

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended **September 30, 2024**

OR

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

For the transition period from _____ to _____

Commission File Number: 001-39395

Faraday Future Intelligent Electric Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

84-4720320

(I.R.S. Employer Identification No.)

**18455 S. Figueroa Street,
Gardena, CA**

(Address of Principal Executive Offices)

90248

(Zip Code)

(424) 276-7616

Registrant's telephone number, including area code

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	FFIE	The Nasdaq Stock Market LLC
Redeemable warrants, exercisable for shares of Class A common stock at an exercise price of \$110,400.00 per share	FFIEW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had outstanding 45,325,353 shares of Class A common stock and 6,667 shares of Class B common stock as of November 6, 2024.

Faraday Future Intelligent Electric Inc.

FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2024

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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

Faraday Future Intelligent Electric Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

	September 30, 2024	December 31, 2023
	(Unaudited)	
Assets		
Current assets:		
Cash	\$ 7,269	\$ 1,898
Restricted cash	80	2,127
Accounts receivable	—	7
Inventory, net	27,280	34,229
Deposits	29,866	31,382
Other current assets	15,190	21,721
Total current assets:	79,685	91,364
Property, plant and equipment, net	360,063	417,812
Operating lease right-of-use assets, net	5,797	16,486
Other non-current assets	3,541	4,877
Total assets:	\$ 449,086	\$ 530,539
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 81,369	\$ 93,170
Accrued expenses and other current liabilities	59,391	62,391
Warrant liabilities	13,359	285
Related party warrant liabilities	—	21
Accrued interest	187	25
Related party accrued interest	20,131	753
Operating lease liabilities, current portion	2,645	3,621
Notes payable	56,086	91,150
Related party notes payable	14,714	9,760
Total current liabilities:	247,882	261,176
Financial obligations on lease back transaction	27,459	25,483
Operating lease liabilities, less current portion	11,760	14,306
Notes payable, less current portion	3,800	—
Other liabilities	1,429	1,338
Total liabilities:	292,330	302,303
Commitments and contingencies (see Note 10)		
Stockholders' equity		
Class A Common Stock, \$0.0001 par value; 99,815,625 and 1,232,292 shares authorized; 30,713,729 and 1,060,826 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	3	—
Class B Common Stock, \$0.0001 par value; 4,429,688 and 54,688 shares authorized; 6,667 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	—	—
Preferred Stock, \$0.0001 par value, 10,000,000 shares authorized, zero shares issued and outstanding as of September 30, 2024 and December 31, 2023	—	—
Additional paid-in capital	4,345,624	4,180,873
Accumulated other comprehensive income	4,216	5,862
Accumulated deficit	(4,193,087)	(3,958,499)
Total stockholders' equity:	156,756	228,236
Total liabilities and stockholders' equity:	\$ 449,086	\$ 530,539

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

Faraday Future Intelligent Electric Inc.
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 9	\$ 551	\$ 304	\$ 551
Cost of revenues	21,453	16,131	63,110	22,744
Gross profit	(21,444)	(15,580)	(62,806)	(22,193)
Operating expenses				
Research and development	5,180	21,593	15,185	104,670
Sales and marketing	2,601	5,318	6,857	18,082
General and administrative	8,278	24,023	39,327	67,598
Settlement on accrued research and development expenses	(14,935)	—	(14,935)	—
Lease impairment loss	57	—	7,673	—
Loss on disposal on property, plant and equipment	2,582	—	2,511	3,698
Change in fair value of earnout liability	—	(67)	—	2,033
Total operating expenses	3,763	50,867	56,618	196,081
Loss from operations	(25,207)	(66,447)	(119,424)	(218,274)
Change in fair value of notes payable and warrant liabilities	8,287	17,571	28,927	90,030
Change in fair value of related party notes payable and related party warrant liabilities	654	4,726	315	5,110
Loss on settlement of notes payable	(59,128)	(21,357)	(117,509)	(204,885)
Loss on related party notes payable	—	(10,756)	(14,295)	(17,248)
Interest expense	(1,442)	(90)	(5,386)	(591)
Related party interest expense	(1,212)	(69)	(7,812)	(139)
Other income/(expense), net	361	(1,624)	599	(1,922)
Loss before income taxes	(77,687)	(78,046)	(234,585)	(347,919)
Income tax provision	1	—	(3)	(28)
Net loss	<u>\$ (77,686)</u>	<u>\$ (78,046)</u>	<u>\$ (234,588)</u>	<u>\$ (347,947)</u>
Net loss per share of Class A and B Common Stock attributable to common stockholders:				
Basic	\$ (5.32)	\$ (453.59)	\$ (27.42)	\$ (2,793.90)
Diluted	(5.32)	(453.59)	(27.42)	(2,793.90)
Weighted average shares used in computing net loss per share of Class A and B Common Stock:				
Basic	15,379,402	172,062	8,707,165	124,538
Diluted	15,379,402	172,062	8,707,165	124,538
Total comprehensive loss				
Net loss	\$ (77,686)	\$ (78,046)	\$ (234,588)	\$ (347,947)
Foreign currency translation adjustment	(2,510)	(1,560)	(1,646)	4,007
Total comprehensive loss	<u>\$ (80,196)</u>	<u>\$ (79,606)</u>	<u>\$ (236,234)</u>	<u>\$ (343,940)</u>

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

Faraday Future Intelligent Electric Inc.
Unaudited Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share data)

	Common Stock				Additional Paid-in Capital	Accumulated		Total Stockholders' Equity
	Class A		Class B			Other Comprehensive Income	Accumulated Deficit	
	Shares	Amount	Shares	Amount				
Balance as of June 30, 2024	11,031,625	\$ 1	6,667	\$ —	\$ 4,257,356	\$ 6,726	\$ (4,115,401)	\$ 148,682
Conversion of notes payable and accrued interest into Class A Common Stock (see Note 7)	19,107,321	2	—	—	84,079	—	—	84,081
Reclassification of SPA Warrants from liability to equity	—	—	—	—	160	—	—	160
Issuance of common stock and warrants	—	—	—	—	10	—	—	10
Settlement of Palantir dispute with issuance of Class A Common Stock (see Note 10)	252,768	—	—	—	2,400	—	—	2,400
Purchase of Class A Common Stock under Salary Deduction and Stock Purchase Agreements (see Note 11)	10,455	—	—	—	36	—	—	36
Reverse Stock split related round up share issuances	306,472	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	1,593	—	—	1,593
Issuance of shares for RSU vesting net of tax withholdings	5,088	—	—	—	(10)	—	—	(10)
Foreign currency translation adjustment	—	—	—	—	—	(2,510)	—	(2,510)
Net loss	—	—	—	—	—	—	(77,686)	(77,686)
Balance as of September 30, 2024	30,713,729	\$ 3	6,667	\$ —	\$ 4,345,624	\$ 4,216	\$ (4,193,087)	\$ 156,756

See accompanying notes to Unaudited Condensed Consolidated Financial Statements.

Faraday Future Intelligent Electric Inc.
Unaudited Condensed Consolidated Statements of Stockholders' Equity (Continued)
(in thousands, except share data)

	Common Stock				Additional Paid-in Capital	Accumulated		Total Stockholders'
	Class A		Class B			Other Comprehensive Income	Accumulated Deficit	
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2023	1,060,833	\$ —	6,667	\$ —	\$ 4,180,873	\$ 5,862	\$ (3,958,499)	\$ 228,236
Conversion of notes payable and accrued interest into Class A Common Stock (see Note 7)	29,077,806	3	—	—	159,903	—	—	159,906
Reclassification of SPA Warrants from liability to equity	—	—	—	—	160	—	—	160
Issuance of common stock and warrants	—	—	—	—	10	—	—	10
Settlement of Palantir dispute with issuance of Class A Common Stock (see Note 10)	252,768	—	—	—	2,400	—	—	2,400
Purchase of Class A Common Stock under Salary Deduction and Stock Purchase Agreements (see Note 11)	10,455	—	—	—	36	—	—	36
Reverse stock split related round up share issuances	306,779	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	2,252	—	—	2,252
Issuance of shares for RSU vesting net of tax withholdings	5,088	—	—	—	(10)	—	—	(10)
Foreign currency translation adjustment	—	—	—	—	—	(1,646)	—	(1,646)
Net loss	—	—	—	—	—	—	(234,588)	(234,588)
Balance as of September 30, 2024	30,713,729	\$ 3	6,667	\$ —	\$ 4,345,624	\$ 4,216	\$ (4,193,087)	\$ 156,756

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

Faraday Future Intelligent Electric Inc.
Unaudited Condensed Consolidated Statements of Stockholders' Equity (Continued)
(in thousands, except share data)

	Common Stock				Additional Paid-in Capital	Accumulated		Total Stockholders'
	Class A		Class B			Other Comprehensive Income	Accumulated Deficit	
	Shares	Amount	Shares	Amount				
Balance as of June 30, 2023	148,310	\$ —	6,667	\$ —	\$ 4,065,284	\$ 9,072	\$ (3,796,656)	\$ 277,700
Conversion of notes payable and accrued interest into Class A Common Stock (See Note 7)	101,518	—	—	—	51,907	—	—	51,907
Reclassification of earnout shares from liability to equity on August 25, 2023 due to authorized share increase (see Note 11)	—	—	—	—	1,381	—	—	1,381
Reclassification of stock-based awards from liability to equity on August 25, 2023 due to authorized share increase (see Note 11)	—	—	—	—	2,043	—	—	2,043
Issuance of common stock	13,480	—	—	—	8,520	—	—	8,520
Reverse stock split related round up share issuances	1,366	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	216	—	—	216
Issuance of shares for RSU vesting net of tax withholdings	32	—	—	—	(358)	—	—	(358)
Cancellations	—	—	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	(1,560)	—	(1,560)
Net loss	—	—	—	—	—	—	(78,046)	(78,046)
Balance as of September 30, 2023	264,706	\$ —	6,667	\$ —	\$ 4,128,993	\$ 7,512	\$ (3,874,702)	\$ 261,803

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

Faraday Future Intelligent Electric Inc.
Unaudited Condensed Consolidated Statements of Stockholders' Equity (Continued)
(in thousands, except share data)

	Common Stock				Additional Paid-in Capital	Accumulated		Total Stockholders' Equity
	Class A		Class B			Other Comprehensive Income	Accumulated Deficit	
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2022 (as restated)	58,682	\$ —	6,667	\$ —	\$ 3,724,242	\$ 3,505	\$ (3,526,755)	\$ 200,992
Conversion of notes payable and accrued interest into Class A Common Stock (see Note 7)	185,601	—	—	—	335,015	—	—	335,015
Change in classification of warrants from Additional paid-in capital to liability pursuant to the Warrant Exchange (see Note 7)	—	—	—	—	(6,811)	—	—	(6,811)
Reclassification of earnout shares from liability to equity on February 28, 2023 due to authorized share increase (see Note 11)	—	—	—	—	5,014	—	—	5,014
Reclassification of stock-based awards from liability to equity on February 28, 2023 due to authorized share increase (see Note 11)	—	—	—	—	8,978	—	—	8,978
Reclassification of earnout shares from equity to liability on April 21, 2023 due to insufficient authorized shares (see Note 11)	—	—	—	—	(2,112)	—	—	(2,112)
Reclassification of stock-based awards from equity to liability on April 21, 2023 due to insufficient authorized shares (see Note 11)	—	—	—	—	(2,979)	—	—	(2,979)
Reclassification of earnout shares from liability to equity on August 25, 2023 due to authorized share increase (see Note 11)	—	—	—	—	1,381	—	—	1,381
Reclassification of stock-based awards from liability to equity on August 25, 2023 due to authorized share increase (see Note 11)	—	—	—	—	2,043	—	—	2,043
Issuance of common stock	13,480	—	—	—	8,520	—	—	8,520
Reverse stock split related round up share issuances	1,366	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	4,840	—	—	4,840
Exercise of warrants	5,326	—	—	—	51,276	—	—	51,276
Exercise of stock options	6	—	—	—	44	—	—	44
Issuance of shares for RSU vesting net of tax withholdings	271	—	—	—	(458)	—	—	(458)
Cancellations	(26)	—	—	—	—	—	—	—
Foreign currency translation adjustment		—	—	—	—	4,007	—	4,007
Net loss		—	—	—	—	—	(347,947)	(347,947)
Balance as of September 30, 2023	264,706	\$ —	6,667	\$ —	\$ 4,128,993	\$ 7,512	\$ (3,874,702)	\$ 261,803

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

Faraday Future Intelligent Electric Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (234,588)	\$ (347,947)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	53,504	27,673
Stock-based compensation	2,252	8,906
Lease impairment loss	7,673	—
Loss on disposal of property, plant and equipment	2,511	3,698
Change in fair value of related party notes payable and related party warrant liabilities	(315)	(5,110)
Change in fair value of notes payable and warrant liabilities	(28,927)	(90,461)
Change in fair value measurement of earnout liability	—	1,381
Amortization of operating lease right-of-use asset	1,947	2,491
Loss on foreign exchange	(40)	218
Non-cash interest expense	2,030	—
Loss on settlement of notes payable	117,509	204,885
Loss on related party notes payable	14,295	17,248
Settlement on accrued research and development expenses	(14,935)	—
Other	366	1,416
Changes in operating assets and liabilities:		
Deposits	1,157	(19,237)
Inventory	6,949	(30,758)
Other current and non-current assets	7,554	(3,415)
Accounts payable	(1,736)	13,838
Financial obligations on sale and lease back transaction	1,976	—
Accrued expenses and other current liabilities	3,612	(23,332)
Operating lease liabilities	(2,134)	(1,838)
Accrued related party interest expense	7,544	(26)
Net cash used in operating activities	(51,796)	(240,370)
Cash flows from investing activities		
Proceeds from sale of equipment	87	—
Purchase of property, plant and equipment	(659)	(10,846)
Net cash used in investing activities	(572)	(10,846)
Cash flows from financing activities		
Proceeds from notes payable, net of original issuance discount	54,021	208,650
Proceeds from related party notes payable	3,075	19,782
Proceeds from sale of Common Stock, net of issuance costs	—	8,520
Proceeds from exercise of warrants	—	4,074
Payments of notes payable	(101)	—
Settlement of notes payable transaction costs	(1,310)	(2,489)
Payments of finance lease obligations	—	(1,016)
Proceeds from exercise of stock options	—	44
Net cash provided by financing activities	55,685	237,565
Effect of exchange rate changes on cash and restricted cash	7	3,704
Net change in cash and restricted cash	3,324	(9,947)
Cash and restricted cash, beginning of period	4,025	18,514
Cash and restricted cash, end of period	\$ 7,349	\$ 8,567

Faraday Future Intelligent Electric Inc.
Unaudited Condensed Consolidated Statements of Cash Flows (Continued)
(in thousands)

The following table provides a reconciliation of cash and restricted cash reported within the Unaudited Condensed Consolidated Balance Sheets that aggregate to the total of the same such amounts shown in the Unaudited Condensed Consolidated Statements of Cash Flows:

	September 30, 2024	September 30, 2023
Cash and restricted cash		
Cash	\$ 7,269	\$ 6,714
Restricted cash	80	1,853
Total cash and restricted cash	<u>\$ 7,349</u>	<u>\$ 8,567</u>
	Nine Months Ended September 30,	
	2024	2023
Supplemental disclosure of noncash investing and financing activities		
Additions of property, plant and equipment included in accounts payable and accrued expenses	\$ 45,455	34,124
Reclassification of stock-based awards from liability to equity on February 28, 2023 due to authorized share increase	—	8,978
Conversion of notes payable, related party notes payable and accrued interest into Class A Common Stock (as restated)	44,891	125,327
Issuance of SPA Warrants and Junior SPA Warrants	17,194	34,257
Reclassification of earnout shares from liability to equity on February 28, 2023 due to authorized share increase	—	5,014
Reclassification of earnout shares from equity to liability on April 21, 2023 due to insufficient authorized shares	—	2,112
Reclassification of stock-based awards from equity to liability on April 21, 2023 due to insufficient authorized shares	—	2,979
Reclassification of earnout shares from liability to equity on August 25, 2023 due to authorized share increase	—	1,381
Reclassification of stock-based awards from liability to equity on August 25, 2023 due to authorized share increase	—	2,043
Issuance of exchange note	—	16,500
Reclassification of warrants from equity to liability	—	6,811
Reduction in warrants pursuant to the Exchange Agreement	—	16,506
Purchase of Class A Common Stock under the Salary Deduction and Stock Purchase Agreements	36	—
RSU tax withholdings	10	—
Supplemental disclosure of noncash operating activities		
Settlement of Palantir dispute with issuance of Class A Common Stock	2,400	—
Supplemental disclosure of cash flow information		
Cash paid for interest	2,988	465

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

Faraday Future Intelligent Electric Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

1. Nature of Business and Organization and Basis of Presentation

Nature of Business and Organization

Faraday Future Intelligent Electric Inc. (the "Company" or "FF"), a holding company incorporated in the State of Delaware on February 11, 2020, conducts its operations through the subsidiaries of FF Intelligent Mobility Global Holdings Ltd. ("Legacy FF"), founded in 2014 and headquartered in Los Angeles, California.

The Company operates in a single operating segment and designs and engineers next-generation, intelligent, electric vehicles. The Company manufactures its vehicles at the FF ieFactory California in Hanford, California and has additional engineering, sales, and operations capabilities in China. The Company has created innovations in technology, products, and a user-centered business model that are being incorporated into its planned electric vehicle platform.

Principles of Consolidation and Basis of Presentation

The Unaudited Condensed Consolidated Financial Statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") and include the accounts of the Company, its wholly-owned subsidiaries and all other entities in which the Company has a controlling financial interest, including the accounts of any variable interest entity in which the Company has a controlling financial interest and for which it is the primary beneficiary. All intercompany transactions and balances have been eliminated upon consolidation.

These Unaudited Condensed Consolidated Financial Statements do not include all disclosures that are normally included in annual audited financial statements prepared in accordance with GAAP and should be read in conjunction with the Company's audited Consolidated Financial Statements and notes thereto for the year ended December 31, 2023, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on May 28, 2024 (as amended, the "Form 10-K"). Accordingly, the Unaudited Condensed Consolidated Balance Sheet as of September 30, 2024, has been derived from the Company's annual audited Consolidated Financial Statements but does not contain all of the footnote disclosures from the annual financial statements. The Company believes that the disclosures included in this Quarterly Report on Form 10-Q (this "Form 10-Q") are adequate to make the information presented not misleading.

In the opinion of management, the Unaudited Condensed Consolidated Financial Statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position, results of operations, and cash flows for the periods presented. The accounting policies used in the preparation of these Unaudited Condensed Consolidated Financial Statements are the same as those disclosed in the audited Consolidated Financial Statements for the year ended December 31, 2023, included in the Form 10-K, except as described below.

Our annual reporting period is the calendar year. The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the results to be expected for the 2024 full year or any future periods.

Reclassification

For the nine months ended September 30, 2023, the Company reclassified \$0.4 million from Loss on write-off of vendor deposits, net to Other within the Condensed Consolidated Statement of Cash Flows. This reclassification increased the Other line item total from \$1.0 million to \$1.4 million. The adjustment was made to streamline the presentation by consolidating immaterial items, thereby enhancing the clarity of our financial reporting. Prior period amounts have been reclassified to conform to the current period presentation. This reclassification had no impact on the Company's net cash provided by operating activities, investing activities, or financing activities.

Use of Estimates and Judgments

The preparation of the Company's Unaudited Condensed Consolidated Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in such financial statements and in the accompanying notes. Actual results may differ materially from these estimates.

Estimates are based on historical experience, where applicable, and other assumptions that management believes are reasonable under the circumstances. On an ongoing basis, management evaluates its estimates, including those related to the: (i) recognition and disclosure of contingent liabilities, including litigation reserves; (ii) fair value of related party notes payable

Notes to Unaudited Condensed Consolidated Financial Statements

and notes payable; (iii) calculations related to the evaluation of possible long term asset impairment; and (iv) valuation of warrants. Such estimates often require the selection of appropriate valuation methodologies and financial models and may involve significant judgment in evaluating ranges of assumptions and financial inputs. Actual results may differ from those estimates under different assumptions, financial inputs, or circumstances.

Given the global economic climate, estimates are subject to additional volatility. As of the date of filing the Company's Unaudited Condensed Consolidated Financial Statements on this Form 10-Q with the SEC for the period ended September 30, 2024, the Company is not aware of any specific event or circumstance that would require an update to its estimates or judgments or revisions to the carrying value of its assets or liabilities. However, these estimates and judgments may change as new events occur and additional information is obtained, which may result in changes being recognized in the Company's Unaudited Condensed Consolidated Financial Statements in future periods. Actual results could differ from those estimates and any such differences may have a material impact on the Company's Unaudited Condensed Consolidated Financial Statements.

Revenue Recognition

Revenue is recognized by the Company in accordance with Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Accounting Standards Codification ("ASC") Topic 606) ("ASU 2014-09").

In order to recognize revenue under ASU 2014-09, the Company applies the following five steps:

- identify a customer along with a corresponding contract;
- identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
- determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to a customer;
- allocate the transaction price to the performance obligation(s) in the contract; and
- recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue was \$0.01 million and \$0.6 million for the three months ended September 30, 2024 and 2023, respectively. For the nine months ended September 30, 2024 and 2023, revenue was \$0.3 million and \$0.6 million, respectively. Revenue is grouped into automotive sales revenue and automotive leasing revenue.

Automotive Sales Revenue

The Company began the production of its first vehicle, the FF 91 Futurist (the "FF 91," "FF 91 Futurist", or "FF 91 2.0 Futurist Alliance"), in March 2023 and began delivering to customers in August 2023.

Automotive sales revenue includes revenues related to deliveries of new vehicles, and specific other features and services including home charger, charger installation, 24/7 roadside assistance, over-the-air ("OTA") software updates, internet connectivity and destination fees.

The Company recognizes revenue on automotive sales upon delivery to the customer, which is when control of a vehicle transfers. Payments are typically received at the point control transfers or in accordance with payment terms customary to the business and as indicated in the sales contract. OTA software updates are provisioned upon transfer of control of a vehicle and recognized over time on a straight-line basis as the Company has a stand-ready obligation to deliver such services to the customer. For obligations related to automotive sales, FF estimates standalone selling price by considering costs used to develop and deliver the good or service, third-party pricing of similar options and other information that may be available. The transaction price is allocated among the performance obligations in proportion to the standalone selling price of the Company's performance obligations. Vehicle contracts do not contain a significant financing component. Automotive sales revenue was zero and \$0.3 million for three and nine months ended September 30, 2024, respectively.

Revenue from promises to the customer that are considered immaterial are combined with the vehicle performance obligation and recognized when the product has been transferred. The Company accrues costs to transfer these immaterial goods and services regardless of whether they have been transferred.

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Notes to Unaudited Condensed Consolidated Financial Statements

The Company provides its customers with a residual value guarantee that may or may not be exercised in the future. The impact of such residual value guarantees was immaterial to the Company's Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and nine months ended September 30, 2024.

Co-creation Arrangements

As part of the Company's Futurist Product Officers ("FPO") Co-Creation Delivery program that began in August 2023, the Company has entered into co-creation agreements with certain customers. The arrangement leverages some of the Company's sales and leasing customers to share vehicle feedback, driving data, ideas, and experiences with the Company's engineers, social media posts and other promotions in exchange for specified fees. For the services performed, the Company compensates the respective customers through a monthly consulting fee payment or a discount on their monthly lease payment. The consideration paid to these customers relate to marketing and R&D services that are distinct and could be purchased by the Company from a separate third party. Management examined in detail the services provided by each respective customer in accordance with the co-creation agreement, established various data points, and rationally assigned a dollar amount that was deemed representative of the fair value of the services. Co-creation payments that exceed the fair value of the distinct services performed by the customer are considered consideration paid to the customer and were treated as a reduction in revenue. Co-creation fees recorded as a reduction to revenue and also within research and development ("R&D") expenses in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss were less than \$0.2 million and \$0.5 million for the three and nine months ended September 30, 2024, respectively.

The Company has entered into and may continue to enter into co-creator consulting agreements with its customers under which customers share feedback, driving data, ideas, and experiences with the Company's engineers, social media posts and other promotions in exchange for specified fees. The Company considers these arrangements consideration payable to a customer. The consideration paid to the customer relates to marketing and R&D services that are distinct and could be purchased by the Company from a separate third party. The Company performs an analysis in which it maximizes the use of observable market inputs to ascribe a fair value to these services and record the fair value of these services to sales and marketing expense or R&D expense, as applicable. Any consideration payable to a customer that is above the fair value of the distinct services being provided is treated as a reduction of revenue.

Automotive Leasing Revenue

Sales-Type Leasing Program

The Company has outstanding leases accounted for as sales-type leases under ASC 842, Leases ("ASC 842"). Customers have the right to purchase the vehicle at the end of the lease term, which is usually 36 months. A customer qualifies under this program if the purchase option is reasonably certain to be exercised, and the Company therefore expects the customer to take title to the vehicle at the end of the lease term after making all contractual payments. The Company recognizes all revenue and costs associated with the sales-type lease as automotive leasing revenue and automotive leasing cost of revenue, respectively, upon delivery of the vehicle to the customer when collectability of lease payments is probable at lease commencement. If collectability of lease payments is not probable at commencement, the Company recognizes the lease payments as deposit liability on the Company's Condensed Consolidated Balance Sheets and does not derecognize the leased vehicle until such point that collectability of lease payments becomes probable. Revenue under this program was immaterial for the three and nine months ended September 30, 2024 .

Operating Leasing Program

The Company has outstanding leases under its vehicle operating leasing program in the United States. Qualifying customers are permitted to lease a vehicle for up to 36 months. At the end of the lease term, customers are generally required to return the vehicle to the Company. The Company accounts for these leasing transactions as operating leases. The Company records leasing revenues to automotive leasing revenue on a straight-line basis over the contractual term, and it records the depreciation of these vehicles to cost of automotive leasing revenue. For the three and nine months ended September 30, 2024, the revenue recorded under this program was immaterial. As of September 30, 2024, deferred lease-related upfront payments that will be recognized on a straight-line basis over the contractual terms of the individual leases were immaterial. The Company's policy is to exclude taxes collected from a customer from the transaction price of automotive contracts.

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Notes to Unaudited Condensed Consolidated Financial Statements

Customer Deposits and Deferred Revenue

The Company's customers may reserve a vehicle and pre-order certain services by making a customer deposit, which is fully refundable at any time. Refundable deposits, for vehicle reservations and services, received from customers prior to an executed vehicle purchase agreement are recorded as customer deposits within Accrued expenses and other current liabilities on the Company's Condensed Consolidated Balance Sheets.

Customer deposits were \$3.2 million as of each of September 30, 2024 and December 31, 2023. When vehicle purchase agreements are executed, the consideration for the vehicle and any accompanying products and services must be paid in advance prior to the transfer of products or services by the Company. Such advance payments are considered non-refundable, and the Company defers revenue related to any products or services that are not yet transferred.

Deferred revenue is equivalent to the total transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, as of the balance sheet date. Deferred revenue related to products and services was immaterial as of September 30, 2024 and December 31, 2023.

Warranties

The Company provides a manufacturer's warranty on all vehicles sold. The warranty covers the rectification of reported defects via repair, replacement, or adjustment of faulty parts or components. The warranty does not cover any item where failure is due to normal wear and tear. This assurance-type warranty does not create a performance obligation separate from the vehicle. Management tracks warranty claims by vehicle ID, owner, and date. As the Company continues to manufacture and sell more vehicles, it will reassess and evaluate its warranty claims for purposes of its warranty accrual.

<i>(in thousands)</i>	Nine Months Ended September 30, 2024
Accrued warranty - beginning of period	\$ 684
Provision for warranty	34
Warranty costs incurred	(173)
Accrued warranty - end of period	<u>\$ 545</u>

Cost of Revenue

Automotive Sales Revenue

Cost of revenue includes direct and indirect materials, labor costs, manufacturing overhead, including depreciation costs of tooling and machinery, shipping and logistic costs, vehicle connectivity costs, and reserves for estimated warranty expenses. Cost of automotive sales revenues also includes adjustments to warranty expense.

