the Company issued Convertible Promissory Notes to a series of investors for proceeds worth $13.2 million. These Convertible Promissory Notes are expected to convert to equity in conjunction with the terms of the Business Combination. Refer to Note 13 of the audited financial statements included elsewhere in this filing for more information about these Convertible Promissory Notes.

Cash Flows

The following table provides a summary of Lordstown’s cash flow data for the period indicated:

	Nine months ended September 30, 2020	For the Period April 30, 2019 to September 30, 2019
Net cash used by operating activities	$ (35,597,886)	$ (70,619)
Net cash provided by investing activities	$ 2,395,996	$ —
Net cash provided by financing activities	$ 50,749,256	$ 396,000

Net Cash Used by Operating Activities

From inception through September 30, 2019, net cash used by operating activities was $0.1 million. Net loss of $0.4 million was offset by $0.3 million of accounts payable and accrued expenses.

For the nine months ended September 30, 2020, net cash used by operating activities was $35.6 million. Net loss of $62.3 million and net gain on the disposal of equipment of $2.3 million was offset mainly by $20.6 million of accounts payable and $10.3 million of accrued liabilities and due to related party. The large increase in the aforementioned accounts is due to the Company ramping up production and therefore incurring additional costs, plus the accrual of $8.1 million of transaction expenses in conjunction with the business combination as described above.

Net Cash Provided by (Used by) Investing Activities

From inception through September 30, 2019, there was no cash used or provided by investing activities.

For the nine months ended September 30, 2020, cash provided by investing activities relates to the proceeds from the sale of equipment amounting to $2.4 million.

Net Cash Provided by Financing Activities

From inception through September 30, 2019, cash flows from financing activities was $0.4 million, which was the result of the issuance of common stock.

For the nine months ended September 30, 2020, cash flows from financing activities consisted of $6.4 million generated from sale of common stock, $1.0 million from the Paycheck Protection Program, and $43.3 million from related party funding.

Requirements and Resources

Lordstown estimates the following cash requirements over the approximately twelve month period from the date of the Business Combination in order to complete the design and engineering of the Endurance, retooling of the Lordstown Complex, and preparations to enter commercial production and ramp up sales efforts:

- approximately $120 million of capital expenditures for retooling the Lordstown Complex and other investments to complete the Endurance and its supply chain;
- approximately $90 million for research and development to complete the design and engineering of the Endurance and complete testing, validation and certification; and
- approximately $130 million in operating and general and administrative expense as Lordstown hires a skilled workforce to build the Endurance and otherwise support commercial production and sales.

Lordstown believes the proceeds of the Business Combination will provide sufficient funds to support these activities and that, if successful, Lordstown may be able to achieve positive operating cash flow without additional external funding. However, there are significant uncertainties as to Lordstown's ability to do so. Additional funding may be required for a variety of reasons, including, but not limited to, delays in anticipated schedule to complete the design of the Endurance or retooling of the Lordstown Complex, among other factors. Our budget projections may be subject to cost overruns for reasons outside of our control and we may experience slower sales growth than anticipated, which would pose a risk to our achieving cash flow positivity.

If Lordstown were to require additional funding or otherwise determined it was beneficial to seek additional sources of financing, Lordstown believes that its strong, debt-free balance sheet following the transaction would enable the combined company to access financing on reasonable terms. However, there can be no assurance that such financing would be available to Lordstown on favorable terms or at all. In addition to traditional sources of equity and debt capital, Lordstown could pursue governmental support.

Contractual Obligations and Commitments

The following table summarizes Lordstown's contractual obligations and other commitments for cash expenditures as of September 30, 2020:

	Payments Due by Period				
	Total	Less than 1 Year	1 – 3 Years	3 – 5 Years	More than 5 years
Contractual Obligations					
Related party notes payable	$ 63,480,577	$ 63,480,577	$ —	$ —	$ —
PPP Loan	$ 1,014,652	$ 635,985	$ 378,667	$ —	$ —
Operating leases	$ 428,292	$ 428,292	$ —	$ —	$ —
Total	$ 64,923,521	$ 64,544,854	$ 378,667	$ —	$ —

Additionally, refer to "Debt" section above for a discussion of Convertible Promissory Notes issued by Lordstown for the nine months ended September 30, 2020.

Off-Balance Sheet Arrangements

Lordstown did not have during the periods presented, and does not currently have, any off-balance sheet arrangements, as defined under SEC rules.

