

Canoo moves to Walmart's hometown



EV startup Canoo is moving its headquarters from California to Walmart's hometown of Bentonville, Arkansas – though it didn't announce any deal with the retail giant. Canoo said it will open a new manufacturing facility in Bentonville but didn't say much about what will be done there or who will build it. The startup also said Monday that it is moving up its timeline for making its first electric vehicles to "before Q4 2022."

Canoo CEO Tony Aquila said it will use the Arkansas facility to make "vehicles for unique use cases" and accelerate its pre-production testing program. It still plans to build a factory outside Tulsa, Oklahoma, which it announced in June. Moving forward, Canoo said it will have parts of its R&D, software development, customer support, and finance teams in Oklahoma, and will place more R&D employees in Arkansas along with the new facility. It will keep engineering and vehicle design employees in California.

Monday's announcement is just the latest chapter in the recent remaking of Canoo, which started when Aquila took over as

executive chairman in late 2020 ahead of its stock exchange debut. Aquila has since refocused the company on making electric vehicles for small businesses, shed a deal with Hyundai, signed a contract manufacturer, and opened up new offices across the sun belt (including in Dallas, Texas). He has also grown the startup to around 800 employees.

Founded in 2017, Canoo was originally called Evelozcity. It was started by a handful of executives and employees who left fellow EV startup Faraday Future, which was dealing with a severe cash crunch at the time. Canoo was initially focused on creating an electric van that it planned to sell on a subscription model, and at one point was in talks with Apple regarding an acquisition.

"We took a bit of a punch in the face"

Canoo said Monday that it lost \$81 million in the third quarter of 2021, and has \$414 million in the bank. It expects to spend between \$95 million and \$115 million on operating expenses in the final quarter. Additionally, an investigation from the Securities and Exchange Commission (SEC) is ongoing, the company shared in a stock exchange filing. "We are providing the requested information and cooperating fully with the SEC investigation."

Aquila said on a conference call that Canoo is going to be able to make its electric vehicles earlier than expected despite deciding to "reprioritize" its relationship with the contract manufacturer it signed on, VDL Nedcar. Inflation, shipping, and tax issues in Europe (and VDL's home country, the Netherlands) made Canoo decide to refocus on making its first vehicles in the US, Aquila said.

"We took a bit of a punch in the face," Aquila said about announcing that VDL Nedcar would build the first Canoo vehicles. "We did that because that was the right thing for us to do and relay to the market while we were working out and mitigating risk and finding our state partners."

VDL Nedcar was also hit by a cyber attack in October. Canoo said Monday in the stock exchange filing that it has “not yet been able to determine if the proprietary information and intellectual property we have shared with VDL Nedcar in anticipation of entering into definitive agreements, was accessed, compromised or misappropriated in the incident.”

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