Cost of services and other revenue includes costs associated with providing non-warranty after-sales services, costs for retail merchandise, and costs to provide vehicle insurance. Cost of services and other revenue also includes direct parts and material.

Automotive Leasing Program

Cost of leasing revenue includes the depreciation of operating lease vehicles, cost of goods sold associated with direct sales-type leases and warranty expense related to leased vehicles.

Property, Plant and Equipment, Net

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Expenditures for major renewals and betterments are capitalized, while minor replacements, maintenance and repairs, which do not extend the assets' lives, are charged to operating expense as incurred. Upon sale or disposition, the cost and related accumulated depreciation or amortization are removed from the Unaudited Condensed Consolidated Balance Sheets and any gain or loss is included in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss.

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Depreciation and amortization on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets and for leasehold improvements, over the remaining term of the lease, if shorter.

	Useful Life (in years)
Buildings	39
Building improvements	15
Computer hardware	5
Tooling, machinery, and equipment	5 to 10
Vehicles	5
Lease vehicles	7
Computer software	3
Leasehold improvements	Shorter of 15 years or remaining term of the lease

Construction in process ("CIP") consists of the construction activities related to the FF ieFactory California production facility plant and tooling, machinery and equipment being built to serve the manufacturing of production vehicles. These assets are capitalized and depreciated once put into service.

The amounts capitalized in CIP that are held at vendor sites relate to the completed portion of work-in-progress of tooling, machinery and equipment built based on the Company's specific needs. The Company may incur storage fees or interest fees related to CIP that are expensed as incurred. CIP is presented within Property, plant and equipment, net on the Unaudited Condensed Consolidated Balance Sheets.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets, consisting primarily of property, plant and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows attributable to such assets, including any cash flows upon their eventual disposition, to the assets' carrying values. If the carrying value of the assets exceeds the forecasted undiscounted cash flows, then the assets are written down to their fair value. Assets classified as held for sale are also assessed for impairment and such amounts are determined at the lower of the carrying amount or fair value, less costs to sell the asset. An impairment charge was taken during the second quarter of 2024 related to the Company's right-of-use assets. See Note 9, *Leases* for more information.

Stock-Based Compensation

Effective January 1, 2023, stock-based compensation expense is reduced for forfeitures only when they occur. This change of accounting policy resulted in the recognition of a cumulative increase of prior stock-based compensation expenses totaling \$1.8 million, which was recorded in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the nine months ended September 30, 2023.

Income Taxes

There was no income tax provision impact on the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and nine months ended September 30, 2024. The income tax provision (benefit) recognized for the three and nine months ended September 30, 2023 was immaterial. The difference in the Company's effective tax rate from the federal statutory rate of 21% is due to the ratio of domestic and international loss before taxes. The Company records a full valuation allowance to reflect limited benefits for income taxes in jurisdictions that historically reported losses and a

Notes to Unaudited Condensed Consolidated Financial Statements

provision for income taxes in jurisdictions that are profitable. The income tax provision for each period was the combined calculated tax expenses/benefits for various jurisdictions.

The Company is subject to taxation and files income tax returns with the U.S. federal government, the state of California and China. The Company's income tax returns are open to examination by the relevant tax authorities until the expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. As of September 30, 2024, the Company is not under any tax audits on its income tax returns. All of the Company's prior year tax returns, from 2017 through 2023, are open under Chinese tax law.

The Company did not accrue any interest or penalties related to the Company's unrecognized tax benefits as of September 30, 2024 and 2023, as the uncertain tax benefits only reduced the net operating losses. The Company does not expect the uncertain tax benefits to have a material impact on its Unaudited Condensed Consolidated Financial Statements within the next twelve months.

Reverse Stock Splits and Recasting of Per-Share Amounts

On August 22, 2023, the Company's Board of Directors (the "Board") approved the implementation of a 1-for-80 reverse stock split (the "August 2023 Reverse Stock Split") of the Company's Class A Common Stock, par value \$0.0001 per share (the "Class A Common Stock") and Class B Common Stock, par value \$0.0001 per share (the "Class B Common Stock," and together with the Class A Common Stock, the "Common Stock") and set the number of authorized shares of Common Stock to 3,860,938 (which is 308,875,000 divided by 80). The August 2023 Reverse Stock Split was effected after market close on August 25, 2023, and shares of the Class A Common Stock and publicly traded warrants (the "Public Warrants") began trading on a split-adjusted basis as of market open on August 28, 2023.

As approved by the Company's stockholders at a special meeting held on February 5, 2024, the Company filed an amendment to the Company's Third Amended and Restated Certificate of Incorporation, as amended, with the office of the Secretary of State of the State of Delaware to effect an increase in the number of authorized shares of Common Stock from 3,860,938 to 34,748,438.

On February 23, 2024, the Board approved the implementation of a 1-for-3 reverse stock split (the "February 2024 Reverse Stock Split") of the Common Stock and set the number of authorized shares of Common Stock to 11,582,813 (which is 34,748,438 divided by 3). The February 2024 Reverse Stock Split was effected after market close on February 29, 2024, and shares of the Class A Common Stock and the Public Warrants began trading on a split-adjusted basis as of market open on March 1, 2024.

As approved by the Company's stockholders at the annual meeting held on July 31, 2024, the Company filed an amendment to the Company's Third Amended and Restated Certificate of Incorporation, as amended, with the office of the Secretary of State of the State of Delaware to effect an increase in the number of authorized shares of Common Stock from 11,582,813 to 104,245,313.

On August 4, 2024, the Board approved the implementation of a 1-for-40 reverse stock split (the "August 2024 Reverse Stock Split") of the Common Stock and set the number of authorized shares of Common Stock to 104,245,313. The August 2024 Reverse Stock Split was effected after market close on August 16, 2024, and shares of the Class A Common Stock and the Public Warrants began trading on a split-adjusted basis as of market open on August 19, 2024.

All shares of Common Stock, Public Warrants, stock-based compensation awards, earnout shares and per share amounts contained in the Unaudited Condensed Consolidated Financial Statements and accompanying notes have been retroactively adjusted to reflect the August 2023 Reverse Stock Split, February 2024 Reverse Stock Split, and August 2024 Reverse Stock Split (collectively, the "Splits"). In addition, proportionate adjustments were made to the number of shares of Class A Common Stock issuable upon exercise or conversion of the Company's outstanding convertible debt securities and warrants, as well as the applicable exercise or conversion prices. See Note 11, *Stockholders' Equity*, and Note 12, *Stock-Based Compensation*, for further discussion regarding the Splits.

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Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure (ASU 2023-07). This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. The Company is in the process of evaluating the effect of ASU 2023-07 on its consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09). ASU 2023-09 is intended to enhance the decision usefulness of income tax disclosures and requires the disclosure of various disaggregated information, including an entity's effective tax rate reconciliation as well as additional information on taxes paid. This ASU is effective on a prospective basis for annual periods beginning after December 15, 2024 with early adoption allowed. The Company is in the process of evaluating the effect of ASU 2023-09 on its consolidated financial statements.

2. Liquidity and Capital Resources and Going Concern

The Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the Unaudited Condensed Consolidated Financial Statements are issued. Based on its recurring losses from operations since inception and continued cash outflows from operating activities (all as described below), the Company has concluded that there is substantial doubt about its ability to continue as a going concern for a period of one year from the date that these Unaudited Condensed Consolidated Financial Statements were issued.

The Unaudited Condensed Consolidated Financial Statements do not include any adjustments that might result from the outcome of this uncertainty. Accordingly, the Unaudited Condensed Consolidated Financial Statements have been prepared on a basis that assumes the Company will continue as a going concern and that contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

The Company has and will continue to devote substantial effort and, to the extent available, capital resources, to strategic planning, engineering, design, and development of its electric vehicle platform, development of vehicle models, finalizing the build out of the FF ieFactory California manufacturing facility, and capital raising. The Company incurred cumulative losses from operations, negative cash flows from operating activities, and has an accumulated deficit of \$4,193.1 million, an unrestricted cash balance of \$7.3 million and a negative working capital position of \$ 168.3 million, excluding restricted cash, as of September 30, 2024. During 2023, the Company delivered its first vehicles but expects to continue generating significant operating losses for the foreseeable future. The Company has funded its operations and capital needs primarily through the issuance of related party notes payable and notes payable (see Note 7, *Notes Payable* and Note 8, *Related Party Transactions*), convertible notes, and the sale of common stock.

Pursuant to the Secured SPA, the Unsecured SPA, the Unsecured Streeterville SPA, the FFVV Joinder, and the Senyun Joinder (collectively the "SPA Commitments") (see Note 7, *Notes Payable* and Note 8, *Related Party Transactions*), the Company obtained commitments from several investors. As of September 30, 2024, the SPA Commitments totaled \$554.5 million, of which \$365.3 million was funded, \$189.2 million remained to be funded, and \$38.7 million in principal was outstanding. As of September 30, 2024, Optional Commitments under the SPA Commitments totaled \$ 366.0 million, of which \$48.4 million was funded, \$317.6 million remained to be funded, and \$10.4 million was outstanding. The remaining amounts to be funded as of September 30, 2024, are subject to the achievement of delivery milestones, satisfaction of closing conditions, and satisfaction or waiver of other conditions.

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The Company may be unable to satisfy the closing conditions under the SPA Commitments or obtain additional incremental convertible senior secured note purchasers under the SPA Commitments or other debt or equity financing in a timely manner, on acceptable terms, or at all.

On September 5, 2024, the Company entered into another Securities Purchase Agreement (the "Junior Secured SPA") with certain institutional investors as purchasers (the "Junior Secured SPA Investors"). Pursuant to the Junior Secured SPA, the Junior Secured SPA Investors agreed to purchase certain secured promissory notes (the "Junior Secured SPA Notes"), warrants, and incremental warrants for approximately \$30.0 million, of which \$22.5 million was paid in cash and approximately \$7.5 million was converted from a previous loan to the Company, in two closings. As of September 30, 2024, the Company had received \$20.8 million of the commitments, and the remaining commitments were received by October 30, 2024. Additionally, the Junior Secured SPA Investors were given an incremental warrant to purchase additional Junior Secured SPA Notes, up to amounts originally funded (the "Incremental Warrants"), at the same terms and conditions as the original Junior Secured SPA commitments. The Incremental Warrants are exercisable immediately, entirely at the option of the holder, with a term of one year, to purchase the additional Junior Secured SPA Notes at an exercise price equal to the principal amount of the Junior Secured SPA Notes issued to the Junior Secured SPA Investor.

On November 11, 2022, the Company entered into a three-year Standby Equity Purchase Agreement (the "SEPA") with YA II PN Ltd. ("Yorkville"). Under terms of the SEPA, the Company may, at its option, issue and sell from time to time up to \$200.0 million (which can be increased up to \$350.0 million in the aggregate under the Company's option) of Class A Common Stock to an affiliate of Yorkville Advisors, subject to certain limitations. As of September 30, 2024, the Company had the right to issue and sell up to an additional \$192.5 million, or \$342.5 million if the Company exercises its option under the SEPA, of Class A Common Stock under the SEPA.

In addition, on September 26, 2023, the Company entered into a sales agreement with Stifel, Nicolaus & Company, Incorporated, B. Riley Securities, Inc., A.G.P./Alliance Global Partners, Wedbush Securities Inc. and Maxim Group LLC, as sales agents, to sell shares of Class A Common Stock, from time to time, with aggregate gross sales proceeds of up to \$90.0 million pursuant to the Registration Statement as an "at-the-market" offering under the Securities Act (the "ATM Program"). The ATM Program was the primary source of liquidity for the Company during the period from September 2023 through December 2023. Under applicable SEC rules and regulations, because FF failed to timely file its Form 10-K and the Quarterly Report Form 10-Q for the quarter ended March 31, 2024, the Company is not eligible to use the S-3 registration process, which restricts its ability to raise capital through that streamlined method of offering securities and cannot access the ATM Program. As such, the Company's current primary source of liquidity is the issuance of various convertible note instruments.

The Company's ability to issue and sell additional shares of common stock or warrants under the SEPA and ATM Program is constrained by the number of authorized shares of the Company's common stock. The Company must consider shares issuable under convertible debt, warrants or other obligations with equity rights. In addition, equity issuances can potentially trigger provisions under the SPA Commitments and Junior Secured SPA Notes that increase the number of shares to be issued upon conversion and reduce the strike price of related warrants. This could result in FF having inadequate authorized shares to meet its outstanding commitments.

The Company projects that it will require substantial additional funds to continue operations and support production of the FF 91. If the Company is unable to find additional sources of capital, the Company will not have sufficient resources to fund its outstanding obligations and continue operations and the Company will likely have to file for bankruptcy protection and its assets will likely be liquidated. The Company's equity holders would likely not receive any recovery at all in a bankruptcy scenario.

The Company continues to explore various funding and financing alternatives to fund its ongoing operations and to ramp up production. The particular funding and financing mechanisms, terms, timing, and amounts depend on the Company's assessment of opportunities available in the marketplace and the circumstances of the business at the relevant time. However, there have been delays in securing additional funding commitments, which have exacerbated supply chain pressures, among other things. If the Company's ongoing capital raising efforts are unsuccessful or significantly delayed, or if the Company experiences prolonged material adverse trends in its business, production will be delayed or decreased, and actual use of cash, production volume and revenue for 2024 will vary from the Company's previously disclosed forecasts, and such variances may be material. While the Company is actively engaged in negotiations with potential financing sources, it may be unable to raise additional capital on terms acceptable to it or at all. In addition to the risk that the Company's assumptions and analyses may

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prove incorrect, the projections may underestimate the professional fees and other costs to be incurred related to the pursuit of various financing options currently being considered and ongoing legal risks. Capital needs to fund development of the Company's remaining product portfolio will highly depend on the market success and profitability of the FF 91 and the Company's ability to accurately estimate and control costs. Apart from the FF 91 series, substantial additional capital would be required to fund operations, research, development, and design efforts for future vehicles.

Since April 2023, the Company has been in default on, and since January 1, 2024, it has been in breach of, its debt agreement with Chongqing Leshi Small Loan Co., Ltd., a related party, with an outstanding principal balance of \$7.7 million and interest payable of \$20.0 million as of September 30, 2024. During 2024, the Company was also in default on its Unsecured Convertible Note obligations and various related party notes (see Note 7, *Notes Payable* and Note 8, *Related Party Transactions*). Due to the cross default provisions of the SPA Notes and Junior Secured SPA Notes, the Company was and has been in default on the SPA and Junior Secured Commitments and the Company is presenting the related notes as current.

3. Inventory, net

(in thousands)

	September 30, 2024	December 31, 2023
Raw materials (net of reserves)	\$ 27,174	\$ 33,345
Work in progress	\$ 106	\$ 572
Finished goods	\$ —	\$ 312
Total inventory	\$ 27,280	\$ 34,229

The inventory reserve was \$2.8 million for each of the periods ended September 30, 2024 and December 31, 2023 .

4. Deposits and Other Current Assets

(in thousands)

Deposits:	September 30, 2024	December 31, 2023
Deposits for research and development, prototype parts and other	\$ 27,106	\$ 28,609
Deposits for goods and services yet to be received ("Future Work")	2,760	2,773
Total deposits	\$ 29,866	\$ 31,382
Other current assets:		
Prepaid expenses	\$ 6,255	\$ 13,309
Other current assets	8,935	8,412
Total other current assets	\$ 15,190	\$ 21,721

Deposits for research and development, prototype and production parts, and other are recognized and reported as Research and development expenses in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss when services are provided or as prototype parts are received. In addition, during the nine months ended September 30, 2024, the Company made deposits for inventory and property, plant and equipment items, which are classified out of Deposits upon receipt of title.

Prepaid expenses primarily consist of software subscriptions and insurance, and Other current assets includes certain deferred expenses.

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5. Property, Plant and Equipment, Net

<i>(in thousands)</i>	September 30, 2024	December 31, 2023
Land, buildings and leasehold improvements	\$ 104,531	\$ 103,522
Computer hardware	2,397	2,195
Tooling, machinery and equipment	320,542	318,301
Vehicles	669	669
Lease vehicles	2,809	1,873
Computer software	4,339	4,301
Construction in process	27,576	36,491
Total property, plant and equipment	462,863	467,352
Less: Accumulated depreciation	(102,800)	(49,540)
Total property, plant and equipment, net	\$ 360,063	\$ 417,812

Depreciation and amortization expense totaled \$17.5 million and \$13.2 million for the three months ended September 30, 2024 and 2023, respectively, and \$53.3 million and \$27.5 million for the nine months ended September 30, 2024 and 2023, respectively.

Due to the build out of the FF ieFactory California, the Company has an asset retirement obligation ("ARO") totaling \$0.8 million and \$0.7 million for the periods ended September 30, 2024 and December 31, 2023, respectively. The ARO is recorded to Other liability, less current portion with a corresponding ARO asset within Land, buildings and leasehold improvements and Tooling, machinery and equipment. The ARO asset is depreciated to operating expense over the remaining term of the lease through December 2027.

6. Accrued Expenses and Other Current Liabilities

<i>(in thousands)</i>	September 30, 2024	December 31, 2023
Accrued payroll and benefits	\$ 26,281	\$ 28,037
Accrued legal contingencies	27,125	21,590
Other current liabilities	5,985	12,764
Total accrued expenses and other current liabilities	\$ 59,391	\$ 62,391

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7. Notes Payable

The Company has entered into notes payable agreements with third parties, which consist of the following as of September 30, 2024 and December 31, 2023:

September 30, 2024						
(in thousands)	Contractual Maturity Date	Contractual Interest Rates	Unpaid Principal Balance	Fair Value Measurement Adjustments	Original Issue Discount and Proceeds	Net Carrying Value
					Allocated to Warrants	
Secured SPA Notes	Various	10%-15%	\$ 26,336	\$ (4,146)	\$ (1,976)	\$ 20,214
Unsecured SPA Notes*	Various dates in 2029	10%-15%	22,802	398	(2,350)	20,850
Junior Secured Notes	September 2029	10%	20,769	(11,341)	—	9,428
Collateralized loan	October 2028	28%	4,805	—	(419)	4,386
Notes payable – China other	Due on Demand	—%	4,950	—	—	4,950
Auto loans	October 2026	7%	58	—	—	58
			<u>\$ 79,720</u>	<u>\$ (15,089)</u>	<u>\$ (4,745)</u>	<u>59,886</u>
Less: Notes payable, current portion						(56,086)
Total: Notes payable, less current portion						<u>\$ 3,800</u>

December 31, 2023						
(in thousands)	Contractual Maturity Date	Contractual Interest Rates	Unpaid Principal Balance	Fair Value Measurement Adjustments	Original Issue Discount and Proceeds	Net Carrying Value
					Allocated to Warrants	
Secured SPA Notes	Various	10%-15%	\$ 100,052	\$ (15,501)	\$ (10,319)	\$ 74,232
Unsecured SPA Notes*	Various dates in 2029	10%-15%	13,885	1,208	(2,613)	12,480
Notes payable – China other	Due on Demand	—%	4,898			4,898
Auto loans	October 2026	7%	82			82
			<u>\$ 118,917</u>	<u>\$ (14,293)</u>	<u>\$ (12,932)</u>	<u>91,692</u>
Less: Related party notes payable						(542)
Less: Notes payable, current portion						(91,150)
Total: Notes payable, less current portion						<u>\$ —</u>

* includes amounts attributed to the Unsecured Streeterville SPA

Secured and Unsecured SPA Notes

On August 14, 2022, the Company entered into a securities purchase agreement (as amended from time to time, the “Secured SPA”) with FF Simplicity Ventures LLC (“FFSV”) as administrative agent, collateral agent and purchaser, and certain additional purchasers (collectively the “Secured SPA Purchasers”) to issue and sell the Company’s senior secured convertible notes (the “Secured SPA Notes”). The Secured SPA Notes were subsequently amended multiple times throughout 2022 and 2023, as further described below.

On May 8, 2023, as further described below, the Company entered into a securities purchase agreement (as amended from time to time, the “Unsecured SPA”) with Metaverse Horizon Limited (“MHL”) and V W Investment Holding Limited (“V W Investment”) (MHL and V W Investment, together with the other purchasers, the “Unsecured SPA Purchasers”) to issue and sell \$100.0 million aggregate principal of the Company’s senior unsecured convertible notes (the “Unsecured SPA Notes” and, together with the Secured SPA Notes, the “SPA Notes”). In August 2023, as further described below, the Company entered into the Unsecured Streeterville SPA (collectively included with the Unsecured SPA, Unsecured SPA Notes and SPA Warrants in

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future references), as part of its issuance of the Unsecured SPA Notes. The terms of the Secured SPA Notes and Unsecured SPA Notes are generally the same, however, the Secured SPA Notes are secured by the grant of a second lien upon substantially all of the personal and real property of the Company and its subsidiaries, as well as a guarantee by substantially all of the Company's domestic subsidiaries.

The SPA Notes are generally subject to an original issue discount of 10%, and are convertible, along with any interest accrued, into shares of Class A Common Stock at the conversion price (as defined in each SPA Note), subject to full ratchet anti-dilution price protection. The SPA Note conversion price equals the lesser of \$5.24 or 90% of the volume-weighted average price ("VWAP") of the common stock as of the previous trading day, which represents an amended, restated and reduced conversion price due to the full ratchet price protections.

The SPA Notes bear interest at 10% per annum (or 15% if interest or settlement is paid in shares). Generally, the SPA Notes require interest to be paid at maturity in cash or in shares of Class A Common Stock.

Generally, the Secured and Unsecured SPA Purchasers have the option to purchase additional SPA Notes under similar terms as the existing SPA Notes, subject to various closing conditions (see Note 2, *Liquidity and Capital Resources and Going Concern*, for detailed discussion on commitments to fund additional Secured SPA Notes).

In connection with the issuance of the SPA Notes, the Company also granted to each Secured SPA Purchaser and Unsecured SPA Purchaser a warrant (the "SPA Warrants") to purchase shares of Class A Common Stock equal to 33% of the shares issuable upon conversion of the aggregate principal amount under the SPA Notes funded.

The Company elected the fair value option afforded by ASC 825, *Financial Instruments*, with respect to the SPA Notes because the notes include features, such as a contingently exercisable put option, that meet the definition of an embedded derivative. The Company expenses transaction costs to Changes in fair value of notes payable and warrant liabilities or Changes in fair value of related party notes payable and warrant liabilities, as applicable, in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss.

Initial Issuance

On August 2, 2024, the Company and the remaining holders of the SPA Notes entered into a Waiver Agreement (the "Waiver Agreement"), as more fully described below. The Waiver Agreement materially changed the conversion privileges of the SPA Notes. Prior to the parties entering into the Waiver Agreement, the principal balance of the SPA Notes converted into Class A Common Stock at a fixed price of \$ 29.33, which represented an amended, restated and reduced conversion price due to the full ratchet price protections. The SPA Notes generally required interest to be paid on each conversion date and quarterly in cash or in shares of Class A Common Stock. Certain Unsecured and Secured SPA Notes required the payment of interest in cash or shares of Class A Common Stock at maturity. Unless earlier paid, the SPA Notes entitled the purchasers, at each conversion date, to an interest make-whole (a "Make-Whole Amount"), in a combination of cash or Class A Common Stock, at the Company's discretion, in the amount of the interest that would have been payable if such converted amount was held to maturity. The conversion price for the Make-Whole Amount was generally the greater of (a) the floor price, which was \$435.84 immediately prior to the Waiver Agreement or (b) 90% of the lowest VWAP for the five consecutive trading days ending immediately prior to the conversion date. Certain Secured SPA Notes required the Interest Conversion Price to be the lesser of (1) the principal balance conversion price or (2) the greater of (a) the floor price, which was \$435.84 or (b) 90% of the lowest VWAP for the five consecutive trading days ending immediately prior to the conversion date. When calculating the shares issuable upon conversion, the Make-Whole Amount was decreased by 50% of the original issue discount pertaining to such amount.

Sixth Secured SPA Amendment

On February 3, 2023, the Company entered into a sixth amendment to the Secured SPA (the "Sixth Secured SPA Amendment") with certain Secured SPA Purchasers, in which the Company agreed to sell up to \$135.0 million in aggregate principal (the "Tranche C Notes") with terms largely congruent to prior issuances and a \$10,080.00 base conversion price subject to full ratchet anti-dilution price protection. Each applicable Secured SPA Purchaser had the option to purchase additional Secured SPA Notes on the same terms as the Tranche C Notes in an amount not to exceed 50% of the initial principal amount of the Tranche C Notes issued to each applicable Secured SPA Purchaser (the "Tranche D Notes").

Pursuant to the Sixth Secured SPA Amendment, certain outstanding Secured SPA Notes issued by the Company to Secured SPA Purchasers with an aggregate outstanding principal amount of \$31.0 million were replaced by the same principal

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amount of new notes with a \$8,568.00 base conversion price. In accordance with ASC 470-50, *Debt—Modifications and Extinguishments*, the change in conversion price qualified as an extinguishment because the change in the fair value of the conversion feature was substantial. Accordingly, the Company recognized a Loss on settlement of notes payable in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss in the amount of \$3.0 million during the three months ended March 31, 2023, calculated as the difference between the reacquisition price of the debt and the net carrying amount of the Secured SPA Notes.

Pursuant to the Sixth Secured SPA Amendment, the Company entered into an agreement with certain Secured SPA Purchasers (the “Exchange Agreement”) holding a total of 20,639 warrants to exchange them for an aggregate 9,426 warrants and convertible notes (the “Exchange Notes”) with a principal balance totaling \$41.0 million. The issued warrants have terms that limit down-round ratchet clauses to price adjustments only. The Exchange Notes mature on February 3, 2025, bear interest at 11% per annum, have no original issuance discount, do not have a fixed price conversion, and convert using a VWAP calculation as described in the Exchange Agreement. The remainder of the terms of the Exchange Notes are largely congruent to the existing Secured SPA Notes, including most-favored nation rights. In connection with the Exchange Agreement, equity-classified warrants were exchanged for warrants that qualify for liability classification per ASC 480, *Distinguishing Liabilities from Equity*, and were reclassified from equity to Warrant liabilities during the period ended September 30, 2023 in an amount totaling \$6.8 million (the “Warrant Exchange”). As a result of the transaction, the Company did not recognize a gain or loss in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss, as the fair value of the instruments exchanged and received were approximately the same.

Seventh Secured SPA Amendment

On March 23, 2023, the Company entered into a seventh amendment to the Secured SPA (the “Seventh Secured SPA Amendment”) with FFSV, as administrative agent, collateral agent and purchaser, Senyun International Ltd. (“Senyun”), and FF Prosperity Ventures LLC (“FF Prosperity”), pursuant to which the parties agreed to accelerate the funding timeline of Tranche C Notes in the amount of \$40.0 million, and FFSV agreed to purchase additional Tranche B Notes in the amount of \$5.0 million, in each case, subject to meeting certain conditions, in exchange for an agreement to increase the original issuance discount associated with such funding. As part of the Seventh Secured SPA Amendment, the Company agreed that the original issuance discount related to \$25.0 million in principal amount of Tranche C Notes and Tranche B Notes would be 14% and 16%, respectively.

Eighth Secured SPA Amendment

On May 8 and 9, 2023, the Company entered into amendments to the Secured SPA (collectively, the “Eighth Secured SPA Amendment”) with certain Secured SPA Purchasers. Pursuant to the Eighth Secured SPA Amendment, the parties agreed to amend the floor price of all outstanding Secured SPA Notes, including the Exchange Notes, from \$2,016.00 to \$960.00 and changed the exercise price of the remaining Secured SPA Notes and SPA Warrants from \$10,080.00 to \$8,568.00.