Recent Accounting Pronouncements

See Note 2 to the unaudited financial statements included as part of the Form 8-K to which this Management's Discussion and Analysis and Financial Condition and Results of Operations is attached for more information about recent accounting pronouncements, the timing of their adoption, and management's assessment, to the extent they have made one, of their potential impact on Lordstown's financial condition and results of operations.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Defined terms included below shall have the same meaning as terms defined in the Definitive Proxy Statement Relating to Merger or Acquisition (the "Proxy") filed with the Securities and Exchange Commission (the "SEC") on October 8, 2020. Unless the context otherwise requires, the "Company," "we," "our," and "its" refers to Lordstown Motors Corp. (f/k/a DiamondPeak Holdings Corp.) and its subsidiaries after the Closing, "DiamondPeak" refers DiamondPeak Holdings Corp. prior to the Closing, and "Legacy Lordstown" refers to Lordstown EV Corp. (f/k/a Lordstown Motors Corp.) prior to the Closing (which is now our wholly-owned subsidiary).

Introduction

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X.

DiamondPeak was a blank check company whose purpose is to acquire, through a merger, share exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more businesses. DiamondPeak was incorporated in Delaware on November 13, 2018, as DiamondPeak Holdings Corp. On March 4, 2019, DiamondPeak consummated its Initial Public Offering. Upon the closing of the Initial Public Offering, of 25,000,000 of its units, DiamondPeak generated gross proceeds of $250,000,000 that were placed in a Trust Account and invested in U.S. "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act having a maturity of 180 days or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act which invest only in direct U.S. government treasury obligations. On March 4, 2019, simultaneously with the consummation of the Initial Public Offering, DiamondPeak completed the private sale of 4,666,667 Private Placement Warrants at a purchase price of $1.50 per warrant to the Sponsor, and certain funds and accounts managed by subsidiaries our anchor investor generating gross proceeds of $7,000,000. On March 18, 2019, DiamondPeak sold an additional 3,000,000 Units at $10.00 per unit and sold an additional 400,000 Private Placement Warrants at $1.50 per private placement warrant, generating total gross proceeds of $30,600,000. Following such closing, an additional $30,000,000 of net proceeds ($10.00 per Unit) was deposited in the Trust Account, resulting in $280,000,000 ($10.00 per Unit) in aggregate deposited into the trust account. DiamondPeak had 24 months from the closing of the IPO (by March 4, 2021) to complete an initial business combination.

Legacy Lordstown is an automotive start-up founded April 30, 2019 in Lordstown, Ohio for the purpose of developing the first electric full-size pickup truck and becoming an original equipment manufacturer (OEM) of electrically powered pick-up trucks and vehicles for fleet customers in pursuit of accelerating the sustainable future and set new standards in industry. Legacy Lordstown is currently in its initial design and testing phase and has yet to bring a completed product to market.

The unaudited pro forma condensed combined balance sheet as of September 30, 2020 combines the historical balance sheet of DiamondPeak and the historical balance sheet of Legacy Lordstown on a pro forma basis as if the Business Combination and related Transactions, summarized below, had been consummated on September 30, 2020. The unaudited pro forma combined statements of operations for the year ended December 31, 2019 and condensed combined statement of operations for the nine months ended September 30, 2020, combine the historical statements of operations of DiamondPeak and Legacy Lordstown for such periods on a pro forma basis as if the Business Combination and related transactions, summarized below, had been consummated on April 30, 2019, the beginning of the earliest period presented. The related transactions that are given pro forma effect (the "Related Transactions") include:

- the reverse recapitalization between Merger Sub and Legacy Lordstown;
- the net proceeds from the issuance of Class A common stock in the PIPE Investment; and
- the issuance and conversion of Convertible Promissory Notes into Class A common stock.

The pro forma condensed combined financial information may not be useful in predicting the future financial condition and results of operations of the post-combination company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The unaudited pro forma condensed combined financial statements have been developed from and should be read in conjunction with:

- The accompanying notes to the unaudited pro forma condensed combined financial statements;
- The unaudited and audited financial statements of DiamondPeak as of and for the nine months ended September 30, 2020, and for the year ended December 31, 2019 contained in the Company's filings with the SEC;
- The unaudited and audited financial statements of Legacy Lordstown as of and for the nine months ended September 30, 2020, and for the period ended December 31, 2019 incorporated by reference into or included with the Form 8-K to which this Unaudited Pro Forma Condensed Combined Financial Information is attached; and
- Other information relating to DiamondPeak and Legacy Lordstown contained the Form 8-K to which this Unaudited Pro Forma Condensed Combined Financial Information is attached and other filings with the SEC, including the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the financial statements included therein.