In accordance with ASC 470-50, *Debt—Modifications and Extinguishments*, the change in conversion price qualified as an extinguishment because the change in the fair value of the conversion feature was substantial. Accordingly, the Company recognized a Loss on settlement of notes payable in the Consolidated Statements of Operations and Comprehensive Loss during the three and nine months ended September 30, 2023 in the amount of \$11.4 million, calculated as the difference between the reacquisition price of the debt and the net carrying amount of the notes.

Unsecured SPA

On May 8, 2023, the Company entered into the Unsecured SPA. The Unsecured SPA Notes were subject to an original issue discount of 10% and were convertible into shares of Class A Common Stock at an original fixed conversion price equal to \$8,568.00, subject to anti-dilution protection. Interest on Unsecured SPA Notes was payable at conversion or at maturity. When calculating the shares issuable upon conversion, the converted amount was decreased by 50% of the original issue discount pertaining to such amount.

Unless earlier paid, the Unsecured SPA Notes entitled the Unsecured SPA Purchasers, at each conversion date, to a Make-Whole Amount, in a combination of cash or Class A Common Stock at the Company’s discretion, in the amount of the interest that would have been payable if such converted amount was held to maturity based on an interest rate of 15% per annum. The conversion price of interest was the greater of (a) the floor price, \$960.00 at inception (as adjusted for stock splits,

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stock dividends, stock combinations, recapitalizations or other similar transactions occurring after the date of this Form 10-Q) and (b) 90% of the lowest VWAP for the five consecutive trading days ending immediately prior to the conversion date.

The Company elected the fair value option afforded by ASC 825, *Financial Instruments*, with respect to the Unsecured SPA Notes because the notes included features, such as a contingently exercisable put option, that meet the definition of an embedded derivative. The Company expenses the transaction costs to Changes in fair value of notes payable and warrant liabilities in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss.

As part of the Unsecured SPA, the Unsecured SPA Purchasers also received warrants consistent with the rights, terms and privileges of the warrants afforded to the holders of the Secured SPA Notes.

First Unsecured SPA Amendment

On June 26, 2023, the Company entered into an amendment to the Unsecured SPA (the "First Unsecured SPA Amendment"). The First Unsecured SPA Amendment enabled the Unsecured SPA Purchasers to postpone or cancel any closing of their commitment to purchase the Unsecured SPA Notes if the Company had not issued a press release or other public announcement confirming that the second phase of the Company's delivery plan had begun on or prior to August 31, 2023, within 15 calendar days of such date. The First Unsecured SPA Amendment did not change the cash flows of the Unsecured SPA and is accounted for prospectively with no gain or loss recognized. On August 9, 2023, the Company announced that it had completed the relevant processes and steps that were needed for the second phase of delivery to begin.

Joinder Agreements

On June 26, 2023, the Company entered into a Joinder and Amendment Agreement (the "FFVJ Joinder") with FF Vitality Ventures LLC ("FFVJ"), pursuant to which FFVJ agreed that FFVJ would exercise its option to purchase \$20.0 million of Secured SPA Tranche B Notes, subject to certain closing conditions, including the delivery of a warrant to purchase shares of Class A Common Stock equal to 33% of FFSV's conversion shares with an exercise price equal to \$8,568.00. In addition, the parties agreed that if FFSV exercised its option to invest another \$ 10.0 million of Tranche B Notes in accordance with the terms of the Secured SPA on or prior to the later of (x) August 1, 2023 or (y) four business days after the meeting of the Company's stockholders for the required stockholder approval under the Unsecured SPA to increase the Company's authorized shares of Common Stock, then the Company would subsequently amend the Unsecured SPA whereby FFVJ would invest another \$20.0 million in new unsecured notes subject to terms substantially identical to those provided in the Unsecured SPA.

Pursuant to the FFVJ Joinder, FFVJ agreed to purchase Unsecured SPA Notes up to \$ 40.0 million in eight installments. The floor price of the FFVJ Unsecured SPA Notes and for each of the notes issued to FFSV (or its affiliates) under the Secured SPA was to be \$ 480.00 (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions occurring thereafter). The funding at each closing was subject to various closing conditions, including: (a) an effective registration statement with respect to (i) the shares of Common Stock issuable upon exercise of the warrants issuable under the Unsecured SPA and (ii) the shares of Common Stock issuable pursuant to the FFVJ Unsecured SPA Notes and (b) the Company having reserved the Required Reserve Amount (as defined in the FFVJ Joinder) in full. In addition, FFVJ had the option, for 12 months from June 25, 2023, to purchase Unsecured SPA Notes. FFVJ agreed, on behalf of its affiliates, that FFSV may exchange any Tranche B Notes for either (x) Tranche D Notes, and/or (y) any Unsecured SPA Notes. This option was extended for 12 months from August 2, 2024 in connection with the Waiver Agreement.

The Company agreed to pay FFVJ a one-time working fee of \$ 0.3 million and legal fees not to exceed \$ 0.4 million, which was paid by netting the purchase price of new notes with the amount of such fees.

On June 26, 2023, Senyun executed a Second Joinder and Amendment Agreement (the "Senyun Joinder"), pursuant to which Senyun agreed to exercise its option to purchase \$15.0 million of Secured SPA Notes in accordance with the terms of the Secured SPA Notes. If Senyun had exercised its option to invest another \$10.0 million of Secured SPA Notes in accordance with the terms of the Secured SPA Notes on or prior to the later of (x) August 1, 2023 or (y) four business days after the meeting of the Company's stockholders for the Stockholder Approval (as defined below), then the Company agreed that it would subsequently amend the Unsecured SPA Notes whereby Senyun would invest another \$ 20.0 million. Senyun did not exercise this latter option.

Pursuant to the Senyun Joinder, Senyun agreed to purchase, under the Unsecured SPA, Unsecured SPA Notes in an aggregate principal amount of up to \$30.0 million in eight installments. The floor price for each note issued to Senyun (or its

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affiliates) under the SPA, was \$ 436.00 (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions occurring after the date of this Form 10-Q).

The Company agreed to pay Senyun a one-time working fee of \$ 0.2 million and legal fees not to exceed \$ 0.3 million, which was paid by netting the purchase price for new notes with the amount of such fees.

The FFV and Senyun Joinders did not trigger any adjustment to the conversion or exercise price of the notes and warrants under the SPA Notes, and Senyun and FFSV waived any such rights to any adjustment to the conversion or exercise price in each of the Secured SPA and/or the Unsecured SPA, as applicable, and the related warrants.

Amendment to Joinder and Amendment Agreement

On August 4, 2023, the Company entered into a Waiver and Amendment Agreement to the FFV Joinder, pursuant to which FFV agreed to waive any and all requirements of the Company to reserve shares of Common Stock for issuance pursuant to the SPA Notes or SPA Warrants and deferred any obligations of the Company to deliver any shares of Common Stock for issuance pursuant to the SPA Notes or SPA Warrants until the earlier of (x) September 30, 2023 and (y) the earlier of (I) the trading day immediately following the date of consummation of a reverse stock split of the Common Stock and (II) the 15th business day after the Company's receipt of stockholder approval to increase the authorized shares of Common Stock. Further, if FFV exercised its option to invest another \$10.0 million of Tranche B Notes in accordance with the terms of the Secured SPA on or prior to the latest of (x) August 1, 2023, (y) four business days after the meeting of the Company's stockholders for the required stockholder approval under the Unsecured SPA to increase the Company's authorized shares of Common Stock and for purposes of Nasdaq Stock Market LLC ("Nasdaq") Listing Rule 5635 (to the extent needed) (the "Stockholder Approval"), and (z) six business days after the Company filed its Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, then FFV would have the right, at any time prior to the 30th day after the date of consummation of such funding, to invest another \$20.0 million in Unsecured SPA Notes, subject to terms substantially identical to those provided for in the Unsecured SPA. FFV did not exercise this option.

Unsecured Securities Purchase Agreement – Streeterville

On August 4, 2023, the Company entered into a securities purchase agreement with Streeterville (the "Unsecured Streeterville SPA"), for \$ 16.5 million aggregate principal amount of the Company's senior unsecured promissory notes (the "Streeterville Note") and a common stock purchase warrant (the "Streeterville Warrant") to purchase up to 636 shares of Common Stock with an exercise price equal to \$ 8,568.00 per share, subject to full ratchet anti-dilution price protection and other adjustments, and which are exercisable for seven years on a cash or cashless basis.

The Streeterville Note was subject to an original issue discount of \$ 1.5 million. In addition, the Company paid Streeterville \$ 0.2 million to cover Streeterville's legal fees and other transaction costs incurred in connection with the purchase and sale of the Streeterville Note. The Streeterville Note was convertible into shares of Class A Common Stock, at an original conversion price equal to \$8,568.00, plus an interest make-whole amount as described above for the Unsecured SPA, subject to certain adjustments including full ratchet anti-dilution price protection.

The Streeterville Note matures on August 4, 2029 and is subject to the same repayment conversion and most-favored nation terms and conditions as described above for the Unsecured SPA.

Streeterville has the option, from time to time for 12 months after the date of the Unsecured Streeterville SPA, to purchase up to \$ 7.5 million in aggregate (or \$15.0 million in aggregate with the Company's consent) in additional convertible senior unsecured notes and warrants on the same terms as the Streeterville Note and the Streeterville Warrant. This option was extended for 12 months from August 2, 2024 in connection with the Waiver Agreement. Additionally, from the date of the Unsecured Streeterville SPA until the five-year anniversary of the date of the Unsecured Streeterville SPA, upon any issuance by the Company or any of its subsidiaries of Class A Common Stock or Class A Common Stock equivalents for cash consideration, indebtedness or a combination of units thereof (subject to certain exceptions set forth in the Unsecured Streeterville SPA) (each, a "Subsequent Financing"), if Streeterville owns at least \$7.5 million principal amount of Streeterville Note (when aggregated with any affiliates of Streeterville), then Streeterville shall have the right to participate in the Subsequent Financing, for up to an amount such that Streeterville's ownership of the Company remains the same immediately following such Subsequent Financing as its ownership immediately prior to such Subsequent Financing, pursuant to the procedures outlined in the Unsecured Streeterville SPA.

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Pursuant to the Streeterville Note, the Company obtained stockholder approval, as required by the Nasdaq listing rules, with respect to the issuance of any shares of Class A Common Stock in excess of 19.99% of the issued and outstanding shares of Class A Common Stock (the "Issuance Cap"), the Conversion Shares (as defined in the Streeterville Note), the Warrant Shares (as defined in the Unsecured Streeterville SPA), and subject to any applicable Nasdaq rules, any shares of Common Stock issuable pursuant to the note and warrant issuable in connection with the reinvestment right set forth in the Unsecured Streeterville SPA in excess of the Issuance Cap. Such stockholder approval was obtained at a special meeting of the Company's stockholders held on February 5, 2024.

Unanimous Written Consents

During the six months ended June 30, 2024, the Company's Board of Directors exercised its authority via a series of written consents (the "Unanimous Written Consents") to adjust the principal conversion price of the SPA Notes as it considered desirable. The Board chose to reduce the principal conversion price from \$29.33 to 105% of the listed market price of the Company's Common Stock at the close of the trading day on which a conversion notice is delivered. The adjustments to the principal conversion price were temporary in nature and contractually concluded on June 30, 2024. The Company accounted for the modification of the SPA Notes prospectively with no gain or loss recorded in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss. The actions of the Board in the Unanimous Written Consents did not trigger any full ratchet anti-dilution price protection in the Company's debt and equity securities.

Amendments No. 11 and 12 to Secured SPA

On July 11, 2024, the Company entered into Amendment No. 11 to the Secured SPA (the "Eleventh Secured SPA Amendment") with FF Vitality Ventures LLC (the "FF Vitality Purchaser"), as purchaser, and Amendment No. 12 to the Secured SPA (the "Twelfth Secured SPA Amendment") with Senyun, as purchaser.

Pursuant to the Eleventh and Twelfth Secured SPA Amendments, the Company and the purchasers agreed to amend the restrictions on debt and liens under the Secured SPA Notes to permit the Collateralized Loan (as defined below) and the related liens on the collateral, as described below. Additionally, the agent for the Secured SPA Notes also agreed to subordinate the liens that secure the obligations under the Secured SPA Notes to the liens on the collateral granted to secure the obligations under the Collateralized Loan.

Since the Eleventh and Twelfth Secured SPA Amendments do not change the contractual cash flows, the Company accounted for the modification of the SPA Notes prospectively with no gain or loss recorded in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss.

Waiver Agreement

On August 2, 2024, the Company entered into the Waiver Agreement with the remaining holders of the SPA Notes.

Prior to the Waiver Agreement, the Company had certain obligations under the SPA Notes to pay accrued and unpaid interest and the Make-Whole Amount in cash or shares in connection with conversions of such SPA Notes. In an effort to reduce the Company's ongoing obligations pursuant to the SPA Notes and to encourage the continued conversion of the SPA Notes into shares of Common Stock, the Company entered into the Waiver Agreement, pursuant to which the Company agreed that for each conversion of any SPA Note on or after the effective date of the Waiver Agreement, the conversion price would be the lesser of (1) the conversion price then in effect, \$29.33, subject to full ratchet anti-dilution price protection (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions occurring thereafter) or (2) 90% of the VWAP of the Company's Common Stock as of the trading day ended immediately prior to the time the conversion notice is delivered to the Company.

Additionally, pursuant to the Waiver Agreement, the holders agreed that accrued interest shall be due at maturity or conversion and that the Make-Whole Amount shall always equal zero, such that instead of receiving all the accrued and unpaid interest due under the SPA Notes through maturity, each holder of any SPA Note will receive, upon conversion or settlement, an amount in cash or shares equal to all accrued and unpaid interest accrued through the settlement date. The provisions of the Waiver Agreement will apply to all SPA Notes currently issued or issuable in the future pursuant to the Secured SPA and Unsecured SPA.

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Further pursuant to the Waiver Agreement, a holder's right to purchase any additional notes from previous SPA Notes and amendments executed in any agreement with the Company shall be extended until the first anniversary of the effective date of the Waiver Agreement (i.e., until August 2, 2025).

In accordance with ASC 470-50, *Debt—Modifications and Extinguishments*, the changes pursuant to the Waiver Agreement qualified as an extinguishment because the change in the fair value of the conversion feature was substantial. Accordingly, the Company recognized a Loss on settlement of notes payable in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss during the three and nine months ended September 30, 2024 in the amount of \$2.8 million, calculated as the difference between the reacquisition price of the debt and the net carrying amount of the notes.

Anti-dilution adjustments

During the twelve-month period ended December 31, 2023, the Company entered into multiple dilutive stock sale and purchase transactions, as discussed in Note 2, *Liquidity and Capital Resources and Going Concern* above that triggered the full ratchet anti-dilution price protections embedded in the SPA Notes and SPA Warrants. As a result, the fixed-price conversion price of the SPA Notes and exercise price of the SPA Warrants outstanding prior to such financings was reduced to a price equal to the price per share paid in the dilutive financings. Excluding the impact of the Conversion Price adjustments pursuant to the Unanimous Written Consents, which expired on June 30, 2024, the SPA Note conversion and SPA Warrant exercise price was \$29.33 for SPA Notes that were issued prior to December 31, 2023 and generally, the Make-Whole Amount was calculated using the floor price, which was \$435.84.

On September 5, 2024, the Company entered into the Junior Secured SPA. At issuance, the Junior Secured SPA Note conversion price equals the lesser of the stated conversion price, \$5.24, or the greater of (1) the floor price, \$ 1.05, or (2) the average VWAP of the common stock for the five previous trading days. The issuance of the Junior Secured SPA Note constituted a dilutive issuance, as the stated conversion price of \$5.24 was less than the SPA Note conversion price and the SPA Warrant exercise price. Therefore, the issuance of the Junior Secured SPA Note triggered the full ratchet anti-dilution price protection in the SPA Notes and SPA Warrants, such that the fixed exercise price was reduced to \$5.24.

End of Period Secured and Unsecured SPA Information

During the nine months ended September 30, 2024, the Company received cash proceeds, net of original issue discounts, of \$ 8.5 million pursuant to the commitments included in the SPA Notes. The Company received cash proceeds, net of original issue discounts, of \$231.1 million in exchange for the issuance of the SPA Notes during the twelve months ended December 31, 2023. The Company incurred approximately \$0.1 million and \$0.2 million in transaction costs during the three and nine months ended September 30, 2024. The Company incurred zero and approximately \$2.5 million in related transaction costs during the three and nine months ended September 30, 2023.

During the nine months ended September 30, 2024, and the twelve months ended December 31, 2023, the Company issued SPA Warrants to the Secured SPA Purchasers and Unsecured SPA Purchasers pursuant to both the Secured SPA and Unsecured SPA arrangements and in connection with the Warrant Exchange. As of September 30, 2024, there were 15,143 SPA Warrants outstanding and as of December 31, 2023, there were 13,906 SPA Warrants outstanding. The SPA Warrants are subject to anti-dilution ratchet price protection and are exercisable for 7 years from the date of issuance (see Note 11, *Stockholders' Equity*). The Company may repurchase certain warrants for \$ 0.01 per share if and to the extent the VWAP of the Class A Common Stock during 20 out of 30 consecutive trading days prior to the repurchase is greater than \$ 144,000.00 per share, subject to certain additional conditions. There were no SPA Warrant exercises during the three or nine months ended September 30, 2024. During the twelve months ended December 31, 2023, the Secured SPA Purchasers exercised warrants to purchase 6,292 shares of Class A Common Stock issued pursuant to the SPA Notes, via both cash and cashless exercise.

On September 30, 2024 and 2023, the Company determined that the fair value of the SPA Notes was \$ 41.1 million and \$95.4 million, respectively. The fair value of the SPA Warrants on September 30, 2023 was \$1.7 million. As of September 30, 2024, no SPA Warrants were classified as liabilities. The Company recorded a gain in Change in fair value of notes payable and warrant liabilities in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss in the amount of \$10.9 million and \$56.7 million for the three and nine months ended September 30, 2024, respectively, for the SPA Notes and SPA Warrants. The Company recorded a gain in Change in fair value of notes payable and warrant liabilities in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and nine months ended September 30, 2023 in the amount of \$22.3 million and \$95.1 million, respectively, for the SPA Notes and SPA Warrants.

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During the nine months ended September 30, 2024, SPA Notes with an aggregate principal amount of \$ 96.3 million and a fair value of \$ 44.9 million were converted into Class A Common Stock. During the nine months ended September 30, 2023, SPA Notes with an aggregate principal amount of \$200.4 million and a fair value of \$ 125.3 million were converted into Class A Common Stock. In connection with the conversions of the SPA Notes, the Company recognized a Loss on settlement of notes payable for the three and nine months ended September 30, 2024 in the amount of \$56.4 million and \$147.1 million, respectively, and three and nine months ended September 30, 2023 in the amount of \$ 32.1 million and \$207.7 million, respectively.

Junior Secured SPA Notes

On September 5, 2024, the Company entered into the Junior Secured SPA with the Junior Secured SPA Investors. Pursuant to the Junior Secured SPA, the Junior Secured SPA Investors agreed to purchase Junior Secured SPA Notes, warrants, and incremental warrants for approximately \$ 30.0 million, of which approximately \$22.5 million was paid in cash and approximately \$ 7.5 million was converted from a previous loan to the Company, in two closings. As of September 30, 2024, the Company had received \$20.8 million of the commitments, and the remaining commitments were received by October 30, 2024.

The Junior Secured SPA Notes are convertible, along with any interest accrued, into shares of Class A Common Stock at the conversion price (as defined in each Junior Secured SPA Note), subject to full ratchet anti-dilution price protection. At issuance, the Junior Secured SPA Note conversion price equaled the lesser of the stated conversion price, \$5.24, or the greater of (1) the floor price, \$ 1.05, or (2) the average VWAP of the common stock for the five previous trading days.

The Junior Secured SPA Notes bear interest at 10% per annum. The Junior Secured SPA Notes require interest to be paid at maturity in cash or at conversion in shares of Class A Common Stock.

The Junior Secured SPA Investors were given warrants (the "Junior SPA Warrants") equal to 100% of the shares issuable upon conversion of the aggregate principal amount under the Junior Secured SPA Note funded. The Junior SPA Warrants are exercisable immediately with a term of five years and have an exercise price of \$6.29, subject to full ratchet anti-dilution protection, as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions. The Company issued to the placement agent for the transaction a warrant (the "Placement Agent Warrant") identical to that of the Junior Secured SPA Investors for 202,768 shares of Common Stock, exercisable immediately at an exercise price of \$ 6.29 subject to full ratchet anti-dilution price protection, as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions. The Placement Agent Warrant had a fair value of \$0.6 million at issuance, which is included as an expense in the Changes in fair value of notes payable and warrant liabilities, in accordance with the Company's election to account for the Junior Secured SPA Notes at fair value, discussed below. Hereinafter the Placement Agent Warrant is included for discussion purposes with the Junior SPA Warrants since its form and terms are identical.

The Junior Secured SPA Investors were given an incremental warrant to purchase additional Junior Secured SPA Notes, up to amounts originally funded (the "Incremental Warrants"), at the same terms and conditions as the original Junior Secured SPA commitment. The Incremental Warrants are exercisable immediately on the date thereof with a term of one year to purchase the Junior Secured SPA Notes at an exercise price equal to the principal amount of the Junior Secured SPA Notes issued to the Junior Secured SPA Investor, subject to full ratchet anti-dilution price protection, as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions.

The Company elected the fair value option afforded by ASC 825, *Financial Instruments*, with respect to the Junior Secured SPA Notes because the notes include features, such as a contingently exercisable put option, that meet the definition of an embedded derivative. The Company expenses transaction costs to Changes in fair value of notes payable and warrant liabilities or Changes in fair value of related party notes payable and warrant liabilities, as applicable, in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss.

End of Period Junior Secured SPA Information

During the nine months ended September 30, 2024, the Company received cash proceeds, net of original issue discounts, of \$ 13.25 million pursuant to the commitments included in the Junior Secured SPA Notes. The Junior Secured SPA Notes were issued in 2024 and therefore there is no financial information to provide for the nine months ended September 30, 2023 or the twelve months ended December 31, 2023. The Company incurred approximately \$0.6 million and \$0.6 million in related

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transaction costs during the three and nine months ended September 30, 2024.

During the nine months ended September 30, 2024 the Company issued Junior SPA Warrants to the Junior Secured SPA Investors pursuant to the Junior Secured SPA Notes. As of September 30, 2024, there were 5,931,638 Junior SPA Warrants outstanding. The Junior SPA Warrants are subject to full ratchet anti-dilution price protection and are exercisable for five years from the date of issuance (see Note 11, *Stockholders' Equity*). The Company may repurchase certain warrants for \$0.01 per share if and to the extent the VWAP of the Class A Common Stock during 20 out of 30 consecutive trading days prior to the repurchase is greater than \$12.58 per share, subject to certain additional conditions. There were no Junior SPA Warrant exercises during the three and nine months ended September 30, 2024.

On September 30, 2024, the Company determined that the fair value of the Junior Secured SPA Notes was \$ 9.4 million and the fair value of the Junior SPA Warrants was \$13.4 million. The Company recorded a loss in Change in fair value of notes payable and warrant liabilities in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss in the amount of \$3.7 million for each of the three and nine months ended September 30, 2024 for the Junior Secured SPA Notes and Junior SPA Warrants.

During the nine months ended September 30, 2024, there were no conversions of Junior Secured SPA Notes into Class A Common Stock.

Unsecured Convertible Notes

During the nine months ended September 30, 2024, the Company issued unsecured convertible notes (the "Unsecured Convertible Notes") to Senyun and MHL, in an aggregate principal amount of \$28.9 million. The Unsecured Convertible Notes are due three months from the date of issuance, accrue interest at a rate of 4.27% per annum, and are convertible into either Class A Common Stock or into an SPA Note at the option of the holder. If conversion into Class A Common Stock is elected, the conversion price is the latest closing price of the Company's Class A Common Stock on the conversion date. The Unsecured Convertible Notes are due on demand upon the occurrence of an event of default as defined in the notes.

The Company elected the fair value option afforded by ASC 825, *Financial Instruments*, with respect to the Unsecured Convertible Notes because the Company believes the Unsecured Convertible Notes will be exchanged into an SPA Note pursuant to the conversion right included within the notes. The SPA Notes include features, such as a contingently exercisable put option, that meet the definition of an embedded derivative. The Company recorded a gain in Change in fair value of notes payable and warrant liabilities in the amount of \$0.8 million in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended September 30, 2024 and a loss in the amount of \$2.4 million for the nine months ended September 30, 2024 for the Unsecured Convertible Notes.

This debt was in default as of the balance sheet date due to non-payment by the maturity date.

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Notes to Unaudited Condensed Consolidated Financial Statements

Collateralized Loan

On July 11, 2024, the Company entered into a \$ 4.9 million collateralized loan arrangement (the "Collateralized Loan") with Utica Leaseco, LLC ("Utica"). Under the Collateralized Loan, the Company will pay Utica 51 monthly payments of \$0.1 million and a balloon payment of \$ 0.5 million at maturity for total remittances of \$8.0 million. The stated rate of the loan is 0.00% but the effective interest rate is 28.00%. The effective interest rate represents the rate used to discount the future cash flows to their present value adjusted by the impact of approximately \$0.4 million in costs paid to Utica and third parties in connection with the execution of the Collateralized Loan. The Collateralized Loan has a 4-year term. The monthly payments will be adjusted periodically based on fluctuations of the prime rate as determined by Renasant Bank. Beginning January 1, 2025 and on each July 1 and January 1 thereafter, if the prime rate has increased 0.25% in excess of 8.50% (the "Surcharge Base Rate"), then Utica will increase each monthly payment by 10% per month for each 0.25% increase in the Surcharge Base Rate (the "Surcharge Amount"). At each applicable date following the initial application of the Surcharge Amount, Utica shall adjust the monthly payment up or down for each 0.25% fluctuation in the Surcharge Base Rate. In no event shall the monthly payment reduce below the original amount.

After the payment in April 2026 and for the remaining term of the Collateralized Loan, the Company may terminate the Collateralized Loan by paying \$0.5 million along with any monthly payments then due. Also upon termination the Company will be obligated to pay Utica's reasonable expenses to affect the termination, all sales and transfer taxes and all fees payable to any governmental authority.

Under the Collateralized Loan, the Company has identified certain machinery, vehicles, equipment and/or other assets (the "Equipment") that serve as collateral for the loan. The Company retains title to the Equipment, granting Utica a first priority security interest therein. The Collateralized Loan contains customary representations and warranties, covenants relating to the use and maintenance of the Equipment, indemnification and events of default. The Collateralized Loan further grants to Utica certain remedies upon a default, including the right to accelerate all payments for the remainder of the term, to recover liquidated damages, or to repossess and sell or otherwise dispose of the Equipment.

In connection with the execution of Collateralized Loan, the Company pre-paid the first two months' rent, totaling \$0.3 million, and paid various deposits to Utica in order to secure Utica's reasonable access to the Equipment and to protect Utica from tax liens that may exist on the Equipment. The various deposits totaled \$1.6 million, \$1.5 million of which is included in Deposits and \$ 0.1 million is included in Other current assets in the Condensed Consolidated Balance Sheets as of September 30, 2024. To the extent that the Company does not default on the arrangement and Utica does not need to utilize the various deposits to assert its rights under the Collateralized Loan, \$0.1 million will be applied to payments due either upon early termination or maturity; \$0.1 million will be returned to the Company upon provision of all filed UCC-3 terminations evidencing the removal of tax liens from the Equipment; and \$1.4 million will be returned to the Company upon the relocation of the Equipment to the Company's Hanford location.

Fair Value of Notes Payable Not Carried at Fair Value

The estimated fair value of the Company's notes payable not carried at fair value, using inputs from Level 3 under the fair value hierarchy, approximated their carrying value as of September 30, 2024 and December 31, 2023, respectively.

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Notes to Unaudited Condensed Consolidated Financial Statements

Schedule of Principal Maturities of Notes Payable

The future scheduled principal maturities of notes payable as of September 30, 2024 are as follows:

<i>(in thousands)</i>	
Due on demand	\$ 4,950
2024	132
2025	10,198
2026	892
2027	1,104
2028	2,169
2029	28,826
Thereafter	31,512
	<u>\$ 79,783</u>

8. Related Party Transactions

Related Party Notes Payable

The Company receives funding via notes payable from various parties, including related parties. These related parties include employees as well as affiliates of employees, affiliates, and other companies controlled or previously controlled by the Company's founder and Chief Product and User Ecosystem Officer.

Related party notes payable consisted of the following as of September 30, 2024:

<i>(in thousands)</i>	Contractual Maturity Date	Contractual Interest Rates	Net Carrying Value
Related party notes – Unsecured Convertible	April 8, 2024	4.27%	\$ 1,302
Related party notes – China	December 2023	18.0%	7,706
Related party notes – China various other	Due on Demand	—%	3,805
Related party notes – Convertible FFGP	May 2024	4.27%	250
Related party notes – FFGP	Various 2024	4.27% - 5.27%	1,576
Related party notes – Other	December 2024	12.0%	75
			<u>14,714</u>
Less: Related party notes payable, current			(14,714)
Total: Related party notes payable, less current			<u>\$ —</u>

Related party notes payable consisted of the following as of December 31, 2023:

<i>(in thousands)</i>	Contractual Maturity Date	Contractual Interest Rates	Net Carrying Value
Related party notes – Unsecured SPA	August 2029	10% - 15%	\$ 542
Related party notes – China	December 31, 2023	18.0%	5,103
Related party notes – China various other	Due on Demand	—%	3,789
Related party notes – FFGP	Various	4.27% - 5.27%	326
			<u>9,760</u>
Less: Related party notes payable, current			(9,760)
Total: Related party notes payable, less current			<u>\$ —</u>

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Notes to Unaudited Condensed Consolidated Financial Statements

Related Party Notes - Unsecured SPA

MHL is the anchor investor in the Unsecured SPA and has committed \$ 80.0 million of such funding. MHL is a related party of the Company as MHL's investors include a subsidiary of FF Global Partners LLC ("FF Global"), a stockholder of the Company. FF Global has control over the Company's management, business and operations. See Note 7, *Notes Payable*, for details on the Unsecured SPA.

The Company elected the fair value option afforded by ASC 825, *Financial Instruments*, with respect to the Unsecured SPA Notes because the notes include features, such as a contingently exercisable put option, that meet the definition of an embedded derivative. The Company expensed the transaction costs to Changes in fair value of related party notes payable and warrant liabilities in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss.

Subsequent to the issuance of the Unsecured SPA, MHL funded, net of original issue discounts, \$ 20.7 million in exchange for the issuance of the Unsecured SPA Notes and related warrants. MHL did not fund the Unsecured SPA during the nine months ended September 30, 2024. In connection with the Unsecured SPA, the Company issued to MHL SPA Warrants to purchase 886 shares of the Class A Common Stock. The SPA Warrants are subject to full ratchet anti-dilution price protection and are exercisable for seven years from the date of issuance (see Note 11, *Stockholders' Equity* and Note 7, *Notes Payable*). During the nine months ended September 30, 2024, MHL converted its remaining outstanding gross principal balance, \$ 0.7 million, in exchange for 33,108 shares of the Class A Common Stock. In connection with the conversion of Unsecured SPA Notes, there was no Loss on settlement of related party notes during the three months ended September 30, 2024 and the Company recognized \$0.2 million Loss on settlement of related party notes payable during the nine months ended September 30, 2024, for the difference between the fair value of the shares issued and the fair value of the debt instrument.

As of September 30, 2024, there were no Related party notes payable issued pursuant to the Unsecured SPA.

Related Party Notes - Unsecured Convertible

In January 2024, the Company issued an unsecured convertible note to MHL in a principal amount of \$ 1.5 million. The note was due three months from the date of issuance, (i.e., in April 2024), accrues interest at a rate of 4.27% per annum, and is convertible into either Class A Common Stock or into an SPA Note at the option of the holder. If conversion into Class A Common Stock is elected, the conversion price is the latest closing price of the Company's Class A Common Stock on the conversion date. The debt is due on demand upon the occurrence of an event of default as defined in the note.

The Company elected the fair value option afforded by ASC 825, *Financial Instruments*, with respect to this note because the Company believes the note will be exchanged into an SPA Note pursuant to the conversion right included within the note. The SPA Notes include features, such as a contingently exercisable put option, that meet the definition of an embedded derivative.

This debt was in default as of the balance sheet date due to non-payment by the maturity date.

The Company recorded a gain in Change in fair value of related party notes payable and warrant liabilities in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and nine months ended September 30, 2024 in the amount of \$0.6 million and \$0.1 million for the related party convertible notes.

Related Party Notes - China

Previously, the Company had outstanding debt payable to Chongqing Leshi Small Loan Co., Ltd. ("Chongqing"), a related party. In 2022, Chongqing agreed to modify its debt agreement with the Company if the Company agreed to make a payment of 10% of the outstanding principal. Under this modified agreement, the Company received the rights to all interest accrued, a discount in principal balance, and agreed to make payments during 2023 to completely pay the discounted principal by December 31, 2023. The Company did not pay the outstanding principal and interest amount in full by the maturity date of December 31, 2023, and as a result, the Company incurred substantial interest and penalties. Per the terms of the modified agreement, all outstanding interest and penalties since the inception of the original agreement reverted to Chongqing and the discounted principal balance returned to the full unpaid amount. As a result, the Company recognized no and \$14.1 million loss on related party notes payable and related party warrants for the three and nine months ended September 30, 2024, respectively, in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss. As of September 30, 2024 and December 31, 2023, the outstanding principal balance related to this related party note was \$7.7 million and \$5.1 million, respectively, and the outstanding accrued related party interest was \$ 20.0 million and \$0.8 million, respectively.

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Related Party Notes - Convertible FFGP

In February 2024, the Company and FFGP Investment Holding I, LLC ("FFGP"), a related party, entered into an unsecured convertible note in the amount of \$0.3 million. The note has a maturity date of May 2024, accrued interest at a rate of 4.27% per annum, and is convertible into Class A Common Stock at the option of the holder. The conversion price is the latest closing price of the Company's Class A Common Stock on the conversion date. The debt is due on demand upon the occurrence of an event of default as defined in the agreement.

This debt was in default as of the balance sheet date due to non-payment by their respective maturity dates.

Related Party Notes - FFGP

In November 2023 and January 2024, the Company issued unsecured promissory notes to FFGP, a related party, in an aggregate principal amount of \$1.6 million. These notes were due three months from their respective date of issuance and accrued interest at either 4.27% or 5.27%. The debt is due on demand upon the occurrence of an event of default as defined in the note.

This debt was in default as of the balance sheet date due to non-payment by their respective maturity dates.

Fair Value of Related Party Notes Payable Not Carried at Fair Value

The estimated fair value of the Company's related party notes payable not carried at fair value approximated their carrying value as of September 30, 2024 and December 31, 2023, respectively.

X-Butler previously known as Warm Time Inc. ("Warm Time") and Ocean View Drive Inc. ("Ocean View") Transactions

The Company leased two real properties, located in Rancho Palos Verdes, California (the "Rancho Palos Verdes Properties"), from X-Butler from January 1, 2018 through March 31, 2022. X-Butler in turn leased the Rancho Palos Verdes Properties from Yueting Jia, the Company's founder and Chief Product and User Ecosystem Officer. The Rancho Palos Verdes Properties were used by the Company to provide long-term or temporary housing to employees of the Company (including a former Global CEO). According to the agreement between the parties, the Company paid X-Butler for rent and certain services, including catering, room services and organization of meetings, external gatherings and events, for the Rancho Palos Verdes Properties. For the three months ended September 30, 2024 and September 30, 2023, the Company paid to X-Butler zero and \$0.1 million, respectively, for rent and business development services rendered to the Company and its executives. The Company has recorded approximately \$0.2 million and \$0.1 million in Accounts Payable as of September 30, 2024 and December 31, 2023, respectively.

On February 9, 2023, the Company made a payment of approximately \$0.2 million on behalf of Ocean View, an indemnified co-defendant, in connection with a seizure of funds related to the outstanding judgment in ongoing litigation, also involving Han's San Jose Hospitality, LLC. Ocean View fulfilled its payment obligation under the settlement arrangement of such litigation, but the Company did not make its payment on the outstanding judgment which caused such seizure of funds of Ocean View. See Note 10, *Commitments and Contingencies*, for more information. Following such seizure, the Company paid the outstanding judgment and all accrued interest. The Company received the return of such indemnification payment in April 2023.

FF Global Expense Reimbursements and Consulting Fees

On July 30, 2022, the Company entered into a preliminary term sheet (the "Preliminary Term Sheet") with FF Top Holding LLC ("FF Top"), a subsidiary of FF Global, setting out a summary of the preliminary terms and conditions for FF Top's assistance in arranging a proposed convertible term loan facility to the Company. In connection with the Preliminary Term Sheet, the Company agreed to reimburse FF Top for its reasonable and documented out-of-pocket legal and diligence fees and expenses incurred in connection with such financing efforts up to a \$0.3 million cap (the "Original Cap"), irrespective of whether or not closing occurred, with \$0.2 million to be payable as a deposit upon execution of the Preliminary Term Sheet. Pursuant to the Preliminary Term Sheet, the Company paid FF Top \$0.4 million in 2022.

On January 31, 2023, the Company entered into a supplemental agreement to the Preliminary Term Sheet (the "Term Sheet" and with such supplemental agreement, the "Supplemental Agreement") with FF Global, pursuant to which the parties agreed, due to the high amount of FF Global's out-of-pocket legal fees and expenses incurred in connection with its financing efforts, to amend the Preliminary Term Sheet to increase the Original Cap from \$0.3 million to \$0.7 million. The Company

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agreed to pay the remaining \$0.4 million of the fees owed to FF Global as follows: (i) \$ 0.2 million within one business day of execution of the Supplemental Agreement, and (ii) \$0.2 million within one business day of consummation of new financing by the Company in an amount not less than \$5.0 million or an earlier date approved by the Board. Pursuant to the Preliminary Term Sheet, as amended by the Supplemental Agreement, the Company paid FF Global \$0.2 million on each of February 1, 2023 and February 6, 2023.

On April 8, 2023, the Company reimbursed FF Global for \$ 0.2 million related to legal expenses incurred by FF Global in connection with the Sixth Secured SPA Amendment. In addition, on April 10, 2023 and May 31, 2023, the Company reimbursed FF Global for \$ 0.1 million and \$0.3 million related to legal expenses incurred by FF Global in connection with certain unsecured financings.

In February 2023, FF Global requested from the Company legal expense reimbursement of \$ 6.5 million for costs incurred related to the governance changes at the Company, which was not approved by the Board as of the date these Unaudited Condensed Consolidated Financial Statements were issued. FF Global may in the future continue to request additional expense reimbursements and indemnification from the Company.

On March 6, 2023, the Company entered into a consulting service agreement with an effective date of February 1, 2023 with FF Global (the "Consulting Services Agreement"), according to which the Company agreed to pay a monthly consulting fee of \$0.2 million to FF Global for the following services:

- Assistance in developing its funding strategy.
- Assistance in developing its value return and management strategy.
- Consultation on and integration of stockholder relations and stockholder resources.
- Supporting communications regarding stockholders meetings.
- Developing existing stockholder financing strategy, including with respect to retail investors and others.
- Assistance in risk management strategy.
- Assistance in capability build up and operation strategy.

The Consulting Services Agreement has an initial term of 12 months and automatically renews for successive 12 months periods unless earlier terminated in accordance with the terms thereof. Effective March 6, 2024, the Consulting Agreement renewed automatically. Either party may terminate the Consulting Services Agreement upon one month prior written notice to the other party. Upon any termination of the Consulting Services Agreement, the Company shall promptly pay FF Global any accrued but unpaid fees hereunder and shall reimburse FF Global for any unreimbursed expenses that are reimbursable thereunder. In addition, FF Global is entitled to reimbursement for all reasonable and documented out-of-pocket travel, legal, and other out-of-pocket expenses incurred in connection with their services, which expenses shall not exceed \$0.1 million without the prior written consent of the Company. The Company paid \$0.2 million and \$0.7 million to FF Global during the three and nine months ended September 30, 2024, respectively, and \$0.9 million and \$1.4 million for the three and nine months ended September 30, 2023, respectively, pursuant to the Consulting Services Agreement. The Company has \$1.5 million and \$0.6 million of amounts payable to FF Global recorded in Accounts Payable and Accrued Liabilities in the Unaudited Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023, respectively.

Common Units of FF Global

During 2022, certain executives and employees of the Company were granted the opportunity to subscribe to 600,000 common units of FF Global. The subscription price of \$20.00 per common unit, payable by the executives and employees of the Company, was financed through non-recourse loans issued by FF Global payable in equal annual installments over ten years. The common units to be purchased with a non-recourse loan are required to be treated for accounting purposes as stock options granted by FF Global to executives and employees of the Legacy FF. The awards were valued using the Black-Scholes option pricing model. The grant date fair value of the units purchased through non-recourse loans was immaterial for the three and nine months ended September 30, 2024 and 2023.

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Advertising Services Payable to Leshi Information Technology Co., Ltd. ("LeTV")

The Company has recorded a payable to LeTV within Accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets in the amount of \$7.8 million and \$7.5 million as of September 30, 2024 and December 31, 2023, respectively, in connection with advertising services provided to the Company in prior years. LeTV is a Shanghai Stock Exchange-listed public company founded and controlled by Mr. Yueting Jia, the Company's founder and Chief Product and User Ecosystem Officer.

Other Related Party Transactions

The Company pays for a vehicle lease totaling less than \$0.1 million annually on behalf of Mr. Jia.

The Company owes a total of \$0.5 million and \$0.2 million to various related parties as of September 30, 2024 and December 31, 2023, respectively, which is included in Accounts payable within the Condensed Consolidated Balance Sheets.

On September 4, 2024 (the "Effective Date"), the Board approved changes to the compensatory arrangements for the Company's Global CEO, Matthias Aydt, and the Company's Founder and Chief Product and User Ecosystem Officer, Yueting Jia. In furtherance of the Board approval, Mr. Aydt and Mr. Jia entered into Salary Deduction and Stock Purchase Agreements ("SD SPAs") to authorize the Company to deduct a portion of the officers' after-tax base salary (equal to approximately 64% of his initial pro-rated \$ 550,000 base salary for Mr. Aydt and approximately 56% of his initial pro-rated \$612,000 base salary for Mr. Jia, in each case after-tax). The September 2024 SDA SPAs will terminate on the three-month anniversary of the Effective Date. During the three months ended September 30, 2024, Mr. Aydt and Mr. Jia purchased shares of the Company's Class A common stock in an aggregate amount of 10,455 shares for a weighted average purchase price of \$ 3.42 per share.

9. Leases

The Company determines if an arrangement is a lease at its commencement if the Company is both able to identify an asset and conclude that the Company has the right to control the identified asset. Leases are classified as finance leases or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. A right-of-use ("ROU") asset represents the Company's right to use an underlying asset for the lease term and a lease liability represents the Company's obligation to make lease payments related to the lease. The Company recognizes operating and finance lease ROU assets and liabilities at the commencement date based on the present value of lease payments over the lease term. The lease term includes renewal options when it is reasonably certain that the option will be exercised, and excludes termination options. The Company's leases do not provide an implicit rate; therefore, the Company uses its incremental borrowing rate based on information available at the commencement date to determine the present value of lease payments. The incremental borrowing rate used is estimated based on what the Company would be required to pay for a collateralized loan for a similar asset over a similar term. The Company's leases do not include any material residual value guarantees, or bargain purchase options.

To the extent that the Company's agreements have variable lease payments, the Company includes variable lease payments that depend on an index or a rate in the measurement and classification of a lease and excludes those that depend on facts or circumstances occurring after the commencement date, other than the passage of time. Lease expense for operating leases is recognized on a straight-line basis over the lease term and is recorded in Operating expenses on the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss. Amortization of ROU assets on finance leases is recorded on a straight-line basis within Operating expenses in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss. Interest expense incurred on finance lease liabilities is recorded in Interest expense on the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss. The Company has elected not to recognize ROU assets and lease liabilities that arise from short-term (12 months or less) leases for any class of underlying asset. Additionally, the Company does not separate lease and non-lease components. Operating leases are included in ROU assets, Operating leases liabilities, current portion and Operating lease liabilities, less current portion in the Company's Unaudited Condensed Consolidated Balance Sheets. Finance leases are included in Property, plant and equipment, net, Finance lease liabilities, current portion, and Finance lease liabilities, less current portion in the Company's Unaudited Condensed Consolidated Balance Sheets.

The Company's lease arrangements consist primarily of its corporate office, store, and vehicle lease agreements. The leases expire at various dates through 2032, some of which include options to extend the lease term for additional 5-year periods.

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During the nine months ended September 30, 2024, the Company moved out of a leased store facility and a leased research facility while working with the landlords to negotiate the related lease terminations, resulting in a lease ROU asset impairment loss of \$7.5 million for the loss of use of these two leased facilities. As of September 30, 2024, the lease liabilities of the two leases remained on the Company's books. In addition, the Company terminated two operating leases in China, resulting in a net lease ROU asset impairment loss of \$ 0.1 million during the nine months ended September 30, 2024.

Total lease costs for operating leases for the nine months ended September 30, 2024 were:

<i>(in thousands)</i>	Nine Months Ended September 30, 2024
Operating lease cost	\$ 3,816
Variable lease cost	736
Total lease cost	\$ 4,552

The following table summarizes future lease payments as of September 30, 2024:

<i>(in thousands)</i>	Operating Leases
Fiscal year	
2024 (three months)	\$ 1,261
2025	4,515
2026	4,518
2027	2,601
2028	1,813
Thereafter	7,471
Total	22,179
Less: Imputed Interest	7,774
Present value of net lease payments	14,405
 Lease liability, current portion	 \$ 2,645
Lease liability, net of current portion	11,760
Total lease liability	\$ 14,405

Supplemental information and non-cash activities related to operating leases are as follows:

<i>(in thousands)</i>	Nine Months Ended September 30, 2024
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 1,932
 Lease liabilities arising from new right-of-use assets	
Operating leases	\$ 30

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	September 30, 2024	December 31, 2023
Weighted average remaining lease term (in years)		
Operating leases	5.6	5.7
Finance leases	0.0	5.0
Weighted average discount rate		
Operating leases	15.2 %	15.6 %
Finance leases	—	9.2 %

10. Commitments and Contingencies

Legal Proceedings

The Company is, from time to time, subject to claims and disputes arising in the normal course of business. In the opinion of management, the outcome of any such claims and disputes cannot be predicted with certainty.

As of September 30, 2024 and December 31, 2023, the Company had accrued legal contingencies of \$27.1 million and \$21.6 million, respectively, recorded within Accrued expenses and other current liabilities for potential financial exposure related to ongoing legal matters, primarily related to breach of contracts and employment matters, which are deemed both probable of loss and reasonably estimable. For the legal matters involving third party vendors, such as suppliers and equipment manufacturers, the Company recorded an accrual in Accounts payable in the Condensed Consolidated Balance Sheets based on the amount invoiced by such vendors, which represents the minimum amount of loss out of the range of potential outcomes in accordance with ASC 450-20-30-1.

Class and Derivative Actions

Zhou v. Faraday Future Intelligent Electric Inc. f/k/a Property Solutions Acquisition Corp. et al., Case No. 2:21-cv-009914 (U.S. District Court – Central District of California).

On December 23, 2021, a putative class action lawsuit alleging violations of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) was filed in the United States District Court, Central District of California, against the Company and its former Chief Executive Officer and Chief Financial Officer, and its current Chief Product and User Ecosystem Officer, as well as the Co-CEOs of Property Solutions Acquisition Corp. (“PSAC”). On May 6, 2022, the appointed lead plaintiffs in the *Zhou* putative class action filed an amended complaint alleging violations of Sections 10(b), 14(a) and 20(a) of the Exchange Act, Sections 11 and 15 of the Securities Act, and related “control” person claims for secondary liability under those statutes, seeking unspecified damages. On or about July 7, 2022, defendants filed a motion to dismiss the amended complaint, which the court granted in part and denied in part, finding, among other things, that the plaintiffs had failed to sufficiently plead a claim with respect to the alleged statements made as to the expected schedule for the production and delivery of the FF 91 vehicle, but had sufficiently alleged, for pleading purposes, a claim for violation of Sections 10(b), 14(a) and 20(a) of the Exchange Act with respect to certain statements made in 2021 concerning Legacy FF’s receipt of 14,000 reservations for the FF 91 vehicle. On January 6, 2023, the plaintiffs declined to again amend their complaint to attempt to reallege the claims dismissed by the court, thereby making the operative complaint the one that was at issue in the motion to dismiss absent the judicially dismissed claims. The Company and the other defendants filed answers to that complaint on February 10, 2023, following which the parties engaged in discovery. On April 27, 2023, the court granted the parties’ joint motion for a temporary stay pending mediation. The parties thereafter participated in a private mediation on June 29, 2023. After further discussions and negotiations, the parties reached an agreement-in-principle to settle the *Zhou* putative class action. Although denying all allegations, the Company nevertheless agreed to settle the *Zhou* putative class action for a non-reversionary cash payment of \$7.5 million for the benefit of the settlement class to be funded entirely by the Company’s insurers, in exchange for the release of all claims asserted against the Company. The court granted preliminary approval of the settlement on November 7, 2023, and scheduled a hearing for final approval of the settlement that took place on March 18, 2024. On January 23, 2024, the ostensible lead plaintiff in the Consolidated Delaware Class Action discussed below, filed an Objection to final approval of the settlement (the “Objection”) to which the Company and the other defendants responded on March 11, 2024. On March 18, 2024, the court overruled the Objection in its entirety and entered an Order finally approving the *Zhou* putative class action settlement.

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Farazmand v. Breitfeld et al. , Case No. 2:22-cv-01570 (U.S. District Court – Central District of California).

Zhou v Breitfeld et al. , Case No. 2:22-cv-01852 (U.S. District Court – Central District of California).

Moubarak v. Breitfeld et al. , Case No. 1:22-cv-00467 (U.S. District Court – District of Delaware).

Wang v. Breitfeld et al. , Case No. 1:22-cv-00525 (U.S. District Court – District of Delaware).

Wallace v. Breitfeld et al. , Case No. 2023-0639-KSJM (Delaware Court of Chancery).

Ashkan Farazmand and Wangjun Zhou v. Breitfeld, et al. , Case No. 2023-1283 (Delaware Court of Chancery).

On March 8 (**Farazmand**) and March 21 (**Zhou**), 2022, putative stockholder derivative lawsuits were respectively filed in the United States District Court, Central District of California and were subsequently consolidated in an action entitled *In re Faraday Future Intelligent Electric Inc.* Case No. 2:22-cv-1570 (the “California Federal Derivative Action”). The California Federal Derivative Action was stayed pending resolution of certain proceedings in the *Zhou* putative class action, which stay expired in February 2023. Plaintiffs thereafter filed a verified consolidated amended complaint on June 2, 2023, in response to which the Company and the other defendants filed a motion to dismiss. On January 22, 2024, the court granted in part, and denied in part, the motion to dismiss with leave to amend. On February 6, 2024, the parties filed a stipulation to stay the California Federal Derivative Action pending mediation (the “Global Derivative Actions Mediation”), which stipulation was subsequently entered by the court on February 12, 2024, and stayed the case until June 12, 2024, following which the proceedings remained dormant until the Stipulation and Agreement of Settlement discussed below (the “Global Derivative Actions Settlement”) was filed with the court.

On April 11 (**Moubarak**) and April 25 (**Wang**), 2022, putative stockholder derivative lawsuits were respectively filed in the United States Delaware District Court (collectively, the “Delaware Federal Derivative Actions”). On February 6, 2023, the Delaware Derivative Actions were stayed pending resolution of the then pending proceedings in the *Zhou* putative class action, and thereafter remained stayed until the filing of the Global Derivative Actions Settlement.

On June 21 (**Wallace**) and December 22 (**Farazmand**), 2023, putative derivative lawsuits were respectively filed in the Delaware Court of Chancery (collectively, the “Delaware State Derivative Actions”). The parties stipulated to a stay of the *Wallace* action which was entered by the court on December 29, 2023. The Company and the other defendants filed motions to dismiss on January 14, 2024 in the *Farazmand* action, following which the parties agreed to stay the action pending the Global Derivative Actions Mediation and the subsequent filing of the Global Derivative Actions Settlement.

Each of the foregoing derivative lawsuits (collectively, the “Derivative Actions”) purport to assert claims on behalf of the Company against certain of the Company’s current and former officers and directors for alleged violations of the Exchange Act or for various common law claims based upon those officers’ and directors’ alleged breaches of their purported fiduciary duties owed to the Company and/or for their alleged aiding and abetting of those purported breaches, each allegedly resulting in unspecified damages to the Company. Although the complaints filed in the Derivative Actions vary in detail, they are generally premised upon many of the same underlying allegations made in the *Zhou* putative class action. On May 13, 2024, the parties participated in the Global Derivative Actions Mediation, following which they reached a settlement in principle under which the amount of any monies paid to the plaintiffs’ counsel in the Derivative Actions are to be determined exclusively by the Court in a total collective amount not to exceed \$0.8 million and to be funded entirely by the Company’s insurers in exchange for the release of all claims. The parties subsequently finalized the documentation of that settlement and submitted that documentation to the court in the form of the Global Derivative Actions Settlement for its approval on July 19, 2024. On September 3, 2024, the court issued an order preliminarily approving the Global Derivative Actions Settlement and scheduled a hearing for final approval of that settlement that was held on November 6, 2024. Upon final approval of the Global Derivative Actions Settlement, each of the Derivative Actions will be dismissed, with prejudice.

The Consolidated Delaware Class Action

On June 14, 2022, a verified stockholder class action complaint was filed in the Delaware Court of Chancery against, among others, the Company, its former Global CEO and CFO, and its current Chief Product and User Ecosystem Officer alleging breaches of fiduciary duties (the “Yun Class Action”). On September 21, 2022, a second verified stockholder class action complaint was filed in the Delaware Court of Chancery against, among others, FFIE, the Co-CEOs and independent directors of PSAC, and certain third-party advisors to PSAC, alleging breaches of fiduciary duties, and aiding and abetting alleged breaches, in connection with disclosures and stockholder voting leading up to the PSAC/Legacy FF merger (the

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“Cleveland Class Action”). The Yun and Cleveland Class Actions subsequently were consolidated, with the complaint in the Cleveland Class Action being designated as the operative pleading (collectively, the “Consolidated Delaware Class Action”). In April 2023, the defendants respectively filed motions to dismiss the complaint, and thereafter filed a consolidated motion for summary judgment and a motion to stay discovery in the action in May 2024. Each of the foregoing motions were heard by the Delaware Court of Chancery on November 6, 2024 and remain pending with the Court.

The Company maintains that the Consolidated Delaware Class Action is without merit and has stated its intention to vigorously defend that action. The Company has not concluded that an adverse outcome in these matters is either “probable” or “remote” within the meaning of the ABA Statement of Policy and, accordingly, declines to express any view as to the possible outcome of that matter.