Pursuant to DiamondPeak's certificate of incorporation, public stockholders were offered the opportunity to redeem, upon the Closing of the Business Combination, shares of DiamondPeak Class A common stock then held by them for cash equal to their pro rata share of the aggregate amount on deposit (as of two business days prior to the Closing) in the Trust Account. The unaudited condensed combined pro forma financial statements reflect actual redemption of 970 shares of Common Stock at $10.14 per share.

The Business Combination will be accounted for as a reverse recapitalization, in accordance with GAAP. Under this method of accounting, the Company will be treated as the "acquired" company for financial reporting purposes. Accordingly, the Business Combination will be treated as the equivalent of Legacy Lordstown issuing stock for the net assets of DiamondPeak, accompanied by a recapitalization. The net assets of the resulting company will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of Legacy Lordstown.

Legacy Lordstown has been determined to be the accounting acquirer based on evaluation of the following facts and circumstances:

- Legacy Lordstown has the largest single voting interest block in the post-combination company;
- Legacy Lordstown had the ability to nominate the majority of the members of the board of directors following the Closing;
- Legacy Lordstown holds executive management roles for the post-combination company and is responsible for the day-to-day operations;
- The post-combination company assumed Legacy Lordstown's name; and
- The intended strategy of the post-combination company will continue Legacy Lordstown's current strategy of being a leader in electric vehicle design.

Description of the Business Combination

The aggregate consideration for the Business Combination was $788.7 million, paid in the form of shares of our Class A common stock.

The following summarizes the consideration:

Total shares transferred, inclusive of rollover options	78,867,815
Value per share[1]	10.00
Total Share Consideration[2]	$788,678,150

The following summarizes the pro forma shares of Class A common stock shares outstanding at September 30, 2020 (in thousands):*

	Shares Outstanding	%
Lordstown Shareholders	75,918	46.1%
Convertible Promissory Notes	4,032	2.4%
Total Lordstown Merger Shares	79,950	48.5%
DiamondPeak Public Shares	27,999	17.0%
DiamondPeak Founder Shares	7,000	4.2%
Total DiamondPeak Shares	34,999	21.2%
GM PIPE	7,500	4.5%
PIPE	42,500	25.8%
Total PIPE	50,000	30.3%
Pro Forma Common Stock	164,949	100.0%

* Amounts and percentages exclude all Legacy Lordstown Options (including vested Legacy Lordstown Options) as they were not outstanding common stock at the time of Closing

The following unaudited pro forma condensed combined balance sheet as of September 30, 2020 and the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2020 and combined statement of operations for the period ended December 31, 2019 are based on the historical financial statements of DiamondPeak and Legacy Lordstown. The unaudited pro forma adjustments are based on information currently available, and assumptions and estimates underlying the unaudited pro forma adjustments are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma condensed combined financial information.

1 Share Consideration is calculated using a $10.00 reference price. The closing share price on the date of consummation of the Business Combination was $20.45. As the Business Combination was accounted for as a reverse recapitalization, the value per share is disclosed for information purposes only in order to indicate the fair value of shares transferred.
2 Total Share Consideration based on the Merger Agreement includes the base purchase price amount of $783.4 million as well as the aggregate exercise price of the Legacy Lordstown Options that have vested or will vest by January 1, 2021 of $5.3 million. This amount does not include Exchanged Options scheduled to vest subsequent to January 1, 2021.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2020
(in thousands)