Additionally, on September 19, 2022, FF Global filed a lawsuit in the Chancery Court of the State of Delaware against FFIE, seeking the removal of Ms. Susan Swenson and Mr. Brian Krolicki from the Board. On September 27, 2022, the case was dismissed without prejudice pursuant to an agreement between FF Global and FF Top (the “Heads of Agreement”). Shortly following the execution of the Heads of Agreement, FF Global began making additional demands of the Company which were beyond the scope of the terms contemplated by the Heads of Agreement and pertained to, among other things, the Company’s management reporting lines and certain governance matters. On September 30, 2022, FF Global alleged that the Company was in material breach of the spirit of the Heads of Agreement. The Company believes it has complied with the applicable terms of the Heads of Agreement, and disputes any characterization to the contrary. Such disputes divert management and Board resources and are costly. There can be no assurance that this or any other dispute between the Company and FF Global will not result in litigation. On October 3, 2022, Ms. Swenson and Mr. Scott Vogel, a member of the Board, tendered their resignation from the Board effective immediately. On October 3, 2022, Mr. Jordan Vogel also tendered his resignation from the Board effective on October 5, 2022 upon his receipt of a supplemental release pursuant to the Mutual Release. On October 28, 2022, Mr. Brian Krolicki tendered his resignation from the Board effective immediately.

Governance Matters

Following the completion of the Special Committee (as defined below) investigation through the date hereof, the Company and certain of its directors and officers have received numerous e-mail communications from a group of self-described “employee whistleblowers” and from various individuals and entities who represented themselves as current investors of the Company. These communications have included various allegations (including, for example, that certain directors have conspired to attempt to push the Company into bankruptcy for their own personal gain) and requests for certain organizational and governance changes. The Company engaged an independent law firm to conduct a thorough independent external investigation with respect to these allegations, which independent investigation found that all such allegations have been without merit.

Other Legal Matters

On January 30, 2023, Riverside Management Group, LLC (“Riverside”) filed a verified complaint seeking to enforce its alleged contractual right to the advancement of all reasonable costs and expenses, including attorney’s fees, it has and will incur as a named defendant in the Consolidated Delaware Class Action under its October 13, 2020 Transaction Services Agreement with FFIE and Property Solutions Acquisition Sponsor, LLC (the “TSA”), pursuant to which Riverside provided PSAC with advisory services in connection with the PSAC/Legacy FF merger. In addition to seeking the advancement of such costs and expenses, Riverside also sought an award of its attorney’s fees and costs incurred in enforcing its alleged advancement rights under the TSA, and concurrently filed a Motion for Expedited Proceedings, requesting that trial of the action be conducted on a summary basis and commence within 30 days of the motion’s disposition. The Company entered into a Stipulation and Order with Riverside under which it would conditionally advance Riverside the reasonable attorney’s fees and costs it incurs in defense of the Consolidated Delaware Action, subject to, and in express reservation of, the Company’s right to recover all such fees and expenses following disposition of the Consolidated Delaware Class Action. On May 30, 2023, the Company filed a Motion to Compel Arbitration. Given the early stages of the legal proceedings, the Company is unable to evaluate the likelihood of an unfavorable outcome and/or the amount or range of potential loss.

On January 31, 2023, Raymond Handling Solutions, Inc. (“Raymond”), an equipment supplier, filed an action alleging that the Company breached its contract with Raymond and refused to pay for warehouse racking equipment. Raymond requested a judgment in its favor in the amount of \$1.1 million. The Company defaulted on the payment plan and a trial had been set for July 2024 to resolve the matter. On April 15, 2024, the Company and Raymond executed a Settlement Agreement in order to release all claims in exchange for the return of racks.

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In July 2021, the Company and Palantir Technologies, Inc. ("Palantir") entered into a Master Subscription Agreement ("MSA") setting forth the terms of the Palantir platform hosting arrangement that was expected to be used as a central operating system for data and analytics. On April 26, 2023, the Company received a letter from Palantir providing a notice of dispute alleging that the Company had not paid outstanding invoices totaling \$12.3 million. On July 7, 2023, Palantir filed a Demand for Arbitration against the Company with Judicial Arbitration and Mediations Services, Inc. regarding the parties' dispute under the MSA in which Palantir asserted that the amount in controversy was \$41.5 million. On August 4, 2023, the Company submitted its response to Palantir's arbitration demand, which response included both affirmative defenses and a general denial of all allegations of Palantir's arbitration demand. On March 11, 2024, the Company and Palantir executed a Settlement and Release Agreement terminating the MSA and resolving all of the parties' disputes in exchange for the Company's agreement to pay Palantir \$5.0 million, with a liquidated damages clause of \$0.3 million for late payments. This settlement includes mutual waivers and releases of claims to avoid future disputes. On August 9, 2024, the Company and Palantir entered into an amendment to the Settlement and Release Agreement pursuant to which, in lieu of paying the remaining \$4.8 million due under the Settlement and Release Agreement in cash, the parties agreed that the Company would issue, and Palantir would accept, \$2.4 million of Class A Common Stock by August 9, 2024, and \$ 2.4 million in Class A Common Stock by October 1, 2024. The Company delivered the shares to Palantir. The Company further agreed to register the shares under the Securities Act for resale by Palantir.

On May 2, 2023, the Company received a notice of Commencement of Arbitration by Envisage Group Developments Inc. USA ("Envisage") for unpaid invoices relating to professional engineering services and for design and manufacture of a Master Buck cube seeking alleged damages of \$1.1 million. At the arbitration hearing, the Company disputed the adequacy of Envisage's documentation for professional services and contended that no contract exists for Master Buck due to unfulfilled payment conditions. The Company further challenged Envisage's unilateral alteration of payment terms. In June 2024, the arbitrator issued an award to Envisage totaling \$1.1 million. Envisage subsequently filed a motion for attorneys' fees and costs. Envisage was ultimately awarded a total of \$1.4 million. The parties are currently engaged in settlement negotiations.

On June 12, 2023, the Company received a letter demanding access to the Company's books and records in connection with (a) the Company entering into the amended and restated shareholder agreement with FF Top Holding LLC n/k/a FF Global and (b) certain other related matters. Given the early stages of the legal proceedings, the Company is unable to evaluate the likelihood of an unfavorable outcome and/or the amount or range of potential loss.

On June 13, 2023, L & W LLC ("Autokiniton"), a provider of tooling for use in the automotive industry, filed an action in State of Michigan 3rd Judicial Circuit County of Wayne Court alleging the Company breached its contract with Autokiniton and refused to fulfill its obligations under the applicable Purchase Order. Autokiniton requested a judgment in the amount of at least \$8.1 million. In discovery, the Company has conceded that \$4.6 million is due and owing under the Purchase Order. In July 2024, the parties subsequently filed a stipulated order and judgment totaling \$ 8.1 million, plus statutory interest, which was entered by the court. The parties are engaged in discussions regarding this matter. The Company has accrued \$8.1 million related to this matter in the Accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets for the period ended September 30, 2024.

On October 11, 2023, Joseph Hof and Scott McPherson filed a class action lawsuit in Supreme Court of the State of New York, County of New York against Benchmark 237 LLC, Benchmark Real Estate Trust, SLLC, Canvas Investment Partners, LLC, Canvas Property Group, LLC, Juliet Technologies, LLC, and the Company, alleging that the defendants engaged in various scheming practices that discriminatorily impacted the plaintiffs and other class members. The court granted the Company's Motion to Dismiss on January 12, 2024, and dismissed the case on January 18, 2024. The plaintiffs filed an appeal on February 12, 2024 as to the dismissal orders but did not timely file their appellate briefs, so their appeal was dismissed. Plaintiffs nevertheless have a year to file a motion to vacate the dismissal by showing good cause. At this time, the Company is unable to evaluate the likelihood that the plaintiffs will file such a motion.

On December 8, 2023, 10701 Idaho Owner, LLC ("Landlord") notified the Company of rental defaults amounting to \$ 0.6 million for the months of October to December 2023, demanding a 5% late fee and 18% annual interest on overdue amounts. Following this, the parties reached a First Amendment to the Lease Agreement dated October 19, 2023 to address the Company's total rent default of \$1.1 million, including a \$0.1 million partial payment made on January 26, 2024, and additional late fees and charges of \$0.2 million. The amendment established a repayment plan requiring the Company to pay \$1.2 million from February 26 to March 31, 2024, and to either replenish or provide a new \$ 0.6 million Letter of Credit. On March 26, 2024, the Landlord served the Company with a Notice to Pay or Quit, demanding payment of \$1.0 million within five business days.

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On April 10, 2024, the Company made a \$0.2 million payment to Landlord in exchange for Landlord deferring further action in this matter.

On February 14, 2024, Rexford Industrial - 18455 Figueroa, LLC ("Rexford") filed a Complaint for Unlawful Detainer against Faraday SPE, LLC in Superior Court of California, County of Los Angeles. The complaint asserted that the Company had failed to pay outstanding rent in the amount of \$0.9 million. Furthermore, Rexford sought recovery of reasonable attorney's fees and damages. This action was based on a breach of a Lease Agreement dated March 8, 2019, for premises at 18455 S. Figueroa Street, Gardena, Los Angeles, with Rexford requesting forfeiture of the lease. On April 10, 2024, the court issued a Notice of Dismissal, dismissing the complaint without prejudice.

In February 2024, the Company initiated a lawsuit against Draexlmaier Automotive Technologies of America LLC ("Draexlmaier") for breach of contract, seeking \$3.2 million in damages plus legal costs incurred. The dispute involves two Purchase Orders placed by the Company with Draexlmaier in September 2021 for the development and tooling of FF 91 vehicle consoles. The parties' agreement included a clause allowing Faraday to terminate the Purchase Orders at any time, with the understanding that Draexlmaier would promptly refund any advanced payments for undelivered items or unperformed work. Faraday met its financial obligations under the agreement and in March 2022, terminated the agreement prior to the start of tooling fabrication and requested a refund of \$3.2 million for the undelivered work, which Draexlmaier refund failed to remit. Faraday thereafter issued a final demand for this refund in August 2023, and subsequently initiated its lawsuit against Draexlmaier. In May 2024, Draexlmaier filed an Answer and Counterclaim alleging fraudulent inducement, breach of contract, violations of South Carolina's Unfair Trade Practices Act, and unjust enrichment, and seeking \$5.0 million in damages for breach of contract, as well as unspecified actual, consequential, punitive, and treble damages, and attorneys' fees and costs. The Company disputes Draexlmaier's claims and has stated its intention to vigorously defend the action. Given the early stages of these legal proceedings, the Company is unable to evaluate the likelihood of an unfavorable outcome and/or the amount or range of potential loss.

On March 25, 2024, Cooper Standard GmbH filed a lawsuit against Faraday&Future Inc. in Superior Court of California, County of Los Angeles, alleging non-payment of the estimated sum of \$1.5 million purportedly in breach of contractual obligations set forth in purchase orders, a Letter of Tool Acceptance, and invoices to facilitate the supply of automotive products and services for the FF 91 vehicle from August 2021 to December 2022. Given the early stages of the legal proceedings, the Company is unable to evaluate the likelihood of an unfavorable outcome and/or the amount or range of potential loss.

On March 27 and March 29, 2024, Jose Guerrero and Victoria Xie, the Company's former Senior Director of Sales and Aftersales, and Go-to-Market Project Manager and Launch Manager, respectively, filed wrongful termination lawsuits against Faraday&Future Inc. and certain of its officers in Superior Court of California, County of Los Angeles, each of which seek compensatory, general, and special damages in an amount not less than \$1.0 million. On April 19, 2024, an additional former employee, Karimul Khan, submitted a request for arbitration against the same group of defendants without quantifying the alleged damages sought. Given the early stages of these legal proceedings, the Company is unable to evaluate the likelihood of an unfavorable outcome and/or the amount or range of potential loss.

On August 9, 2024, Jeffrey D. Prol, as trustee of the Founding Future Creditors Trust, filed a lawsuit against the Company seeking to compel the production of certain books and records for inspection and requesting attorney's fees and costs. The plaintiff is demanding inspection to allegedly value his shares of the Company. Given the early stages of the legal proceedings, the Company is unable to evaluate the likelihood of an unfavorable outcome and/or the amount or range of potential loss.

On August 1, 2024, Yun Han, the Company's former Chief Accounting Officer and Interim Chief Financial Officer, filed an arbitration demand claiming that she is owed certain monetary amounts and restricted stock units, totaling approximately \$1.2 million pursuant to various agreements with the Company. Given the early stages of the proceedings, the Company is unable to evaluate the likelihood of an unfavorable outcome and/or the amount or range of potential loss.

Dispute with Noteholders

In August 2023, and September 2023, the Company received correspondence from each of Senyun, MHL and V W Investment alleging that the Company had entered into oral agreements to compensate those investors for any losses in connection with converting their notes into shares of the Company in order to support the Company's proposals at the August

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2023 special stockholders meeting. The Company is unaware of any such oral agreements and is contesting these claims on multiple grounds.

Other than disclosed herein, as of the date hereof, FF is not a party to any legal proceedings the outcome of which, if determined adversely to FF, would individually or in the aggregate be reasonably expected to have a material adverse effect on FF's business, financial condition, or results of operations.

Special Committee Investigation

As previously disclosed on November 15, 2021, the Board established a special committee of independent directors ("Special Committee") to investigate allegations of inaccurate Company disclosures, including those made in an October 2021 short seller report and whistleblower allegations, which resulted in FFIE being unable to timely file its third quarter 2021 Quarterly Report on Form 10-Q, Annual Report on Form 10-K for the year ended December 31, 2021, first quarter 2022 Quarterly Report on Form 10-Q and amended Registration Statement on Form S-1 (File No. 333-258993). The Special Committee engaged outside independent legal counsel and a forensic accounting firm to assist with its review. On February 1, 2022, FFIE announced that the Special Committee completed its review. On April 14, 2022, FFIE announced the completion of additional investigative work based on the Special Committee's findings which was performed under the direction of the Executive Chairperson, reporting to the Audit Committee. In connection with the Special Committee's review and subsequent investigative work, the following findings were made:

In connection with the business combination that was consummated on July 21, 2021 pursuant to that certain Agreement and Plan of Merger, dated as of January 27, 2021 (as amended, the "Merger Agreement"), by and among the Company, formerly known as Property Solutions Acquisition Corp ("PSAC"), PSAC Merger Sub Ltd., and FF Intelligent Mobility Global Holdings Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands ("Legacy FF") (the "Business Combination"), statements made by certain Company employees to certain investors describing the role of Mr. Yueting Jia, within the Company were inaccurate and his involvement in the management of the Company post-Business Combination was more significant than what had been represented to certain investors.

- The Company's statements leading up to the Business Combination that it had received more than 14,000 reservations for the FF 91 vehicle were potentially misleading because only several hundred of those reservations were paid, while the others (totaling 14,000) were unpaid indications of interest.
- Consistent with FFIE's previous public disclosures regarding identified material weaknesses in its internal control over financial reporting, the Company's internal control over financial reporting required an upgrade in personnel and systems.
- The Company's corporate culture failed to sufficiently prioritize compliance.
- Mr. Jia's role as an intermediary in leasing certain properties which were subsequently leased to the Company was not disclosed in FFIE's corporate housing disclosures.
- In preparing FFIE's related party transaction disclosures, the Company failed to investigate and identify the sources of loans received from individuals and entities associated with Company employees.

In addition, the investigation found that certain individuals failed to fully disclose to individuals involved in the preparation of FFIE's SEC filings their relationships with certain related parties and affiliated entities in connection with, and following, the Business Combination, and failed to fully disclose relevant information, including but not limited to, information in connection with related parties and corporate governance to FFIE's former independent registered public accounting firm PricewaterhouseCoopers LLP.

The investigation also found that certain individuals failed to cooperate and withheld potentially relevant information in connection with the Special Committee investigation. Among such individuals were non-executive officers or members of the management team of FF, and remedial action was taken with respect to such individuals based on the extent of their non-cooperation and/or withholding of information. The failure to cooperate with the investigation was taken into consideration in connection with the remedial actions outlined below with respect to Jerry Wang, and withholding of information also affected the remedial action taken with respect to Matthias Aydt.

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Based on the results of the investigation, the Special Committee concluded that, except as described above, the other substantive allegations of inaccurate FF disclosures that it evaluated were not supported by the evidence reviewed. Although the investigation did not change any of the above findings with respect to the substantive allegations of inaccurate FF disclosures, the investigation did confirm the need for remedial actions to help ensure enhanced focus on compliance and disclosure within FF.

Based on the results of the Special Committee investigation and subsequent investigative work described above, the Board approved the following remedial actions designed to enhance oversight and corporate governance of the Company:

- the appointment of Susan Swenson, a former member of the Board, to the then newly created position of Executive Chairperson of FF.
- Dr. Carsten Breiffeld, FF's former Global CEO, reporting directly to Ms. Swenson and receiving a 25% annual base salary reduction;
- the removal of Mr. Jia as an executive officer, who would continue in his position as Chief Product and User Ecosystem Officer of FFIE. Certain dual-reporting arrangements were eliminated with respect to Mr. Jia, who also was required to report directly to Ms. Swenson, a non-independent director nominated by FF Top. Please see *"Risk Factors—Risks Related to FF's Business and Industry—Yueting Jia and FF Global, over which Mr. Jia exercises significant influence, have control over the Company's management, business and operations, and may use this control in ways that are not aligned with the Company's business or financial objectives or strategies or that are otherwise inconsistent with the Company's interests. Such significant influence may increase if and to the extent the current members of the Board and management are removed and replaced with individuals who are aligned with Mr. Jia and/or FF Global"* in the Form 10-K. Mr. Jia also received a 25% annual base salary reduction, and his role was limited from a policy-making position to focusing on (a) Product and Mobility Ecosystem; and (b) Internet, Artificial Intelligence, and Advanced R&D technology. On February 26, 2023, after an assessment by the Board of the Company's management structure, the Board approved Mr. Yueting Jia (alongside Mr. Xuefeng Chen) reporting directly to the Board, as well as FF's product, mobility ecosystem, I.A.I., and advanced R&D technology departments reporting directly to Mr. Jia. The Board also approved FF's user ecosystem, capital markets, human resources and administration, corporate strategy and China departments reporting to both Mr. Jia and Mr. Chen processes and controls to be determined by the Board after consultation with the Company's management. The Company's remaining departments continued to report to Mr. Chen. Based on the foregoing changes to his responsibilities within the Company, the Board determined that Mr. Jia is an "officer" of the Company within the meaning of Section 16 of the Exchange Act and an "executive officer" of the Company under Rule 3b-7 under the Exchange Act;
- Matthias Aydt, then Senior Vice President, Business Development and Product Definition and a director of FFIE, and currently Senior Vice President, Product Execution and a director of FFIE, being placed on probation as an executive officer for a six-month period, during which period he remained a non-independent member of the Board, and which probationary period has since ended;
- the appointment of Jordan Vogel as Lead Independent Director; certain changes to the composition of Board committees, including Brian Krolicki stepping down from his role as Chairman of the Board and Chair of the Nominating and Corporate Governance Committee and becoming a member of the Audit and Compensation Committees of the Board; Jordan Vogel stepping down from the Nominating and Corporate Governance Committee; and Scott Vogel becoming the Chair of the Audit Committee and the Nominating and Corporate Governance Committee of the Board;
- the suspension, without pay, of Jiawei ("Jerry") Wang, FFIE's former Vice President, Global Capital Markets, who subsequently notified the Board of his decision to resign from FF on April 10, 2022;
- the assessment and enhancement of FF's policies and procedures regarding financial accounting and reporting and the upgrading of FF's internal control over financial accounting and reporting, including by hiring additional financial reporting and accounting support, in each case at the direction of the Audit Committee;
- the implementation of enhanced controls around FF's contracting and related party transactions, including regular attestations by FF's employees with authority to bind FF to contracts and related party transactions, for purposes of enabling FF to make complete and accurate disclosures regarding related party transactions;

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- the hiring of a Compliance Officer with the title of Deputy General Counsel (hired in March 2023), who will report on a dotted line to the Chair of the Audit committee, and a Director of Risks and Internal Controls; and assessing and enhancing FF's compliance policies and procedures;
- the implementation of a comprehensive training program for all directors and officers regarding, among other things, internal FF policies;
- the separation of Jarret Johnson, FF's Vice President, General Counsel and Secretary; and
- certain other disciplinary actions and terminations of employment with respect to other FF employees (none of whom is an executive officer).

FF is continuing to implement certain of the remedial actions approved by the Board. However, certain of these remedial actions are no longer in effect and no assurance can be provided that those remedial measures that continue to be implemented will be implemented in a timely manner or at all, or will be successful to prevent inaccurate disclosures in the future. Please see *"Risk Factors – Risks Related to FF's Business and Industry – FF has taken remedial measures in response to the Special Committee findings. There can be no assurance that such remedial measures will be successful. In addition, there can be no assurance that such remedial measures will be fully implemented in light of the recent corporate governance agreements with FF Top and FF Global and the recent assessment by the Board of FF's management structure, including management roles, responsibilities and reporting lines and changes to the Board"* in the Form 10-K. However, pursuant to the Heads of Agreement, FF has implemented certain governance changes that impact certain of the above-discussed remedial actions. On October 3, 2022, Ms. Swenson tendered her resignation from her role as both Executive Chairperson and member of the Board effective immediately. In addition, on October 3, 2022, Mr. Scott Vogel resigned from the Board effective immediately and Mr. Jordan Vogel resigned effective on October 5, 2022 upon his receipt of a supplemental release pursuant to the Mutual Release. On October 28, 2022, Mr. Brian Krolicki tendered his resignation from the Board effective immediately. On December 15, 2022, Mr. Lee Liu tendered his resignation from the Board, which resignation was effective on December 18, 2022. On December 18, 2022, Mr. Jie Sheng was appointed to the Board, effective immediately, following the resignation of Mr. Liu. On December 25, 2022, Mr. Edwin Goh tendered his resignation from the Board, which resignation was effective on December 26, 2022. On December 27, 2022, Ms. Ke Sun was appointed to the Board, effective immediately, following the resignation of Mr. Goh. Mr. Sheng and Ms. Sun are designees of FF Top pursuant to the Amended and Restated Shareholder Agreement by and between FF and FF Top (the "Amended Shareholder Agreement"). On December 26, 2022, Dr. Carsten Breitfeld tendered his resignation from the Board, which resignation was effective immediately. On December 27, 2022, Mr. Xuefeng Chen was appointed to the Board, effective immediately, following the resignation of Dr. Breitfeld. On January 20, 2023, Mr. Qing Ye tendered his resignation from the Board, which resignation was effective immediately. Mr. Ye remained a consultant of the Company as an independent contractor until November 18, 2023. On January 25, 2023, Mr. Chui Tin Mok was appointed to the Board, effective immediately, following the resignation of Mr. Ye. Each of Ms. Ke Sun and Mr. Xuefeng Chen have subsequently resigned from the Board. See *"Management – Governance Agreement with FF Top and FF Global "* for more information.

Subsequent to FFIE announcing the completion of the Special Committee investigation on February 1, 2022, FFIE, certain members of the management team and employees of FFIE received a notice of preservation and subpoena from the staff of the SEC stating that the SEC had commenced a formal investigation relating to the matters that were the subject of the Special Committee investigation. FFIE, which had previously voluntarily contacted the SEC in connection with the Special Committee investigation in October 2021, is cooperating fully with the SEC's investigation. The outcome of such an investigation is difficult to predict. FF has incurred, and may continue to incur, significant expenses related to legal and other professional services in connection with the SEC investigation. At this stage, FF is unable to assess whether any material loss or adverse effect is reasonably possible as a result of the SEC's investigation or estimate the range of any potential loss. In addition, in June 2022, FF received a preliminary request for information from the DOJ in connection with the matters that were the subject of the Special Committee investigation. FF has responded to that request and intends to fully cooperate with any future requests from the DOJ.

Unconditional Contractual Obligations

An unconditional contractual obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding (non-cancelable, or cancellable only in certain circumstances). As of September 30, 2024, the Company estimates its total unconditional contractual commitments, including lease minimum payments, financial obligations on sale and lease back, notes payable, related party notes payable, related accrued interest, legal contingencies and other contractual

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commitments, to be \$242.4 million, which total includes \$71.7 million for the year ending December 31, 2024, \$28.3 million for the two years ending December 31, 2026, \$74.5 million for the two years ending December 31, 2028 and \$ 67.8 million thereafter.

11. Stockholders' Equity

The number of authorized and issued and outstanding shares stock were as follows:

	September 30, 2024	
	Authorized Shares	Issued and Outstanding Shares
Preferred Stock	10,000,000	—
Class A Common Stock	99,815,625	30,713,729
Class B Common Stock	4,429,688	6,667
	114,245,313	30,720,396

	December 31, 2023	
	Authorized Shares	Issued and Outstanding Shares
Preferred Stock	10,000,000	—
Class A Common Stock	1,232,292	1,060,826
Class B Common Stock	54,688	6,667
	11,286,980	1,067,493

Amendments to the Company's Certificate of Incorporation and Reverse Stock Splits

At a special meeting of the Company's stockholders held on February 28, 2023, the Company's stockholders approved an increase to the number of the Company's authorized shares of Class A Common Stock from 84,896 to 176,042, increasing the Company's total number of authorized shares of Common Stock and preferred stock from 342,709 to 433,855. On March 1, 2023, the Company filed an amendment to its Second Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to effect such increase.

At a special meeting of the Company's stockholders held on August 16, 2023, the Company's stockholders approved a proposal authorizing the Board to effect a reverse stock split of the outstanding Common Stock at a range between 1-for-2 and 1-for-90 shares of outstanding Common Stock, and a proposal, if and only if a reverse stock split is implemented at a ratio of 1-for-8 or greater, to amend the Company's Second Amended and Restated Certificate of Incorporation, as amended, if necessary to reduce the number of authorized shares of the Company's common stock to a number equal to 308,875,000 divided by the reverse stock split ratio determined by the Board. On August 22, 2023, the Board approved the August 2023 Reverse Stock Split ratio (1-for-80). Accordingly, on August 24, 2023, the Company filed the Third Amended and Restated Certificate of Incorporation of the Company to effect the August 2023 Reverse Stock Split and to set the number of authorized shares of Common Stock to 1,286,980. As a result, effective after market close on August 25, 2023, every 80 shares of the issued and outstanding Common Stock were converted into one share of Common Stock, without any change in par value per share, and the authorized shares of Common Stock were reduced to 1,286,980, composed of (i) 1,232,292 shares of Class A Common Stock and (ii) 54,688 shares of Class B Common Stock. No fractional shares of Common Stock were issued as a result of the August 2023 Reverse Stock Split. Stockholders who would otherwise have received a fractional share were instead issued a full share in lieu of such fractional share.

At a special meeting of the Company's stockholders held on February 5, 2024, the Company's stockholders approved an increase in the authorized shares of Common Stock from 3,860,938 to 34,748,438, increasing the total number of authorized shares of the Common Stock and preferred stock from 4,110,938 to 34,998,438. On February 5, 2024, the Company filed an amendment to the Company's Third Amended and Restated Certificate of Incorporation, as amended, with the office of the Secretary of State of the State of Delaware to effect such increase.

Notes to Unaudited Condensed Consolidated Financial Statements

Also at the special meeting of the Company's stockholders held on February 5, 2024, the Company's stockholders approved an amendment to the Company's Third Amended and Restated Certificate of Incorporation, as amended, to effect a reverse stock split (referred to as the February 2024 Reverse Stock Split) of the Common Stock by a ratio of 1-for-3, with such action to be effected at such time and date, if at all, as determined by the Board within one year after the conclusion of the special meeting and a corresponding reduction in the total number of shares of Common Stock the Company is authorized to issue. On February 23, 2024, the Board approved the implementation of the February 2024 Reverse Stock Split and the Company filed an amendment to the Company's Third Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to effect the February 2024 Reverse Stock Split and to set the number of authorized shares of Common Stock to 11,582,813 (which is 34,748,438 divided by 3). Pursuant to the Certificate of Amendment, effective after market close on February 29, 2024, every three shares of the issued and outstanding Common Stock were automatically converted into one share of Common Stock, without any change in par value per share and the number of authorized shares of Common Stock was reduced to 11,582,813. No fractional shares of Common Stock were issued as a result of the February 2024 Reverse Stock Split. Stockholders who would otherwise have received a fractional share were instead issued a full share in lieu of such fractional share.

At the annual meeting of the Company's stockholders held on July 31, 2024, the Company's stockholders approved an increase in the authorized shares of Common Stock from 11,582,813 to 104,245,313, increasing the total number of authorized shares of the Common Stock and preferred stock from 12,582,813 to 114,245,313. On August 1, 2024, the Company filed an amendment to the Company's Third Amended and Restated Certificate of Incorporation, as amended, with the office of the Secretary of State of the State of Delaware to effect such increase.

Also at the annual meeting of the Company's stockholders held on July 31, 2024, the Company's stockholders approved an amendment to the Company's Third Amended and Restated Certificate of Incorporation, as amended, to effect the August 2024 Reverse Stock Split of the outstanding Common Stock by a ratio of between 1-for-2 and 1-for-40, with such ratio to be determined in the discretion of the Board and with such action to be effected at such time and date, if at all, as determined by the Board within one year after the conclusion of the annual meeting, and a corresponding reduction in the total number of shares of Common Stock the Company is authorized to issue. The Board subsequently approved the implementation of the August 2024 Reverse Stock Split at a ratio of 1-for-40, and the Company filed an amendment (the "Fourth Certificate of Amendment") to the Company's Third Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to effect the August 2024 Reverse Stock Split and to set the number of authorized shares of Common Stock to 104,245,313. Pursuant to the Fourth Certificate of Amendment, effective after market close on August 16, 2024 (the "Effective Time"), every 40 shares of the issued and outstanding Common Stock were automatically converted into one share of Common Stock, without any change in par value per share, and the number of authorized shares of Common Stock were reduced to 104,245,313. No fractional shares of Common Stock were issued as a result of the August 2024 Reverse Stock Split. Stockholders who would otherwise have received a fractional share were instead issued a full share in lieu of such fractional share.

The Class A Common Stock began trading on the Nasdaq Capital Market on a split-adjusted basis for the August 2024 Reverse Stock Split at the opening of trading on August 19, 2024 under the symbol "FFIE" with a new CUSIP number (307359 885). The Class B Common Stock also has a new CUSIP number (307359 877).

The Company's Public Warrants continue to be traded on the Nasdaq Capital Market under the symbol "FFIEW" and the CUSIP number for the warrants remains unchanged. However, under the terms of the applicable warrant agreement, the number of shares of Class A Common Stock issuable on exercise of each warrant is proportionately decreased and the exercise price adjusted. Accordingly, for the Company's warrants trading under the symbol "FFIEW", every 40 warrants will be exercisable for one share of Class A Common Stock at an exercise price of \$110,400.00 per share of Class A Common Stock.

At the Effective Time, the number of shares of Common Stock reserved for issuance under the 2021 SI Plan (as defined below), the Company's Smart King Ltd. Equity Incentive Plan, and the Company's Smart King Ltd. Special Talent Incentive Plan (collectively, the "Plans"), as well as the number of shares subject to the then-outstanding awards under each of the Plans, were proportionately adjusted, using the 1-for-40 ratio, rounded down to the nearest whole share. In addition, the exercise price of the then-outstanding options under each of the Plans was proportionately adjusted, using the 1-for-40 ratio, rounded up to the nearest whole cent. Proportionate adjustments were made to the number of shares of Common Stock issuable upon exercise or conversion of the Company's outstanding warrants and convertible securities, as well as the applicable exercise or conversion prices.

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Series A Preferred Stock

On June 21, 2024, in connection with a purchase agreement entered into with Mr. Aydt, the Company's Global CEO, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of Series A Preferred Stock (the "Series A Certificate of Designation") with the Secretary of State of the State of Delaware. The Series A Certificate of Designation designated one share of the Company's Preferred Stock as Series A preferred stock, par value \$0.0001 per share (the "Series A Preferred") and established the preferences, rights and limitations thereof. The closing of the sale and purchase of the share of Series A Preferred was completed on June 21, 2024 for a purchase price of \$100.00.

The share of Series A Preferred was not convertible into, or exchangeable for, shares of any other class or series of stock or other securities of the Company. The share of Series A Preferred was not entitled to receive dividends.

The holder of the Series A Preferred was entitled to 16,000,000,000 votes for each share held of record, but had the right to vote only on any share authorization proposal or any reverse stock split proposal (together, the "Shareholder Proposals") and until such time as the Shareholder Proposals were approved by the stockholders, and had no voting rights except (i) with respect to the Shareholder Proposals, in which its votes were cast for and against such Shareholder Proposal in the same proportion as shares of Common Stock were voted for and against such reverse stock split proposal (with any shares of Common Stock that were not voted, whether due to abstentions, broker non-votes or otherwise not counted as votes for or against the Shareholder Proposal) and (ii) unless the holders of one-third (1/3rd) of the outstanding shares of Common Stock were present, in person or by proxy, at the meeting of stockholders at which the Shareholder Proposals were submitted for stockholder approval (or any adjournment thereof). The share of Series A Preferred voted together with the Common Stock as a single class on any Shareholder Proposal. The Series A Preferred had no other voting rights, except as may be required by the General Corporation Law of the State of Delaware.

Upon a liquidation, bankruptcy, reorganization, merger, acquisition, sale, dissolution or winding up of the Company, whether voluntarily or involuntarily, pursuant to which assets of the Company or consideration received by the Company are to be distributed to the stockholders, the holder of the Series A Preferred was entitled to receive, before any payment is made to the holders of Common Stock by reason of their ownership thereof, an amount equal to \$100.00.

The Series A Preferred could not be transferred at any time prior to stockholder approval of the Shareholder Proposals without the prior written consent of the Board. The outstanding share of Series A Preferred was to be redeemed in whole, but not in part, for a redemption price of \$100.00, payable out of funds lawfully available therefor, upon the earlier of (i) any time such redemption is ordered by the Board in its sole discretion, automatically and effective on such time and date specified by the Board in its sole discretion, or (ii) automatically immediately following the approval by the Company's stockholders of both Shareholder Proposals. The Series A Preferred Stock was redeemed on July 31, 2024, following the annual meeting of stockholders.

Warrants

The number of outstanding warrants to purchase the Company's Class A Common Stock as of September 30, 2024 are as follows:

	Number of Warrants	Exercise Price	Expiration Date
Ares warrants	1,278,802	\$5.24	August 5, 2027
SPA Warrants	15,143	\$5.24	Various through August 9, 2031
Junior SPA Warrants	5,931,638	\$6.29	Various through September 30, 2029
Public Warrants	2,453	\$110,400.00	July 21, 2026
Private Warrants	12	\$110,400.00	July 21, 2026
Total	<u>7,228,048</u>		

There were no warrants exercised during the nine months ended September 30, 2024.

The above Ares warrants and SPA Warrants contain full ratchet anti-dilution price protection that requires the exercise price to be adjusted if the Company sells shares of Common Stock below the current exercise price. On September 5, 2024, the Company issued the Junior Secured SPA Notes with a conversion price of \$5.24, which represents a dilutive issuance that triggers the full ratchet anti-dilution price protection. Therefore, the exercise price of the Ares warrants and SPA Warrants was

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adjusted from \$29.33 to \$5.24. The Company accounted for the reduction in exercise price as a deemed dividend (the "Deemed Dividend"). The value of the Deemed Dividend, \$4.2 million, was calculated as the change in fair value of the Ares warrant and SPA Warrants immediately before and immediately after triggering event. The Company recognized the payment of the Deemed Dividend in Additional paid-in capital in the Company's Condensed Consolidated Balance Sheets due to the Company's accumulated deficit.

The number of outstanding warrants to purchase the Company's Class A Common Stock as of December 31, 2023 were as follows:

	Number of Warrants	Exercise Price	Expiration Date
Ares warrants	228,482	\$29.33	August 5, 2027
SPA Warrants	13,906	\$29.33	Various through November 28, 2030
Public Warrants	2,453	\$110,400.00	July 21, 2026
Private Warrants	12	\$110,400.00	July 21, 2026
Total	<u>244,853</u>		

Insufficient Authorized Shares

From time to time, certain of the Company's equity-linked financial instruments may be classified as derivative liabilities under ASC 815, *Derivatives and Hedging*, due to the Company having insufficient authorized shares to fully settle the equity-linked financial instruments in shares. In such case, the Company applies a sequencing policy under ASC 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity*, whereby, in the event that reclassification of contracts from equity to assets or liabilities is necessary due to the Company's inability to demonstrate it has sufficient authorized shares to settle the equity-linked financial instrument in shares, the Company will reclassify contracts that have overlapping settlement dates with the latest inception date as derivative instruments. The contracts reclassified as derivative instruments are recognized at fair value with changes in fair value recognized in earnings until such time as the conditions giving rise to such derivative liability classification were settled or the Company has sufficient authorized, unissued shares to settle such contracts with shares. The Company has elected to apply the same sequencing policy for share-based compensation arrangements if the Company granted share-based payment arrangements where the Company may have insufficient shares to settle the contract.

On February 28, 2023, upon stockholder approval to increase the Company's authorized shares, the Company had sufficient authorized shares to fully settle all outstanding equity-linked financial instruments. Again on April 21, 2023, the Company had insufficient authorized shares to fully settle its equity-linked financial instruments in shares primarily due to the issuance of additional convertible notes and warrants between February 28, 2023 and April 21, 2023.

As a result of the August 2023 Reverse Stock Split and the related increase in the number of available authorized shares of Class A Common Stock, effective August 25, 2023, the Company had sufficient authorized shares of Class A Common Stock to fully settle its equity-linked financial instruments in shares. Accordingly, on August 25, 2023, the Company reclassified the fair value of the Earnout liability of \$1.4 million and the fair value of the Share-based payment liability of \$2.0 million into Additional paid-in capital. As of September 30, 2024 and 2023, the Company has sufficient authorized shares of Class A Common Stock to fully settle its equity-linked financial instruments in shares.

Salary Deduction and Stock Purchase Agreements

On September 21, 2023, certain executive officers of the Company entered into SD SPAs with the Company. Under the SD SPA, on each payroll date after the receipt of stockholder approval of the SD SPA (which stockholder approval was received on February 5, 2024), the officer agreed to authorize the Company to deduct 50% of the officer's after-tax base salary, which deducted amount would be used to purchase a number of shares of Class A Common Stock determined using the VWAP (as defined in the SD SPA) of Class A Common Stock per share on the applicable payroll date. Pursuant to the SD SPA, the officer may decrease the amount of the deduction upon notice to the Board. No stock purchases were made under the September 2023 SD SPAs.

On September 4, 2024 (the "Effective Date"), the Board approved changes to the compensatory arrangements for the Company's Global CEO, Matthias Aydt, and the Company's Founder and Chief Product and User Ecosystem Officer, Yueting Jia. In furtherance of the Board approval, Mr. Aydt and Mr. Jia entered into new SD SPAs to authorize the Company to deduct a portion of the officers' after-tax base salary (equal to approximately 64% of his initial pro-rated \$550,000 base salary for Mr.

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Aydt and approximately 56% of his initial pro-rated \$ 612,000 base salary for Mr. Jia, in each case after-tax). The September 2024 SDA SPAs will terminate on the three-month anniversary of the Effective Date. During the three months ended September 30, 2024, Mr. Aydt and Mr. Jia purchased shares of the Company's Class A common stock in an aggregate amount of 10,455 shares for a weighted average purchase price of \$ 3.42 per share.

12. Stock-Based Compensation

2021 Stock Incentive Plan ("2021 SI Plan")

In July 2021, the Company adopted the 2021 SI Plan. The 2021 SI Plan allows the Board to grant incentive and nonqualified stock options, restricted shares, unrestricted shares, restricted share units, and other stock-based awards for Class A Common Stock to employees, directors, and non-employees. At the special meeting held on August 16, 2023, the Company's stockholders approved (among other proposals) an amendment to the 2021 SI Plan to increase the number of shares of Class A Common Stock available for issuance under the 2021 SI Plan by an additional 21,541 shares.

As a result of the February 2024 Reverse Stock Split on February 29, 2024, the number of shares of Class A Common Stock reserved for issuance under the 2021 SI Plan, the Company's Equity Incentive Plan, and the Company's Special Talent Incentive Plan (the "Plans"), as well as the number of shares subject to the then-outstanding awards under each of the Plans, were proportionately adjusted, using the 1-for-3 ratio, rounded down to the nearest whole share. In addition, the exercise price of the then-outstanding stock options under each of the Plans was proportionately adjusted, using the 1-for-3 ratio, rounded up to the nearest whole cent.

At the annual meeting of stockholders held on July 31, 2024, the Company's stockholders approved (among other proposals) an amendment to the 2021 SI Plan to increase the number of shares of Class A Common Stock available for issuance under the 2021 SI Plan by an additional 2,206,324 shares, subject to proportionate adjustment for stock splits and similar events as provided in the 2021 SI Plan.

As a result of the August 2024 Reverse Stock Split on August 16, 2024, the number of shares of Class A Common Stock reserved for issuance under the 2021 SI Plan, as well as the number of shares subject to the then-outstanding awards under each of the Plans, were proportionately adjusted, using the 1-for-40 ratio, rounded down to the nearest whole share. In addition, the exercise price of the then-outstanding stock options under each of the Plans was proportionately adjusted, using the 1-for-40 ratio, rounded up to the nearest whole cent.

SOP/SOD Incentive Plan

On February 23, 2023, the Board approved the Company's SOP/SOD Incentive Plan ("Incentive Plan") granting: (i) cash bonuses to all active employees of the Company that began employment at the Company prior to December 31, 2022 upon the commencement of the start of production of the Company's FF 91 Futurist on or prior to March 31, 2023 and (ii) cash bonuses and equity incentive awards to all active employees of the Company that began employment at the Company prior to December 31, 2022 upon the commencement of the start of delivery of the Company's FF 91 Futurist on or prior to April 30, 2023 ("Delivery Condition").

On August 17, 2023, the Board approved an amendment to the Incentive Plan ("Incentive Plan Amendment") to reflect the updated timing of the previously announced FF 91 2.0 Futurist Alliance phase two of its Delivery Plan from the end of April 2023 to the end of the second quarter 2023 and subsequently to August 2023. The Incentive Plan Amendment is available to all active employees of the Company that began employment at the Company prior to July 1, 2023 and reduced the cash bonuses and milestone based restricted stock units ("RSUs") by 10% for the internal Company sign-off on requirements to commence phase two of the Company's Delivery Plan on or prior to July 31, 2023 ("New Delivery Condition"). The New Delivery Condition was met on August 12, 2023 upon delivery of the Ultimate AI Techluxury FF 91 2.0 Futurist Alliance. Pursuant to the Incentive Plan Amendment, RSU awards would be granted after the Company had sufficient additional shares available for such issuance ("Share Issuance Condition") and cash bonuses would be paid once the Company received an additional \$15.0 million in financings. The Share Issuance Condition was met on July 31, 2024, when the Company's stockholders approved an increase in the number of shares available for issuance under the 2021 SI Plan.

The Incentive Plan Amendment includes the grant of RSUs to certain executive officers of the Company upon the Company's satisfaction of the New Delivery Condition and the Share Issuance Condition with a grant date fair market value of approximately \$8.0 million, subject to vesting in three annual installments on the first three anniversaries of the grant date,

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generally subject to the applicable executive's continuous employment through each applicable vesting date. In addition, subject to the Share Issuance Condition, upon the satisfaction of the New Delivery Condition and continuing for an eight-year period, certain executive officers will annually receive a grant of fully-vested RSUs with a grant date fair market value of \$0.8 million, subject to their continued employment through each grant date of the award.

As of September 30, 2024, the Company accrued \$0.2 million for cash bonuses to be paid out under the Incentive Plan, which is included in the Condensed Consolidated Balance Sheets.

During the nine months ended September 30, 2024, under the 2021 SI Plan, the Company granted 1,543,977 RSUs, which had a weighted-average grant date fair value of \$4.10 per share. As of September 30, 2024, the total remaining stock-based compensation expense for unvested RSUs is \$4.9 million, which is expected to be recognized over a weighted-average period of 0.22 years.

As of September 30, 2024 and December 31, 2023, the Company had 747,032 and 26,680 shares of Class A Common Stock available for future issuance under its 2021 SI Plan.

The following table presents stock-based compensation expense included in each respective expense category in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(in thousands)				
Research and development	\$ 509	\$ (358)	\$ 965	\$ 6,616
Sales and marketing	96	(33)	172	786
General and administrative	988	(79)	1,115	1,504
	<u>\$ 1,593</u>	<u>\$ (470)</u>	<u>2,252</u>	<u>\$ 8,906</u>

Included in stock-based compensation expense for the three months ended September 30, 2023 is a \$ 0.7 million gain related to when the Company's share-based payment awards were classified as liabilities from July 1, 2023 through August 25, 2023. Included in stock-based compensation expense for the nine months ended September 30, 2023 is a \$4.1 million gain related to when the Company's share-based payment awards were classified as liabilities from time to time during the nine months ended September 30, 2023.

13. Fair Value of Financial Instruments

Fair Value Measurements

The Company applies the provisions of ASC 820, *Fair Value Measurement*, which defines a single authoritative definition of fair value, sets out a framework for measuring fair value and expands on required disclosures about fair value measurements. The provisions of ASC 820, *Fair Value Measurement* relate to financial assets and liabilities as well as other assets and liabilities carried at fair value on a recurring and nonrecurring basis. The standard clarifies that fair value is 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. 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 liability. As a basis for considering such assumptions, the standard establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Valuations for assets and liabilities traded in active exchange markets, or interest in open-end mutual funds that allow a company to sell its ownership interest back at net asset value on a daily basis. Valuations are obtained from readily available pricing sources for market transactions involving identical assets, liabilities, or funds.

Level 2 Valuations for assets and liabilities traded in less active dealer, or broker markets, such as quoted prices for similar assets or liabilities or quoted prices in markets that are not active. Level 2 instruments typically include U.S. Government and agency debt securities and corporate obligations. Valuations are usually obtained through market data of the investment itself as well as market transactions involving comparable assets, liabilities or funds.

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Level 3 Valuations for assets and liabilities that are derived from other valuation methodologies, such as option pricing models, discounted cash flow models or similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial or nonfinancial asset or liability.

Notes Payable

The Company has elected to measure certain notes payable and related party notes payable at fair value, specifically, the SPA Notes as they contain embedded liquidation premiums with conversion rights that represent embedded derivatives, the Unsecured Convertible Notes as they can be exchanged into an SPA Note, and the Junior Secured SPA Notes as they contain embedded conversion and redemption rights that represent embedded derivatives (see Note 7, *Notes Payable* and Note 8, *Related Party Transactions*). The Company used a binomial lattice model and discounted cash flow methodology to value the SPA Notes. The significant assumptions used in the models include the volatility of the Class A Common Stock, the Company's expectations around the full ratchet trigger, the Company's debt discount rate based on a CCC rating, annual dividend yield, and the expected life of the instrument. Fair value measurements associated with the notes payable represent Level 3 valuations under the fair value hierarchy.

The fair value adjustments related to notes payables were recorded in Change in fair value measurements on the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss.

SPA Warrants and Junior SPA Warrants

The Company's SPA Warrants were originally liability classified pursuant to ASC 480-10. While liability classified, the Company elected to measure the SPA Warrants at fair value using a Monte Carlo simulation model, where the significant assumptions used include the volatility of the Company's Class A Common Stock, the Company's expectations around the full ratchet trigger, the contractual term of the SPA Warrants, the risk-free rate and annual dividend yield. Fair value measurements associated with the liability-classified warrants represent Level 3 valuations under the fair value hierarchy. During the period ended September 30, 2024, the Company's SPA Warrants met the requirements for equity classification. The Company remeasured the SPA Warrants on the date that the requirements were met, (i.e., on August 1, 2024), and reclassified the balance in Additional Paid-In Capital. On the date of reclassification, the Company's SPA Warrants had a fair value that was considered \$0.2 million.

The Company's Junior SPA Warrants meet the requirements for liability classification pursuant to ASC 480-10, *Distinguishing Liabilities from Equity*. The Junior SPA Warrants could require cash settlement upon events that are considered outside of the control of the Company in a manner that is not consistent with the holders of the Company's Common Stock. The Company elected to measure the Junior SPA Warrants at fair value using a Monte Carlo simulation model, where the significant assumptions used include the volatility of the Company's Class A Common Stock, the Company's expectations around the full ratchet trigger, the contractual term of the Junior SPA Warrants, the risk-free rate and annual dividend yield. Fair value measurements associated with the liability-classified warrants represent Level 3 valuations under the fair value hierarchy.

Incremental Warrants

The Company's Incremental Warrants represent a derivative call obligation pursuant to ASC 815, *Derivatives and Hedging*. As of September 30, 2024, the Company had Incremental Warrants outstanding that could be exercised for \$30.0 million in Junior Secured SPA Notes. The Incremental Warrants are exercisable solely at the option of the holder for a period of one year from issuance. The Company concluded that the fair value of the Incremental Warrant derivative obligation was de minimus at inception. The Company will monitor the performance of the Company's stock price and the fair value of the Junior Secured SPA Notes at each period to determine if the exercise price of the Junior Secured SPA Note par value is in-the-money.

Public and Private Warrants

Upon the closing of the Business Combination, the Company assumed 2,394 Public Warrants and 62 private warrants (the "Private Warrants") from PSAC. The Company also issued 9 Private Warrants to settle related party notes of PSAC. The Public Warrants are indexed to the Company's own stock and, as such, meet the scope exception in accordance with ASC

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815-40 to be classified in equity. The Private Warrants are classified as liabilities and the fair value is included in Warrant Liabilities on the Unaudited Condensed Consolidated Balance Sheets. The Company valued the Private Warrants using a binomial lattice model. Inherent in a binomial lattice model are assumptions related to risk free rate, annual dividend yield, expected warrant life, and volatility of the Company's stock. The Company concluded that the Private Warrants did not have any value as of September 30, 2024 and had an estimated the fair value of \$0.1 million as of December 31, 2023. Changes in the fair value of the Private Warrants are recorded in Change in Fair Value Measurements in the Company's Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss.

Fair value measurements associated with the Private Warrants liabilities represent Level 3 valuations under the fair value hierarchy.

Liabilities due to Insufficient Authorized Shares

From time to time, certain of the Company's equity-linked financial instruments may be classified as derivative liabilities under ASC 815, *Derivatives and Hedging*, due to the Company having insufficient authorized shares to fully settle the equity-linked financial instruments in shares. See Note 11, *Stockholders' Equity*.

Recurring Fair Value Measurements

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables present financial liabilities remeasured on a recurring basis by level within the fair value hierarchy:

(in thousands)	September 30, 2024		
	Level 1	Level 2	Level 3
Liabilities:			
Warrant liabilities ¹	\$ —	\$ —	\$ 13,359
Notes payable ¹	\$ —	\$ —	\$ 51,794

¹ Includes both related party and non-related party balances for the Company's notes payable and warrant liabilities.

(in thousands)	December 31, 2023		
	Level 1	Level 2	Level 3
Liabilities:			
Warrant liabilities ¹	\$ —	\$ —	\$ 306
Notes payable ¹	\$ —	\$ —	\$ 86,712

¹ Includes both related party and non-related party balances for the Company's notes payable and warrant liabilities.

There were not any transfers of assets and liabilities between Level 1, Level 2 and Level 3 of the fair value measurement hierarchy during the three and nine months ended September 30, 2024 or the twelve months ended December 31, 2023. The carrying amounts of the Company's financial assets and liabilities, including cash, restricted cash, deposits, accounts payable, accrued liabilities and certain notes payable approximate fair value because of their short-term nature or contractually defined value.

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Notes to Unaudited Condensed Consolidated Financial Statements

The following table summarizes the activity of Level 3 fair value measurements:

<i>(in thousands)</i>	Warrant Liabilities ¹	Notes Payable ¹
Balance as of December 31, 2023	\$ 306	\$ 86,712
Additions	17,195	43,266
Exercises	—	—
Change in fair value measurements	(3,982)	(35,992)
Conversions of notes to Class A Common Stock	—	(44,891)
Debt extinguishments	—	2,699
Reclassification of SPA Warrants from liability to equity	(160)	—
Balance as of September 30, 2024	<u>\$ 13,359</u>	<u>\$ 51,794</u>

¹ Includes both related party and non-related party balances for the Company's notes payable and warrant liabilities.

14. Net Loss per Share

Net Loss Per Share Attributable to Common Stockholders

Basic net loss per share attributable to common stockholders is calculated by dividing net loss attributable to common stockholders by the weighted-average number of shares outstanding. Diluted net loss per share attributable to common stockholders adjusts the basic net loss per share attributable to common stockholders and the weighted-average number of shares issued for potentially dilutive instruments.

The following data shows the amounts used in computing net loss per share and the effect on net loss and the weighted-average number of shares (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss	\$ (77,686)	\$ (78,046)	\$ (234,588)	\$ (347,947)
Less: Deemed Dividend	(4,153)	—	(4,153)	—
Net loss available to common stockholders	<u>\$ (81,839)</u>	<u>\$ (78,046)</u>	<u>\$ (238,741)</u>	<u>\$ (347,947)</u>

Weighted average shares used in computing net loss per share of Class A and B Common Stock:

Basic	15,379,402	172,062	8,707,165	124,538
Diluted	15,379,402	172,062	8,707,165	124,538

Net loss per share of Class A and B Common Stock attributable to common stockholders:

Basic	\$ (5.32)	\$ (453.59)	\$ (27.42)	\$ (2,793.90)
Diluted	\$ (5.32)	\$ (453.59)	\$ (27.42)	\$ (2,793.90)

The net loss per common share was the same for the Class A Common Stock and Class B Common Stock because they are entitled to the same liquidation and dividend rights and are therefore combined in the Company's Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss. Because the Company reported a net loss for all periods presented, all potentially dilutive Common Stock equivalents were determined to be antidilutive for those periods and have been excluded from the calculation of net loss per share.

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Notes to Unaudited Condensed Consolidated Financial Statements

The following table presents the potentially dilutive shares that were excluded from the computation of diluted net loss per share of Common Stock attributable to Common Stock stockholders because their effect was anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Shares issuable upon conversion of SPA Notes and settlement of make-whole provisions	25,995,784	746,412	25,995,784	746,412
Shares issuable upon conversion of Unsecured Convertible Notes	666,624	—	666,624	—
Shares issuable upon exercise of SPA Warrants	15,143	13,790	15,143	13,790
Shares issuable upon exercise of Junior SPA Warrants	5,931,638	—	5,931,638	—
Other warrants	1,278,802	34,136	1,278,802	34,136
Stock-based compensation awards – Options	2,879	3,568	2,879	3,568
Stock-based compensation awards – RSUs	1,529,966	1,481	1,529,966	1,481
Public warrants	2,453	2,453	2,453	2,453
Private warrants	12	12	12	12
Total	35,423,301	801,852	35,423,301	801,852

15. Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the Unaudited Condensed Consolidated Financial Statements were issued. Other than as described below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the Unaudited Condensed Consolidated Financial Statements.

Subsequent SPA Activity

Subsequent to September 30, 2024, the Company received additional funding through additional Junior Secured SPA Notes totaling \$ 9.3 million in aggregate principal amount. In addition, \$24.5 million of principal and \$3.6 million of interest of SPA Notes was converted into 13,537,870 shares of Class A Common Stock.

Filing of Registration Statement on Form S-1

Subsequent to September 30, 2024, the Company filed a Registration Statement on Form S-1 with the SEC on November 1, 2024, to register shares of the Company's Class A Common Stock that are contingently issuable under the terms of the Junior Secured SPA Notes (see Note 7, *Notes Payable*).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All references in this report to "FF," the "Company," "we," "us," or "our" mean Faraday Future Intelligent Electric Inc., together with its consolidated subsidiaries. Unless the context suggests otherwise, references to "Faraday Future Intelligent Electric Inc." mean the parent company without its subsidiaries.