	As of September 30,2020			As of September 30, 2020
	Lordstown (Historical)	DiamondPeak (Historical)	Pro Forma Adjustments	Pro Forma Combined
ASSETS				
Current assets:				
Cash and cash equivalents	$ 19,577	$ 69	$ 20,045 A	$ 695,998
			283,998 B	-
			425,000 C	-
			(2,000) D	-
			(48,040) E	-
			2,099 F	
			(4,750) G	
Accounts receivable	20			20
Prepaid income taxes		175		175
Prepaid expenses and other current assets	4,794	53	4,750 G	9,597
Total current assets	24,391	297	681,102	705,790
Non-current assets:				
Cash and investments held in Trust Account		284,008	(283,998) B	-
			(10) H	
Property, plant and equipment	21,741	-	23,438 A	45,179
Intangible assets	11,111	-	-	11,111
Restricted cash	130			130
Total non-current assets	32,982	284,008	(260,570)	56,420
TOTAL ASSETS	**57,373**	**284,305**	**420,532**	**762,210**
LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY (DEFICIT)				
Accounts payable	22,388	63		22,451
Due to related party	5,938		(5,938) A	-
Related party notes payable	63,480		(25,579) A	-
			2,099 F	
			(40,000) J	
Accrued and other current liabilities	9,896	2,140	(10,235) E	1,677
			195 I	
			(319) J	
Total current liabilities	101,702	2,203	(79,777)	24,128
Non-current liabilities:				
Notes Payable	1,015			1,015
Deferred underwriting commissions		9,800	(9,800) D	-
Total non-current liabilities	1,015	9,800	(9,800)	1,015
Total liabilities	102,717	12,003	(89,577)	25,143
Commitment and Contingencies				
Temporary equity:				
Class A Common stock subject to possible redemption		267,302	(10) H	-
			(267,292) K	
Stockholders' equity (deficit):				
Preferred stock	-	-		-
Class A Common stock	-	-	4 C	16
			3 K	
			8 L	
			1 M	
Class B Common stock	-	1	(1) M	
Additional paid-in capital	27,366	4,395	75,000 A	822,339
			424,996 C	
			7,800 D	
			(36,507) E	
			40,319 J	
			267,289 K	
			(8) L	
			604 N	
			11,085 O	
Retained earnings (deficit)	(72,710)	604	(1,298) E	(85,288)
			(195) I	
			(604) N	
			(11,085) O	
Total stockholders' equity (deficit)	(45,344)	5,000	777,411	737,067
TOTAL LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' DEFICIT	**57,373**	**284,305**	**420,532**	**762,210**

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

(in thousands, except share and per share data)

	For the Nine Months Ended September 30, 2020			For the Nine Months Ended September 30, 2020
	Lordstown (Historical)	**DiamondPeak (Historical)**	**Pro Forma Adjustments**	**Pro Forma Combined**
Revenue:				
Revenue	$ -	$ -	$ -	$ -
Operating costs and expenses:				
Selling, administrative and other	17,981	3,279	(90) **AA**	10,935
			(10,235) **BB**	
Research and development	45,946	-	-	45,946
Total operating costs and expenses	63,927	3,279	(10,325)	56,811
Gain on sale of assets	2,346			2,346
Loss from operations	(61,581)	(3,279)	10,325	(54,535)
Other income (expense):				
Other income (expense)	163			163
Interest expense	(901)		582 **CC**	(319)
Other income - Interest income on Trust Account		1,060	(1,060) **DD**	-
Total other income (expense)	(738)	1,060	(478)	(156)
Net income (loss) before income tax provision	(62,319)	(2,219)	9,847	(54,691)
Income tax provision	-	191	(191) **EE**	-
Net income (loss)	**(62,319)**	**(2,410)**	**10,038**	**(54,691)**
Weighted Common shares outstanding - Class A		28,000,000		164,948,923
Basic and diluted net income (loss) per share - Class A		$ 0.03	$	$ (0.33)
Weighted Common shares outstanding - Class B		7,000,000		-
Basic and diluted net income (loss) per share - Class B		$ (0.45)	$	$ -

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR YEAR ENDED DECEMBER 31, 2019
(in thousands, except share and per share data)

	For the Year ended December 31, 2019			For the Year ended December 31, 2019
	Lordstown (Historical)	DiamondPeak (Historical)	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Revenue	$ -	$ -	$ -	$ -
Operating costs and expenses:				
General and administrative	4,526	619	(100) AA	5,045
Research and development	5,865	-	-	5,865
Total operating costs and expenses	10,391	619	(100)	10,910
Loss from operations	(10,391)	(619)	100	(10,910)
Other income (expense):				
Interest expense	-		-	-
Other income - Interest income on Trust Account		4,548	(4,548) DD	-
Total other income (expense)	-	4,548	(4,548)	-
Net income (loss) before income tax provision	(10,391)	3,929	(4,448)	(10,910)
Income tax provision	-	913	(913) EE	-
Net income (loss)	**(10,391)**	**3,016**	**(3,535)**	**(10,910)**
Weighted Common shares outstanding - Class A		27,860,927		164,948,923
Basic and diluted net income (loss) per share - Class A		$ 0.12		$ (0.07)
Weighted Common shares outstanding - Class B		7,000,000		-
Basic and diluted net loss per share - Class B		$ (0.06)		$ -