The following discussion and analysis is intended to help the reader understand FF's results of operations and financial condition. This discussion and analysis is provided as a supplement to, and should be read in conjunction with FF's Unaudited Condensed Consolidated Financial Statements and Notes thereto included elsewhere in this quarterly report on Form 10-Q (this "Report" or this "Form 10-Q"). Some of the information contained in this discussion and analysis or set forth elsewhere in this Report, including information with respect to FF's plans and strategy for FF's business, includes forward-looking statements that involve risks and uncertainties. FF's actual results may differ materially from management's expectations as a result of various factors, including but not limited to those discussed in the sections entitled "Risk Factors" in the Company's Annual Report on Form 10-K filed on May 28, 2024 (as amended, the "Form 10-K"), "Risk Factors" in the Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (the "Q1 2024 10-Q"), and "Cautionary Note Regarding Forward-Looking Statements" below. The objective of this section is to provide investors an understanding of the financial drivers and levers in FF's business and describe the financial performance of the business.

Cautionary Note Regarding Forward-Looking Statements

This Report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes," "estimates," "anticipates," "expects," "intends," "plans," "may," "will," "potential," "projects," "predicts," "continue," or "should," or, in each case, their negative or other variations or comparable terminology. There can be no assurance that actual results will not materially differ from expectations. Such statements include, but are not limited to, any statements relating to our financial and business performance, market acceptance and success of our business model, our ability to expand the scope of our offerings, and our ability to comply with the extensive, complex, and evolving regulatory requirements. These statements are based on management's current expectations, but actual results may differ materially due to various factors.

The forward-looking statements contained in this Report are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control), and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the section titled "Risk Factors" in the Form 10-K, as updated in the Q1 2024 10-Q. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation (and expressly disclaim any obligation) to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. These risks and others described under the section titled "Risk Factors" in the Form 10-K, as updated in the Q1 2024 10-Q, may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Report. In addition, even if our results or operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this Report, those results or developments may not be indicative of results or developments in subsequent periods.

Availability of Information

We make available through our company website, free of charge, our company filings with the Securities and Exchange Commission (the "SEC") as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. The reports we make available include annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, registration statements, and any amendments to those documents.

The website link to our SEC filings is investors.ff.com/financial-information/sec-filings.

We intend to use press releases, our Investor Relations website, investor.ff.com, and certain social media accounts as a means of disclosing information and observations about the Company and its business that may be of interest or material to our

investors, material, non-public information, and for complying with our disclosure obligations under Regulation FD: Instagram, Facebook, X, LinkedIn, YouTube, FF App, WeChat, Weibo, Toutiao, Douyin, and Futu. The information and observations we post through these social media channels may be deemed material. Accordingly, investors should monitor the Investor Relations website and these social media channels, in addition to following our press releases, filings with the SEC, public conference calls, presentations, and webcasts. The social media channels that we intend to use as a means of disclosing the information described above may be updated from time to time. The information contained on, or that may be accessed through, our website or social media channels, is not incorporated by reference into, and is not a part of, this Report or any other report or document filed with the SEC. Any reference to our website in this Report is intended to be an inactive textual reference only.

Overview

The Company is a California-based, global, shared, intelligent, mobility ecosystem company is a global, shared, intelligent, mobility ecosystem company with a vision to disrupt the automotive industry. The Company is a holding company incorporated in the State of Delaware on February 11, 2020, conducts its operations through the subsidiaries of FF Intelligent Mobility Global Holdings Ltd. ("Legacy FF"), which was founded in 2014 and is headquartered in Los Angeles, California. Our Class A Common Stock and Public Warrants trade on The Nasdaq Capital Market ("Nasdaq") under the ticker symbols "FFIE" and "FFIEW," respectively.

FF designs and engineers next-generation intelligent, connected, electric vehicles. We manufacture vehicles at our production facility in Hanford, California (the "FF ieFactory California"). We have additional engineering, sales, and operational capabilities in China and are exploring opportunities for potential manufacturing capabilities in China through a joint venture or other arrangements.

Since our founding, we have created major innovations in technology, products, and a user-centered business model. We believe these innovations will enable us to set new standards in luxury and performance that will redefine the future of intelligent mobility.

We believe the following combination of capabilities of our products, technology, the upgrade to FF Product and Technology Upgrade Generation 2.0 (PT Gen 2.0), team, and business model distinguish us from our competitors:

- We have designed and developed a breakthrough mobility platform — our proprietary Variable Platform Architecture ("VPA").
- Our propulsion system provides a competitive edge in acceleration and range, enabled by an expected industry-leading inverter design, and propulsion system.
- Our advanced Internet Artificial Intelligence ("I.A.I.") technology offers high-performance computing, high speed internet connectivity, Over-the-Air ("OTA") updating, an open ecosystem for third-party application integration, and an advanced autonomous driving-ready system, in addition to several other proprietary innovations that enable us to build an advanced, highly-personalized user experience.
- Since inception, we have developed a portfolio of intellectual property, established our supply chain, and assembled a global team of automotive and technology experts and innovators to achieve our goal of redefining the future of the automotive industry. As of September 30, 2024, we have approximately 660 active patents globally.
- We believe that the FF 91 Futurist (the "FF 91," "FF 91 Futurist," or "FF 91 2.0 Futurist Alliance") is the first ultra-luxury electric vehicle to offer a highly-personalized, fully-connected user experience for driver and passengers. We started production on the first FF 91 Futurist and delivered the first FF 91 2.0 Futurist Alliance in 2023.
- Our planned B2C passenger vehicle pipeline includes the FF91 series, the FF81 series, and the FF71 series.
- Subject to future financing, we plan to produce and deliver our second passenger vehicle, the FF 81, which is expected to be designed to be a premium, mass-market electric vehicle positioned to compete against the Tesla Model S, Tesla Model X, the BMW 5-series, the Range Rover Sport and similar vehicles.
- Subject to future financing, we plan to develop a mass-market passenger vehicle, the FF 71. We expect to start production and deliveries of the FF 71 subsequent to production and deliveries of the FF 81. The FF 71 is expected to be designed to integrate full connectivity and advanced technology into a smaller vehicle size and is positioned to compete with vehicles such as the Tesla Model 3, Tesla Model Y, and the BMW 3-series.
- Subject to future financing, we plan to develop a Smart Last Mile Delivery ("SLMD") vehicle to address the high-growth, last-mile delivery opportunity, particularly in Europe, China and the U.S. Our modular VPA facilitates entry into the last-mile delivery segment, allowing us to expand our total addressable market and avenues of growth.

- We have updated our corporate strategy to include a China-U.S. Automotive Bridge Strategy (the “Bridge Strategy”). The Bridge Strategy marks a return to our earlier two-brand strategy, which seeks to distinguish between the spire segment (FF brand) and mass market segment (second brand) of the EV industry. We intend to seek to establish a second mass market-focused brand by working with one or more China-based OEMs and parts suppliers (“Bridge Strategy Partners”) and to procure quasi-complete components and parts that we would enhance by adding AI and Vehicle Software technology and product R&D found in our flagship FF 91 brand. This could create a compelling value proposition to consumers in the AI EV mass-market, which is a market that currently has limited offerings. Via the Bridge Strategy, there is the potential to materially accelerate the production timeline for a mass-market AI EV. While the mechanical platform of the mass-market product would be from Bridge Strategy Partners, we intend to seek to utilize a component mix sufficient to reach part level duty by fulfilling the criteria for part supplier and manufacturing requirement. For a discussion of material risks relating to the Bridge Strategy, please see Part II, Item 1A., Risk Factors – “Our latest business strategy, which we refer to as the Bridge Strategy, is subject to numerous risks and uncertainties” in the Q1 2024 10-Q.

All FF vehicles are expected to be available for sale in the U.S., China and the Middle East, with potential expansion to European markets.

Emerging Growth Company Status

Section 102(b)(1) of the Jumpstart Our Business Startups Act (the “JOBS Act”) exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies. Any such election to not take advantage of the extended transition period is irrevocable.

We are an “emerging growth company” as defined in Section 2(a) of the Securities Act and have elected to take advantage of the benefits of the extended transition period for new or revised financial accounting standards. We expect to continue to take advantage of the benefits of the extended transition period, although we may decide to early adopt such new or revised accounting standards to the extent permitted by such standards. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used.

Segment Information

On February 26, 2023, after an assessment by the Board of Directors (the “Board”) of the Company’s management structure, the Board approved our Chief Product and User Ecosystem Officer (Mr. Yueting Jia, who is also FF’s founder) reporting directly to the Board. In addition, the Board approved our product, mobility ecosystem, I.A.I., and advanced research and development (“R&D”) technology departments reporting directly to the Chief Product and User Ecosystem Officer. The Board also approved our user ecosystem, capital markets, human resources and administration, corporate strategy and China departments reporting to both the Chief Product and User Ecosystem Officer and the Global Chief Executive Officer, subject to processes and controls to be determined by the Board after consultation with our management. Based on his responsibilities within the Company, the Board determined that Mr. Jia is an “officer” of the Company within the meaning of Section 16 of the Exchange Act and an “executive officer” of the Company under Rule 3b-7 under the Exchange Act.

We have determined that our co-Chief Operating Decision Makers (“co-CODMs”) are both our Global CEO and our Chief Product and User Ecosystem Officer. We have determined that we operate in one operating segment and one reportable segment, as the co-CODMs review financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. Substantially all of our consolidated operating activities, including our long-lived assets, are located within the United States. Given our early-revenue operating stage, we currently have no concentration exposure to products, services or customers.

Recent Developments

During the three months ended September 30, 2024, these additional milestones and events took place:

- On September 22, 2024, we delivered an FF 91 2.0 Futurist Alliance to Born Leaders Entertainment in Hollywood, where Born Leaders also became a Developer Co-Creation Officer for us.
- On September 19, 2024, we officially launched our second brand, Faraday X (FX), specifically focused on producing affordable electric vehicles priced between \$20,000 and \$50,000 to capture a broader consumer market.
- On September 5, 2024, we entered into a Junior Securities Purchase Agreement (the "Junior Secured SPA") with institutional investors for \$30.0 million in commitments, consisting of \$22.5 million in cash and \$7.5 million converted from a prior loan (see Note 7, *Notes Payable* in the notes to the Unaudited Condensed Consolidated Financial Statements). The notes pursuant to the Junior Secured SPA have a 10% interest rate, are convertible into common stock, and were issued with warrants to purchase 5.7 million shares with an exercise price of \$6.29. Each investor also received an incremental warrant to fund, at the investor's sole discretion, additional notes pursuant to the Junior Secured SPA for amounts up to the original principal balance the investor funded.
- On August 16, 2024 after market close, the Company's 1-for-40 reverse stock split became effective.
- On August 12, 2024, Wei Gao, Head of Global Communication and Community Sales, took delivery of an FF 91 2.0 Futurist Alliance, marking the second delivery in the Start of Delivery Second Phase (SOD2).
- On August 2, 2024, we entered into a Waiver Agreement with certain investors holding secured and unsecured convertible notes, allowing adjustments to the notes' conversion price under specific conditions to reduce cash obligations, providing noteholders with the option to convert at a lower price while waiving accrued interest, and extending their right to purchase additional notes for one year.
- On August 1, 2024, we filed a Certificate of Amendment to increase authorized common stock from 463.3 million to 4.17 billion shares, bringing the total authorized shares to 4.18 billion (each on a pre-split adjusted basis). Also on August 1, 2024, we filed a Certificate of Elimination to eliminate the designation of the Series A Preferred Stock classification, reclassifying it as authorized but unissued, following the automatic redemption of all outstanding Series A Preferred shares.
- On July 20, 2024, we held an interactive investor Community Day at our Los Angeles headquarters.
- On July 18, 2024, we unveiled our Automotive Bridge Strategy, reintroducing a two-brand approach to target both luxury and affordable EV markets, expanding our reach through the integration of advanced AI and software technologies.
- On July 11, 2024, we entered into a Master Lease Agreement with Utica Leaseco, LLC with respect to a collateralized loan arrangement (see Note 7, *Notes Payable* in the notes to the Unaudited Condensed Consolidated Financial Statements).

In the period subsequent to September 30, 2024, these additional milestones and events took place:

- On November 1, 2024, we filed a Registration Statement on Form S-1 with the SEC. This registration covers the issuance of Class A Common Stock that are contingently issuable under the terms of the Junior Secured SPA Notes (see Note 7, *Notes Payable* in the notes to the Unaudited Condensed Consolidated Financial Statements).
- On October 24, 2024, we announced a co-investment agreement with Master Investment Group, led by Sheikh Abdulla Al Qassimi, to establish our future regional headquarters in Ras Al Khaimah, UAE, supporting Faraday's Middle East expansion strategy. Construction is set to begin by late 2024, with operations expected by late 2025 or early 2026. Faraday Future signed agreements with the Ras Al Khaimah Economic Zone (RAKEZ) for both a current business location and a larger operational facility to strengthen its presence in the UAE's strategic economic hub.

Recent Governance Developments

- We made senior leadership changes, appointing Koti Meka as Chief Financial Officer, effective September 23, 2024 and Aaron Ma as Acting Head of EV R&D, effective August 2024, to advance its dual-brand strategy.
- On September 22, 2024, we delivered an FF 91 2.0 Futurist Alliance to Born Leaders Entertainment in Hollywood, where Born Leaders also became a Developer Co-Creation Officer for us.
- On September 4, 2024, Nasdaq confirmed that we regained compliance with Nasdaq's listing requirements. This followed a series of actions to address deficiencies in timely filing of the Form 10-K and the Q1 2024 10-Q and a minimum bid price deficiency. On June 26, 2024, Nasdaq had granted continued listing, contingent upon meeting filing and minimum bid price requirements by July 31 and August 31, 2024, respectively. On July 30, 2024, we met the periodic reporting compliance requirement by filing our Q1 2024 Form 10-Q. Subsequently, in August 2024, we met the minimum bid price requirements following the August 2024 Reverse Stock Split.
- On August 27, 2024, we appointed Tin Mok as Head of FF United Arab Emirates ("UAE"), where he will lead business development and strategic financing efforts in the UAE and Middle East.
- On July 31, 2024, at the annual stockholder meeting, our stockholders approved proposals to increase authorized shares, approve a reverse stock split, reelect directors, and amend the 2021 Stock Incentive Plan, raising available shares by 88.3 million (on a pre-split adjusted basis).

Components of FF's Results of Operations

Key Factors Affecting Operating Results

Our performance and future success depend on several factors that present significant opportunities but also pose risks and challenges including those discussed below and in the section titled "*Risk Factors*" in the December 31, 2023 Form 10-K and March 31, 2024 Form 10-Q.

Production and Operations

We expect to continue to incur significant operating costs that will impact our future profitability, including R&D expenses as we introduce new models and improve existing models; capital expenditures for the expansion of our manufacturing capacities; additional operating costs and expenses for production ramp-up; raw material procurement costs; general and administrative expenses as we scale our operations; interest expense from debt financing activities; and selling and distribution expenses as we build our brand and market our vehicles. We may incur significant costs in connection with our services as we deliver at scale the FF 91 Futurist, including servicing and warranty costs. Our ability to become profitable in the future will depend on our ability to successfully market our vehicles and control our costs.

Through September 30, 2024, we have sold a total of five and leased nine vehicles. As a result, we will require substantial additional capital to develop products and fund operations for the foreseeable future. Until we can generate sufficient revenue from product sales, we will fund our ongoing operations through a combination of various funding and financing alternatives, including equipment financing of the FF ieFactory California, secured syndicated debt financing, convertible notes, working capital loans, and equity offerings, among other options. The particular funding mechanisms, terms, timing, and amounts are dependent on our assessment of opportunities available in the marketplace and the circumstances of the business at the relevant time. Any delays in the successful completion of our FF ieFactory California will impact our ability to generate revenue. For additional discussion of the substantial doubt about our ability to continue as a going concern, see Note 2,

Liquidity and Capital Resources and Going Concern in the notes to the Unaudited Condensed Consolidated Financial Statements and for further details on liquidity, see the "Liquidity and Capital Resources" section below.

Revenue Recognition

We began the production of our FF 91 Futurist in March 2023 and started making deliveries to customers in August 2023. During the three months ended September 30, 2024, we did not sell any vehicles and leased out two vehicles.

Automotive sales revenue includes revenues related to deliveries of new vehicles, and specific other features and services including home charger, charger installation, 24/7 roadside assistance, Over-The-Air ("OTA") software updates, internet connectivity and destination fees.

We recognize revenue on automotive sales upon delivery to the customer, which is when control of a vehicle transfers. Payments are typically received at the point control transfers or in accordance with payment terms customary to the business and as indicated in the sales contract. OTA software updates are provisioned upon transfer of control of a vehicle and recognized over time on a straight-line basis as we have a stand-ready obligation to deliver such services to the customer. For obligations related to automotive sales, we estimate standalone selling price by considering costs used to develop and deliver the good or service, third-party pricing of similar options and other information that may be available. The transaction price is allocated among the performance obligations in proportion to the standalone selling price of our performance obligations. Vehicle contracts do not contain a significant financing component.

Revenue from promises to the customer that are considered immaterial are combined with the vehicle performance obligation and recognized when the product has been transferred. We accrue costs to transfer these immaterial goods and services regardless of whether they have been transferred.

We provide customers with a residual value guarantee which may or may not be exercised in the future.

Co-creation Arrangements

As part of our Futurist Product Officers ("FPO") Co-Creation Delivery program that began in August 2023, we have entered into co-creation agreements with certain customers. The arrangement leverages some of our sales and leasing customers to provide valuable driving data, insights, marketing and brand awareness of the FF 91 vehicle. For the services performed, we compensate the respective customers through a monthly consulting fee payment or a discount on their monthly lease payment. Management examined in detail the services provided by each respective customer in accordance with the co-creation agreement, established various data points, and rationally assigned a dollar amount that was deemed representative of the fair value of the services. Co-creation payments that exceed the fair value of the distinct services performed by the customer are considered consideration paid to the customer and were treated as a reduction in revenue.

We have entered into and may continue to enter into co-creator consulting agreements with our customers under which customers share feedback, driving data, ideas, and experiences with our engineers, social media posts and other promotions in exchange for specified fees. We consider these arrangements consideration payable to a customer. The consideration paid to the customer relates to marketing and R&D services that are distinct and could be purchased by us from a separate third party. We perform an analysis in which we maximize the use of observable market inputs to ascribe a fair value to these services and record the fair value of these services to sales and marketing expense or R&D expense, as applicable. Any consideration payable to a customer that is above the fair value of the distinct services being provided is treated as a reduction of revenue.

Automotive Leasing Revenue

Operating Leasing Program

We have outstanding leases under our vehicle operating leasing program in the United States. Qualifying customers are permitted to lease a vehicle for up to 36 months. At the end of the lease term, customers are generally required to return the vehicles to us. We account for these leasing transactions as operating leases. We record leasing revenues to automotive leasing revenue on a straight-line basis over the contractual term, and we record the depreciation of these vehicles to cost of automotive leasing revenue. Our policy is to exclude taxes collected from a customer from the transaction price of automotive contracts.

Sales-Type Leasing Program

We have outstanding leases accounted for as sales-type leases under Accounting Standards Codification ("ASC") 842, Leases ("ASC 842"). Customers have the right to purchase the vehicle at the end of the lease term, which is usually 36 months. A customer qualifies under this program if the purchase option is reasonably certain to be exercised, and we therefore expect the customer to take title to the vehicle at the end of the lease term after making all contractual payments. We recognize all revenue and costs associated with the sales-type lease as automotive leasing revenue and automotive leasing cost of revenue,

respectively, upon delivery of the vehicle to the customer when collectability of lease payments is probable at lease commencement. If collectability of lease payments is not probable at commencement, we recognize the lease payments as deposit liability and do not derecognize the leased vehicle until such point that collectability of lease payments becomes probable.

Customer Deposits and Deferred Revenue

Our customers may reserve a vehicle and preorder certain services by making a customer deposit, which is fully refundable at any time. Refundable deposits, for vehicle reservations and services, received from customers prior to an executed vehicle purchase agreement are recorded as customer deposits within Accrued expenses and other current liabilities on our Condensed Consolidated Balance Sheets.

When vehicle purchase agreements are executed, the consideration for the vehicle and any accompanying products and services must be paid in advance prior to the transfer of products or services by us. Such advance payments are considered non-refundable, and we defer revenue related to any products or services that are not yet transferred.

Deferred revenue is equivalent to the total transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, as of the balance sheet date.

Warranties

We provide a manufacturer's warranty on all vehicles sold. The warranty covers the rectification of reported defects via repair, replacement, or adjustment of faulty parts or components. The warranty does not cover any item where failure is due to normal wear and tear. This assurance-type warranty does not create a performance obligation separate from the vehicle. Management tracks warranty claims by vehicle ID, owner, and date. As we continue to manufacture and sell more vehicles, we will reassess and evaluate our warranty claims for purposes of our warranty accrual.

Cost of Automotive Sales Revenue

Cost of revenue includes direct and indirect materials, labor costs, manufacturing overhead, including depreciation costs of tooling and machinery, shipping and logistic costs, vehicle connectivity costs, and reserves for estimated warranty expenses. Cost of automotive sales revenues also includes adjustments to warranty expense.

Cost of services and other revenue includes costs associated with providing non-warranty after-sales services, costs for retail merchandise, and costs to provide vehicle insurance. Cost of services and other revenue also includes direct parts and material.

Cost of Automotive Leasing Program

Cost of automotive leasing revenue includes the depreciation of operating lease vehicles, cost of goods sold associated with direct sales-type leases and warranty expense related to leased vehicles.

Operating Expenses

Research and Development

Research and Development ("R&D") activities represent a significant part of our business. Our R&D efforts focus on the design and development of our electric vehicles and continuing to prepare our prototype electric vehicles to exceed industry standards for compliance, innovation, and performance. R&D expenses consist of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for our employees focused on R&D activities, other related costs, depreciation, R&D services provided by co-creators, and an allocation of overhead.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for our employees focused on sales and marketing, costs associated with sales and marketing activities, marketing services provided by co-creators, and an allocation of overhead. Marketing activities are those related to introducing our brand and our electric vehicle prototypes to the market.

General and Administrative

General and administrative expenses consist primarily of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for our employees associated with administrative services such as legal, human resources, information technology, accounting and finance, other related costs, and legal loss contingency expenses, which are our

estimates of future legal settlements. These expenses also include certain third-party consulting services, certain facilities costs, and any corporate overhead costs not allocated to other expense categories.

Settlement on Accrued Research and Development Expenses

Settlement on accrued research and development expenses represents adjustments resulting from settling previously accrued R&D obligations at amounts lower than initially estimated. This line item generally includes gains arising from negotiations or dispute resolutions with vendors, technology partners, or service providers, where the final settlement amount reduces the originally accrued expenses associated with R&D activities.

Lease Impairment Loss

Lease impairment loss includes impairment charges on right-of-use (ROU) assets for leased properties that we have vacated, abandoned, or plan to terminate. This line item captures losses recognized when the carrying value of an ROU asset exceeds its fair value due to our exiting premises or terminating leases. Impairment losses may occur when facilities, including retail, office, or research spaces, are vacated, and the remaining lease liabilities continue to be recognized on the balance sheet. Lease impairment loss is not offset against lease termination gain, which is included in Other Income (Expense), net discussed below.

Loss on Disposal of Property, Plant and Equipment

Loss on disposal of property, plant and equipment relates to the abandonment of certain FF 91 Futurist program construction in progress assets, primarily vendor tooling, machinery, and equipment, due to the redesign of the related FF 91 components and implementation of our cost reduction program. Charges associated with disposals are recognized within operating expenses.

Change in Fair Value of Earnout Liability

Legacy FF stockholders, as of the July 21, 2021 closing date of the Business Combination (as defined in Note 10, *Commitments and Contingencies* in the notes to the Unaudited Condensed Consolidated Financial Statements) until its fifth anniversary, are entitled to contingent consideration of up to 2,605 additional shares of Class A Common Stock in the aggregate in two equal tranches upon the occurrence of each earnout triggering event ("Earnout Shares"). We recognized the Earnout Shares at fair value upon the closing of the Business Combination and classified them in Stockholders' Equity since the Earnout Shares were determined to be indexed to our own stock and meet the requirements for equity classification in accordance with ASC 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity*. From time to time subsequent to the closing of the Business Combination, the Earnout Shares may be classified as derivative liabilities under ASC 815, *Derivatives and Hedging*, due to us having insufficient authorized shares to fully settle the equity-linked financial instruments in shares. The Earnout Shares reclassified as derivative instruments are recognized at fair value with changes in fair value recognized in earnings until such time as the conditions giving rise to such derivative liability classification are settled or we have sufficient authorized, unissued shares to settle such contracts with shares.

Non-operating Expenses

Change in Fair Value of (Related Party and Third Party) Notes Payable and Warrant Liabilities

Change in fair value measurements consists of the losses and gains as a result of fair value measurements of certain notes payable and warrant liabilities that we record at fair value.

Loss on Settlement of (Related Party and Third Party) Notes Payable

Loss on settlement of notes payable consists of losses resulting from the settlement of notes payable as part of our ongoing financing activities and losses incurred on modifications of our notes payable that qualify as an extinguishment pursuant to ASC 470-50, *Debt-Modifications and Extinguishments*.

Interest Expense

Interest expense primarily consists of interest on outstanding notes payable not marked to fair value, capital leases, certain supplier payables, and vendor payables in trust.

Related Party Interest Expense

Related party interest expense consists of interest expense on notes payable with related parties not marked to fair value.

Other Income (Expense), net

Other expense, net primarily consists of foreign currency transaction gains and losses and other expenses such as bank fees and late charges. Foreign currency transaction gains and losses are generated by revaluation of debt and the settlements of invoices denominated in currencies other than the functional currency. Other income, net primarily consists of lease termination gains.

Results of Operations

Comparison of results of operations for the three months ended September 30, 2024 versus the three months ended September 30, 2023:

(in thousands)	Three Months Ended September 30,	
	2024	2023
Unaudited Condensed Consolidated Statements of Operations		
Revenue	\$ 9	\$ 551
Cost of revenues	21,453	16,131
Gross profit	(21,444)	(15,580)
Operating expenses		
Research and development	5,180	21,593
Sales and marketing	2,601	5,318
General and administrative	8,278	24,023
Settlement on accrued research and development expenses	(14,935)	—
Lease impairment loss	57	—
Loss on disposal on property, plant and equipment	2,582	—
Change in fair value of earnout liability	—	(67)
Total operating expenses	3,763	50,867
Loss from operations	(25,207)	(66,447)
Change in fair value of notes payable and warrant liabilities	8,287	17,571
Change in fair value of related party notes payable and related party warrant liabilities	654	4,726
Loss on settlement of notes payable	(59,128)	(21,357)
Loss on related party notes payable	—	(10,756)
Interest expense	(1,442)	(90)
Related party interest expense	(1,212)	(69)
Other income/(expense), net	361	(1,624)
Loss before income taxes	(77,687)	(78,046)
Income tax provision	1	—
Net loss	<u>\$ (77,686)</u>	<u>\$ (78,046)</u>

Revenue

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Revenue	\$ 9	\$ 551	\$ (542)	(98)%

Total revenue decreased by \$0.5 million for the three months ended September 30, 2024 compared to the same period in 2023. Automotive leasing revenue was recognized during the three months ended September 30, 2024, though the amount was not material, and no automotive sales revenue was recorded. In contrast, automotive sales revenue totaled \$0.6 million for the

three months ended September 30, 2023 , with no leasing revenue during that period. The 2023 sales revenue resulted from the initial delivery of our flagship luxury electric vehicle, the FF 91 Futurist.

Cost of Revenues

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Cost of revenues	\$ 21,453	\$ 16,131	\$ 5,322	33 %

Cost of revenues increased by \$5.3 million for the three months ended September 30, 2024 compared to the same period in 2023. This increase was primarily driven by depreciation expenses resulting from placing equipment into service to improve our production capabilities, in particular our paint and body shop, and an increase in corporate cost absorption into inventory and cost of revenues.