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

The Business Combination will be accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, DiamondPeak will be treated as the "acquired" company for financial reporting purposes. Accordingly, the Business Combination will be treated as the equivalent of Legacy Lordstown issuing stock for the net assets of the Company, accompanied by a recapitalization. The net assets of DiamondPeak are be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of Legacy Lordstown.

The unaudited pro forma condensed combined balance sheet as of September 30, 2020 assumes that the Business Combination occurred on September 30, 2020. The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2020 and the year ended December 31, 2019 present pro forma effect to the Business Combination as if it had been completed on April 30, 2019. These periods are presented on the basis of Legacy Lordstown as the accounting acquirer.

The unaudited pro forma condensed combined balance sheet as of September 30, 2020 has been prepared using, and should be read in conjunction with, the following:

- DiamondPeak's unaudited condensed balance sheet as of September 30, 2020 and the related notes for the period ended September 30, 2020 contained in the Company's filings with the SEC; and

- Lordstown's unaudited condensed balance sheet as of September 30, 2020 and the related notes for the period ended September 30, 2020 included with the Form 8-K to which this Unaudited Pro Forma Condensed Combined Financial Information is attached.

The unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2020 has been prepared using, and should be read in conjunction with, the following:

- DiamondPeak's unaudited condensed statement of operations for the nine months ended September 30, 2020 and the related notes contained in the Company's filings with the SEC; and

- Lordstown's unaudited condensed statement of operations for the nine months ended September 30, 2020 and the related notes included with the Form 8-K to which this Unaudited Pro Forma Condensed Combined Financial Information is attached

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2019 has been prepared using, and should be read in conjunction with, the following:

- DiamondPeak's audited statement of operations for the twelve months ended December 31, 2019 and the related notes contained in the Company's filings with the SEC; and

- Lordstown's audited statement of operations for the period from April 30, 2019 to December 31, 2019 and the related notes incorporated by reference into the Form 8-K to which this Unaudited Pro Forma Condensed Combined Financial Information is attached.

Management has made significant estimates and assumptions in its determination of the pro forma adjustments. As the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

The unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Business Combination.

The pro forma adjustments reflecting the consummation of the Business Combination are based on certain currently available information and certain assumptions and methodologies that we believe are reasonable under the circumstances. The unaudited condensed pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the difference may be material. We believe that our assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination based on information available to management at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Business Combination taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of the post-combination company. They should be read in conjunction with the historical financial statements and notes thereto of DiamondPeak and Legacy Lordstown.

2. Adjustments to Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the Business Combination and has been prepared for informational purposes only.

The historical financial statements have been adjusted in the unaudited pro forma condensed combined financial information to give pro forma effect to events that are (1) directly attributable to the Business Combination, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the results of the post-combination company. Legacy Lordstown and DiamondPeak did not have any historical relationship prior to the business combination. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

The pro forma combined provision for income taxes does not necessarily reflect the amounts that would have resulted had the post-combination company filed consolidated income tax returns during the periods presented.

The pro forma basic and diluted earnings per share amounts presented in the unaudited pro forma condensed combined statements of operations are based upon the number of the post-combination company's shares outstanding, assuming the Business Combination occurred on April 30, 2019.

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

The adjustments included in the unaudited pro forma condensed combined balance sheet as of September 30, 2020 are as follows:

(A) Represents proceeds and payment-in-kind contributions from the PIPE Investment by GM for 7.5 million shares of Class A common stock. In exchange for the equity value of $75.0 million, GM provided permits required to operate the Lordstown Complex, with a value of approximately $23.4 million, as well as settlement of the $20.6 GM Deferred Purchase Price Obligation (as defined below), the $5.9 million owed to GM for reimbursable operating expenses related to the Lordstown Complex, and the outstanding $5.0 million drawn upon the GM Promissory Note (as defined below). The remainder of the contribution was in cash upon Closing.

(B) Reflects the reclassification of $284.0 million of marketable securities held in the DiamondPeak's Trust Account at the balance sheet date that became available to fund the Business Combination.

(C) Represents the net proceeds from the private placement of 42.5 million shares of common stock at $10.00 per share pursuant to the PIPE Investment.

(D) Reflects the settlement of $9.8 million deferred underwriters' fees. The Company and the underwriters' agreed to reduce the deferred underwriters' fee to $2.0 million, which was paid at the Closing.

(E) Represents transaction costs of $48.0 million, in addition to the deferred underwriting fees noted above, anticipated in consummating the Business Combination. Of this amount shown, approximately $10.2 million of the amount was incurred or accrued for on the balance sheet as of September 30, 2020 and is reflected as a reduction against accrued and other current liabilities. Approximately $36.5 million of the amount relates to equity issuance and is reflected as a reduction against proceeds in proceeds in additional paid-in capital. The remaining amount of $1.3 million is reflected within retained earnings.

(F) Represents the gross issuance of $2.1 million of Convertible Promissory Notes issued subsequent to September 30, 2020 and converted at Closing.

(G) Represents an upfront royalty payment to Workhorse Group in the amount of $4.8 million which was contingent upon the Closing of the Business Combination. The $4.8 million adjustment considers the future economic benefit of this payment through reduction of future royalties paid to Workhorse Group on completed sales.

(H) Represents the actual redemption of 970 shares of the Class A common stock at $10.14 per share.

(I) Represents the accrual of interest on the Convertible Promissory Notes from September 30, 2020 through the date of the Business Combination.

(J) Represents the conversion of the Convertible Promissory Notes upon the Closing of the Business Combination, causing a conversion of the outstanding principal amount and unpaid accrued interest into Class A common stock. The Convertible Promissory Notes were issued in August 2020 and converted at the Closing.

(K) Reflects the reclassification of approximately $267.3 million of Class A common stock subject to possible redemption to permanent equity.

(L) Represents recapitalization of Legacy Lordstown equity and issuance of 75.9 million shares of Class A common stock to stockholders of Legacy Lordstown as consideration for the reverse recapitalization.

(M) Reflects the conversion of DiamondPeak's Class B common stock held by DiamondPeak's founders to Class A common stock. In connection with the Closing, all shares of Class B common stock were converted into shares of Class A common stock.

(N) Reflects the reclassification of DiamondPeak's historical retained earnings.

(O) Reflects the issuance of the BGL Warrants in satisfaction of services provided in conjunction with the Business Combination for $11.1 million. The value of the BGL Warrants is estimated using the market value of the Public Warrants (with which the terms for these BGL Warrants are substantially consistent) as of October 23, 2020.

Adjustments to Unaudited Pro Forma Combined Statements of Operations

The pro forma adjustments included in the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2020 and year ended December 31, 2019 are as follows:

(AA) Reflects elimination of administrative expenses incurred by DiamondPeak associated with a management and administrative agreement that terminated in conjunction with the Business Combination.

(BB) Reflects the elimination of transaction related costs incurred by DiamondPeak and Legacy Lordstown through September 30, 2020.

(CC) Reflects the elimination of historic interest expense on the related party notes payable to GM.

(DD) Reflects elimination of investment income on the Trust Account.

(EE) Reflects elimination of income tax expense as a result of the elimination of income statement adjustments.

3. Loss per Share

Net loss per share is calculated using the historical weighted average shares of Class A common stock outstanding, and the issuance of additional shares in connection with the Business Combination, assuming the shares were outstanding since April 30, 2019. As the Business Combination and Related Transactions are being reflected as if they had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net income (loss) per share assumes that the shares issued in connection with the Business Combination have been outstanding for the entirety of all periods presented.

(in thousands, except per share data)	For the Nine Months Ended September 30, 2020	For the Year ended December 31, 2019
Pro forma net loss	(54,691)	(10,910)
Weighted average shares outstanding of Class A common stock	164,948,923	164,948,923
Net loss per share (Basic and Diluted) attributable to Class A common stockholders (1)	$ (0.33)	$ (0.07)

(1) As the Company had a net loss on a pro forma combined basis, the BGL Warrants, Exchanged Options, and outstanding Public Warrants sold in the Initial Public Offering and Private Placement Warrants had no impact to diluted net loss per share as they are considered anti-dilutive