During the three months ended September 30, 2024 , we continued transitioning our production capabilities to include both luxury and more affordable electric vehicles. This strategic shift, which is aligned with broader market demand, is expected to result in additional fixed cost allocations to cost of revenues as equipment is placed into service, while we continue to optimize our production efficiencies.

Research and Development (R&D)

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Research and development	\$ 5,180	\$ 21,593	\$ (16,413)	(76)%

R&D expense decreased by \$16.4 million for the three months ended September 30, 2024 compared to the same period in 2023. This reduction was primarily attributable to a \$10.1 million decrease resulting from headcount reductions and the reassignment of R&D personnel to production roles, as well as a \$4.3 million decrease in engineering, design, and testing costs.

As we transition from an R&D focus to full-scale production, resources have been reallocated from R&D to manufacturing to enhance operational efficiency. This shift supports the commercialization of completed R&D developments while enabling targeted innovation in key areas. Strategic partnerships with technology providers and industry experts have also been established to sustain innovation with reduced internal costs.

We have also begun shifting our R&D focus towards the development of more affordable electric vehicle platforms, expanding our technology portfolio to address broader market demands. This strategic shift ensures continued innovation across both luxury and more affordable segments, aligning with evolving industry trends.

Sales and Marketing

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Sales and marketing	\$ 2,601	\$ 5,318	\$ (2,717)	(51)%

Sales and marketing expense decreased by \$2.7 million for the three months ended September 30, 2024 compared to the same period in 2023. The reduction was primarily driven by a \$1.7 million decrease in compensation expense, a decrease of \$0.3 million in advertising costs, and a \$0.2 million decrease in professional services expenses.

Despite a reduction in sales and marketing personnel, we continue to market effectively by leveraging our Co-Creation strategy, which involves partnerships with industry pioneers and influential personalities. Through this approach, we amplify our brand by engaging high-profile figures and involving users in our product development and marketing processes. Additionally, we host VIP events and participate in major industry showcases to provide customers and stakeholders with immersive experiences of our flagship vehicles, further enhancing customer engagement and brand visibility. These efforts allow us to optimize our marketing reach and increase brand awareness while maintaining lower internal costs.

General and Administrative

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
General and administrative	\$ 8,278	\$ 24,023	\$ (15,745)	(66)%

General and administrative expense decreased by \$15.7 million for the three months ended September 30, 2024 compared to the same period in 2023. This decrease was primarily driven by a \$6.5 million reduction in professional service fees, a \$4.0 million decrease in general expenses, such as rent and insurance costs, and a \$1.9 million reduction in wages and wage-related costs. Additionally, there was a \$1.9 million decrease in depreciation expense.

These reductions reflect our ongoing cost-cutting initiatives aimed at optimizing general and administrative expenses. We have implemented measures to streamline operations, including renegotiating vendor contracts, consolidating office space to reduce rent, and restructuring our workforce to lower wage-related expenses, all while maintaining operational efficiency.

Settlement of Accrued Research and Development expenses

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Settlement on accrued research and development expenses	\$ (14,935)	\$ —	\$ (14,935)	NM*

*NM = not meaningful

Gain on settlement of previously accrued R&D expenses increased by \$14.9 million for the three months ended September 30, 2024 compared to the same period in 2023. This gain resulted from a settlement that resolved ongoing disputes over unpaid invoices due to Palantir Technologies Inc. ("Palantir") As of the date of settlement, we had accrued approximately \$19.9 million of R&D expense.

Following arbitration, the parties reached a settlement in which we agreed to pay Palantir \$5.0 million. We paid \$0.2 million in cash and fulfilled the remaining \$4.8 million obligation with the issuance of Class A Common Stock. On August 8, 2024, we issued Palantir 252,768 shares of Class A Common Stock valued at \$2.4 million. As of September 30, 2024, we had an obligation to pay Palantir the remaining \$2.4 million. We settled this obligation on October 1, 2024 through the issuance of 827,526 shares of Class A Common Stock. We recognized a gain of \$14.9 million, reflecting the difference between the accrued expenses and the final settlement amount due to Palantir.

Loss on Disposal on Property, Plant and Equipment

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Loss on disposal on property, plant and equipment	\$ 2,582	\$ —	\$ 2,582	NM*

*NM = not meaningful.

We recognized a \$2.6 million loss on the disposal of property, plant, and equipment during the three months ended September 30, 2024. No comparable transactions were recorded during the three months ended September 30, 2023. We dispose of equipment when the assets become obsolete, costly to maintain, or are replaced by more efficient technologies.

Change in Fair Value of Earnout Liability

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Change in fair value of earnout liability	\$ —	\$ (67)	\$ 67	NM*

*NM = not meaningful.

We did not have any earnout shares that were re-measured at fair value during the three months ended September 30, 2024. As of August 25, 2023, upon an increase in our authorized shares of Class A Common Stock, we reclassified the earnout shares from liability classification to equity classification. Once the number of authorized shares of our Class A Common Stock was increased, the earnout shares were determined to be equity classified under ASC 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity*. The \$0.1 million decrease in the fair value of the earnout shares represents the change in fair

value of the earnout prior to its reclassification and was recognized as a Change in fair value of earnout liability during the three months ended September 30, 2023.

Change in Fair Value of Notes Payable and Warrant Liabilities

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Change in fair value of notes payable and warrant liabilities	\$ 8,287	\$ 17,571	\$ (9,284)	(53)%

During the three months ended September 30, 2024, the fair value of our outstanding notes and warrants were revalued at lower fair values compared to the same period in 2023. The decrease in the fair value of the notes and warrants during the period was driven by factors including: (1) the decline in our stock price during the period; (2) pursuant to the terms of the Waiver Agreement (see Note 7, *Notes Payable* in the notes to the Unaudited Condensed Consolidated Financial Statements), interest payments due under the Secured SPA became due at maturity; and (3) the elimination of the interest make-whole pursuant to the Waiver Agreement. These gains were partially offset by \$0.7 million in transaction costs during the period. The change in the fair value of our notes payable and warrant liabilities also decreased during the three months ended September 30, 2024 when compared with the same period in 2023 due to a 46% decrease in notes payable outstanding that are remeasured at fair value.

Change in Fair Value of Related Party Notes Payable and Related Party Warrant Liabilities

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Change in fair value of related party notes payable and related party warrant liabilities	\$ 654	\$ 4,726	\$ (4,072)	(86)%

During the three months ended September 30, 2024, the fair values of our outstanding related party notes and warrants were revalued at lower fair values compared to the same period in 2023. This decrease was primarily driven by declines in our stock price during the period. The change in the fair value of our notes payable and warrant liabilities also decreased during the three months ended September 30, 2024 when compared with the same period in 2023 due to a 55% decrease in notes payable outstanding that are remeasured at fair value.

Loss on Settlement of Notes Payable

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Loss on settlement of notes payable	\$ (59,128)	\$ (21,357)	\$ (37,771)	177 %

The increase in the loss on settlement of notes payable during the three months ended September 30, 2024 was driven by an increase in the notes payable converted during the period compared with the same period in 2023. During the three months ended September 30, 2024, noteholders converted \$62.0 million of notes payable compared with \$25.8 million during the three months ended September 30, 2023. Additionally, during the three months ended September 30, 2024, we recognized a loss on extinguishment of \$2.7 million resulting from the Waiver Agreement. The increase was partially offset by a decrease in the loss on settlement per dollar of principal during the three months ended September 30, 2024.

Loss on Related Party Notes Payable

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Loss on related party notes payable	\$ —	\$ (10,756)	\$ 10,756	NM*

*NM = not meaningful.

There were no settlements of related party notes payable during the three months ended September 30, 2024. During the three months ended September 30, 2023, a related party converted Unsecured SPA Notes with an aggregate principal balance of \$6.6 million in exchange for 21,850 shares of Class A Common Stock. We recognized a loss on settlement of related party notes payable for the difference between the fair value of the shares issued and the fair value of the debt instrument.

Interest Expense

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Interest expense	\$ (1,442)	\$ (90)	\$ (1,352)	(1,502)%

Interest expense increased by \$1.4 million for the three months ended September 30, 2024 compared to the same period in 2023. This increase was primarily due to financial obligations associated with the Hanford, California manufacturing facility. We pursued a sale-leaseback arrangement for this facility to generate liquidity for operational and facility enhancements. However, due to conditions within the sale-leaseback agreement, the transaction was treated as a financing arrangement under U.S. generally accepted accounting principles ("GAAP"), resulting in interest expense rather than lease expense. This arrangement did not exist during the same period in 2023.

Related Party Interest Expense

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Related party interest expense	\$ (1,212)	\$ (69)	\$ (1,143)	(1657)%

Related party interest expense increased by \$1.1 million for the three months ended September 30, 2024 compared to the same period in 2023, primarily due to interest expense due to our loan with Chongqing Leshi Small Loan Co., Ltd. ("Chongqing"), a related party. This increase was primarily due to our default on the related party note with Chongqing, in the first quarter of 2024, which triggered an increase in the interest rate as well as additional interest expense and penalties. Since the default, we continue to accrue all relevant interest and penalties.

Other Income/ (Expense), Net

(in thousands)	Three Months Ended September 30,		Change	
	2024	2023	Amount	%
Other income/(expense), net	\$ 361	\$ (1,624)	\$ 1,985	122 %

Other income was \$0.4 million for the three months ended September 30, 2024, compared to other expense of \$1.6 million for the same period in 2023. The \$0.4 million of other income for the three months ended September 30, 2024 and the other expense of \$1.6 million for the same period in 2023 were primarily attributable to the revaluation of foreign currency transactions denominated in non-U.S. currencies assessed at the end of each period. During the three months ended September 30, 2024, the U.S. dollar exchange rate to the Chinese currency CNY declined, resulting in a foreign currency transaction gain from the revaluation of foreign currency transactions, which was recorded as Other income. During the three months ended September 30, 2023, the U.S. dollar exchange rate to the Chinese currency CNY climbed up, resulting in a foreign currency transaction loss from the revaluation of foreign currency transactions, which was recorded as Other expense.

Comparison of results of operations for the nine months ended September 30, 2024 versus the nine months ended September 30, 2023:

(in thousands)	Nine Months Ended September 30,	
	2024	2023
Unaudited Condensed Consolidated Statements of Operations		
Revenue	\$ 304	\$ 551
Cost of revenues	63,110	22,744
Gross profit	(62,806)	(22,193)
Operating expenses		
Research and development	15,185	104,670
Sales and marketing	6,857	18,082
General and administrative	39,327	67,598
Settlement on accrued research and development expenses	(14,935)	—
Lease impairment loss	7,673	—
Loss on disposal on property, plant and equipment	2,511	3,698
Change in fair value of earnout liability	—	2,033
Total operating expenses	56,618	196,081
Loss from operations	(119,424)	(218,274)
Change in fair value of notes payable and warrant liabilities	28,927	90,030
Change in fair value of related party notes payable and related party warrant liabilities	315	5,110
Loss on settlement of notes payable	(117,509)	(204,885)
Loss on related party notes payable	(14,295)	(17,248)
Interest expense	(5,386)	(591)
Related party interest expense	(7,812)	(139)
Other income/(expense), net	599	(1,922)
Loss before income taxes	(234,585)	(347,919)
Income tax provision	(3)	(28)
Net loss	\$ (234,588)	\$ (347,947)

Revenues

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Revenue	\$ 304	\$ 551	\$ (247)	(45)%

Total revenue decreased by \$0.2 million for the nine months ended September 30, 2024 compared to the same period in 2023. This decline was primarily driven by a \$0.2 million reduction in automotive sales revenue and adjustments to leasing revenue, as certain co-collaborators did not meet their public engagement obligations. Automotive sales in 2023 were largely attributable to the initial delivery of the FF 91 Futurist, which began in the third quarter of 2023.

(in thousands)	Nine Months Ended September 30,			
	2024	2023	Amount	%
Cost of revenues	\$ 63,110	\$ 22,744	\$ 40,366	177 %

Cost of revenues increased by \$40.4 million for the nine months ended September 30, 2024 compared to the same period in 2023. This increase was primarily due to higher depreciation expenses from placing equipment into service to improve our production capabilities, an increase in corporate cost absorption into inventory and cost of revenues, and the fact that vehicle production only began in the latter part of the second quarter of 2023.

During the nine months ended September 30, 2024, we began transitioning our production capabilities to include both luxury and more affordable electric vehicles. This strategic shift, which is aligned with broader market demand, is expected to result in additional fixed cost allocations to cost of revenues as equipment is placed into service, while we continue to optimize our production efficiencies.

Research and Development (R&D)

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Research and development	\$ 15,185	\$ 104,670	\$ (89,485)	(85)%

R&D expense decreased by \$89.5 million for the nine months ended September 30, 2024, compared to the same period in 2023. The most significant factor driving this reduction was a \$51.6 million decrease due to headcount reductions and the transfer of R&D personnel to production roles. Additionally, engineering, design, and testing costs declined by \$24.9 million, and information technology-related expenses decreased by \$3.2 million.

As we transition from an R&D focus to full-scale production, resources have been reallocated from R&D to manufacturing to enhance operational efficiency. This shift supports the commercialization of completed R&D developments while enabling targeted innovation in key areas. Strategic partnerships with technology providers and industry experts have also been established to sustain innovation with reduced internal costs.

We have also begun shifting our R&D focus towards the development of more affordable electric vehicle platforms, expanding our technology portfolio to address broader market demands. This strategic shift ensures continued innovation across both luxury and more affordable segments, aligning with evolving industry trends.

Sales and Marketing

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Sales and marketing	\$ 6,857	\$ 18,082	\$ (11,225)	(62)%

Sales and marketing expense decreased by \$11.2 million for the nine months ended September 30, 2024 compared to the same period in 2023. This reduction was primarily driven by a \$6.8 million decrease in compensation expense, a \$1.4 million decrease in general expenses (such as rent, rent related expenses, and insurance costs), and a \$1.0 million decrease in professional services expenses.

Despite a reduction in sales and marketing personnel, we continue to market effectively by leveraging our Co-Creation strategy, which involves partnerships with industry pioneers and influential personalities. Through this approach, we amplify our brand by engaging high-profile figures and involving users in our product development and marketing processes. Additionally, we host VIP events and participate in major industry showcases, to provide customers and stakeholders with immersive experiences of our flagship vehicles, further enhancing customer engagement and brand visibility. These efforts allow us to optimize our marketing reach and increase brand awareness while maintaining lower internal costs.

General and Administrative

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
General and administrative	\$ 39,327	\$ 67,598	\$ (28,271)	(42)%

General and administrative expense decreased by \$28.3 million for the nine months ended September 30, 2024, compared to the same period in 2023. This decline was primarily driven by a \$14.8 million reduction in professional service fees, a \$6.7 million decrease in general expenses, such as rent and insurance costs, and a \$4.8 million reduction in wages and wage-related costs. Additionally, there was a \$2.8 million decrease in depreciation expense.

These reductions reflect our ongoing cost-cutting initiatives aimed at optimizing general and administrative expenses. We have implemented measures to streamline operations, including renegotiating vendor contracts, consolidating office space to reduce rent, and restructuring our workforce to lower wage-related expenses, all while maintaining operational efficiency.

Settlement of Accrued Research and Development expenses

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Settlement on accrued research and development expenses	\$ (14,935)	\$ —	\$ (14,935)	NM*

*NM = not meaningful

Gain on settlement of previously accrued R&D expenses increased by \$14.9 million for the nine months ended September 30, 2024 compared to the same period in 2023. This gain resulted from a settlement that resolved ongoing disputes over unpaid invoices due to Palantir. As of the date of settlement, we had accrued approximately \$19.9 million of R&D expense.

Following arbitration, the parties reached a settlement in which we agreed to pay Palantir \$5.0 million. We paid \$0.2 million in cash and fulfilled the remaining \$4.8 million obligation with the issuance of Class A Common Stock. On August 8, 2024, we issued Palantir 252,768 shares of Class A Common Stock valued at \$2.4 million. As of September 30, 2024, we had an obligation to pay Palantir the remaining \$2.4 million. We settled this obligation on October 1, 2024 through the issuance of 827,526 shares of Class A Common Stock. We recognized a gain of \$14.9 million, reflecting the difference between the accrued expenses and the final settlement amount due to Palantir.

Lease Impairment Loss

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Lease impairment loss	\$ 7,673	\$ —	\$ 7,673	NM*

NM = not meaningful

During the nine months ended September 30, 2024, we recorded a \$7.7 million impairment loss related to lease right-of-use (ROU) assets. This loss resulted from moving out of a leased store facility, a leased research facility and an administrative facility in China, as we worked with landlords to negotiate the related lease terminations.

We have taken steps to optimize our operational footprint by reducing unnecessary overhead to align with current needs. These initiatives, including lease terminations and renegotiations, have contributed to a more efficient cost structure and helped reduce ongoing lease obligations.

Loss on Disposal of Property, Plant and Equipment

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Loss on disposal on property, plant and equipment	\$ 2,511	\$ 3,698	\$ (1,187)	(32)%

Loss on disposal of property, plant, and equipment decreased by \$1.2 million for the nine months ended September 30, 2024 compared to the same period in 2023. In 2024, we recognized a \$2.5 million loss on the disposal of property, plant, and equipment, while in 2023, there was a non-recurring write-off of \$3.7 million, primarily related to construction-in-process assets that were not expected to be used as part of the start of production. We dispose of equipment when the assets become obsolete, costly to maintain, or are replaced by more efficient technologies.

Change in Fair Value of Earnout Liability

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Change in fair value of earnout liability	\$ —	\$ 2,033	\$ (2,033)	(100)%

We did not have any earnout shares that were re-measured at fair value during the nine months ended September 30, 2024. As of August 25, 2023, upon an increase in our authorized shares of Class A Common Stock, we reclassified the earnout shares from liability classification to equity classification. Once the number of authorized shares of our Class A Common Stock was increased, the earnout shares were determined to be equity classified under ASC 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity*. During the nine months ended September 30, 2023, we recognized \$2.0 million as the change

in fair value of earnout liability for when the equity-linked instruments were classified as derivative liabilities from time to time.

Change in Fair Value of Notes Payable and Warrant Liabilities

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Change in fair value of notes payable and warrant liabilities	\$ 28,927	\$ 90,030	\$ (61,103)	(68)%

During the nine months ended September 30, 2024 and 2023, the fair value of our outstanding notes and warrants were revalued at lower values than in the preceding periods. Our outstanding notes and warrants were remeasured at predominantly lower fair values due to pricing inputs that use the market price of our Common Stock and debt discount rate, which have experienced a decline.

The change in fair value during the nine months ended September 30, 2024 is smaller compared to the same period in 2023 due to a decline in the outstanding balance of notes payable during the nine months ended September 30, 2024 as compared with an increase in the outstanding balance of notes payable during the nine months ended September 30, 2023.

Change in Fair Value of Related Party Notes Payable and Related Party Warrant Liabilities

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Change in fair value of related party notes payable and related party warrant liabilities	\$ 315	\$ 5,110	\$ (4,795)	(94)%

During the nine months ended September 30, 2024 and 2023, the fair value of our outstanding related party notes and warrants were revalued at lower values than in the preceding periods. Our outstanding notes and warrants were remeasured at predominantly lower fair values due to pricing inputs that use the market price of our Common Stock and debt discount rate, which have experienced a decline.

The change in fair value during the nine months ended September 30, 2024, is smaller compared to the same period in 2023 due to a decline in the outstanding balance of related party notes payable during the nine months ended September 30, 2024 as compared with an increase in the outstanding balance of related party notes payable during the nine months ended September 30, 2023.

Loss on Settlement of Notes Payable

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Loss on settlement of notes payable	\$ (117,509)	\$ (204,885)	\$ 87,376	(43)%

The decrease in the loss on settlement of notes payable during the nine months ended September 30, 2024 was driven by smaller losses on extinguishment resulting from the modification of our notes payable accounted for as an extinguishment pursuant to the guidance in ASC 470-50, *Debt—Modifications and Extinguishments*, and a lower conversion volume during the nine months ended September 30, 2024. During the nine months ended September 30, 2024, we incurred a loss on extinguishment of \$2.7 million as a result of entering into the Waiver Agreement, and noteholders converted \$96.3 million of notes payable. During the nine months ended September 30, 2023, we incurred a loss on extinguishment of \$11.4 million as a result of the Eighth Secured SPA Amendment, and noteholders converted \$200.4 million of notes payable.

Loss on Related Party Notes Payable

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Loss on related party notes payable	\$ (14,295)	\$ (17,248)	\$ 2,953	(17)%

During the nine months ended September 30, 2024, related party noteholders converted \$0.7 million of related party notes payable into 1,324,292 shares of our Class A Common Stock, and we recognized a loss on settlement of related party notes payable for the difference between the fair value of the shares issued and the fair value of the debt instrument. In addition, as discussed in Note 8, *Related Party Transactions* in the notes to the Unaudited Condensed Consolidated Financial Statements, we also recognized a \$14.1 million loss on related party notes from the recognition of interest and penalties and the increase of

principal due to our breach of the agreement with Chongqing Leshi Small Loan Co., Ltd. There was no comparable related party loss in the comparable prior year period.

In May 2023, we entered into Unsecured SPA Notes with Metaverse Horizon Limited ("MHL"), who is a related party, and V W Investment Holding Limited ("V W Investment"). During the nine months ended September 30, 2023, MHL converted Unsecured SPA Notes with an aggregate principal balance of \$18.7 million into 602,947 shares of Class A Common Stock, and we recognized a loss on settlement of related party notes payable for the difference between the fair value of the shares issued and the fair value of the debt instrument.

Interest Expense

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Interest expense	\$ (5,386)	\$ (591)	\$ (4,795)	(811)%

Interest expense increased by \$4.8 million for the nine months ended September 30, 2024 compared to the same period in 2023. This increase was primarily due to financial obligations associated with the Hanford, California manufacturing facility. We pursued a sale-leaseback arrangement for this facility to generate liquidity for operational and facility enhancements. However, due to conditions within the sale-leaseback agreement, the transaction was treated as a financing arrangement under GAAP, resulting in interest expense rather than lease expense. This arrangement did not exist during the same period in 2023.

Related Party Interest Expense

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Related party interest expense	\$ (7,812)	\$ (139)	\$ (7,673)	5520 %

Related party interest expense increased by \$7.7 million for the nine months ended September 30, 2024 compared to the same period in 2023, primarily due to interest expense due to our loan with Chongqing, a related party. This increase was primarily due to our default on the related party note with Chongqing, in the first quarter of 2024, which triggered an increase in the interest rate as well as additional interest expense and penalties. Since the default, we continue to accrue all relevant interest and penalties.

Other/(Expense) Income, Net

(in thousands)	Nine Months Ended September 30,		Change	
	2024	2023	Amount	%
Other income/(expense), net	\$ 599	\$ (1,922)	\$ 2,521	(131)%

Other income was \$0.6 million for the nine months ended September 30, 2024, compared to Other expense of \$1.9 million for the same period in 2023. The \$0.6 million of Other income for the nine months ended September 30, 2024 and the \$1.9 million of Other expense for the same period in 2023 were primarily attributable to the revaluation of foreign currency transactions denominated in non-U.S. currencies assessed at the end of each period. During the nine months ended September 30, 2024, the U.S. dollar exchange rate to the Chinese currency CNY declined, resulting in a foreign currency transaction gain from the revaluation of foreign currency transactions, which was recorded as Other income. During the nine months ended September 30, 2023, the U.S. dollar exchange rate to the Chinese currency CNY climbed up, resulting in a foreign currency transaction loss from the revaluation of foreign currency transactions, which was recorded as Other expense.

Liquidity and Capital Resources

Going Concern

We have evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the Unaudited Condensed Consolidated Financial Statements are issued. Based on our recurring losses from operations since inception and continued cash outflows from operating activities (all as described below), we have concluded that there is substantial doubt about our ability to continue as a going concern for a period of one year from the date that the Unaudited Condensed Consolidated Financial Statements included in this Form 10-Q were issued.

The Unaudited Condensed Consolidated Financial Statements do not include any adjustments that might result from the outcome of this uncertainty. Accordingly, the Unaudited Condensed Consolidated Financial Statements have been prepared on

a basis that assumes we will continue as a going concern and that contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

We have and will continue to devote substantial effort and, to the extent available, capital resources, to strategic planning, engineering, design, and development of our electric vehicle platform, development of vehicle models, finalizing the build out of the FF ieFactory California manufacturing facility, and capital raising. We incurred cumulative losses from operations, negative cash flows from operating activities, and have an accumulated deficit of \$4,193.1 million, an unrestricted cash balance of \$7.3 million and a negative working capital position of \$168.3 million, excluding restricted cash, as of September 30, 2024. During 2023, we delivered our first vehicles but expect to continue generating significant operating losses for the foreseeable future. We have funded our operations and capital needs primarily through the issuance of related party notes payable and notes payable (see Note 7, *Notes Payable* and Note 8, *Related Party Transactions* in the notes to the Unaudited Condensed Consolidated Financial Statements), convertible notes, and the sale of common stock.

Pursuant to the Secured SPA, the Unsecured SPA, the Unsecured Streeterville SPA, the FFVJ Joinder, and the Senyun Joinder (collectively the “SPA Commitments”) (see Note 7, *Notes Payable* and Note 8, *Related Party Transactions* in the notes to the Unaudited Condensed Consolidated Financial Statements), we obtained commitments from several investors. As of September 30, 2024, the SPA Commitments totaled \$554.5 million, of which \$365.3 million was funded, \$189.2 million remained to be funded, and \$38.7 million in principal was outstanding. As of September 30, 2024, Optional Commitments under the SPA Commitments totaled \$366.0 million, of which \$48.4 million was funded, \$317.6 million remained to be funded, and \$10.4 million was outstanding. The remaining amounts to be funded as of September 30, 2024, are subject to the achievement of delivery milestones, satisfaction of closing conditions, and satisfaction or waiver of other conditions.

We may be unable to satisfy the closing conditions under the SPA Commitments or obtain additional incremental convertible senior secured note purchasers under the SPA Commitments or other debt or equity financing in a timely manner, on acceptable terms, or at all.

On September 5, 2024, we entered into another Securities Purchase Agreement (the “Junior Secured SPA”) with certain institutional investors as purchasers (the “Junior Secured SPA Investors”). Pursuant to the Junior Secured SPA, the Junior Secured SPA Investors agreed to purchase certain secured promissory notes (the “Junior Secured SPA Notes”), warrants, and incremental warrants for approximately \$30.0 million, of which \$22.5 million was paid in cash and approximately \$7.5 million was converted from a previous loan to us, in two closings. As of September 30, 2024, we received \$20.8 million of the commitments and the remaining commitments were received by October 30, 2024. Additionally, the Junior Secured SPA Investors were given an incremental warrant to purchase additional Junior Secured SPA commitments, up to amounts originally funded (the “Incremental Warrants”), at the same terms and conditions as the original Junior Secured SPA Notes. The Incremental Warrants are exercisable immediately, entirely at the option of the holder, with a term of one year to purchase the additional Junior Secured SPA Notes at an exercise price equal to the principal amount of the Junior Secured SPA Notes issued to the Junior Secured SPA Investor.

On November 11, 2022, we entered into a three-year Standby Equity Purchase Agreement (the “SEPA”) with YA II PN Ltd. (“Yorkville”). Under terms of the SEPA, we may, at our option, issue and sell from time to time up to \$200.0 million (which can be increased up to \$350.0 million in the aggregate under our option) of Class A Common Stock to an affiliate of Yorkville Advisors, subject to certain limitations. As of September 30, 2024, we had the right to issue and sell up to an additional \$192.5 million, or \$342.5 million if we exercise our option under the SEPA, of Class A Common Stock under the SEPA.

In addition, on September 26, 2023, we entered into a sales agreement with Stifel, Nicolaus & Company, Incorporated, B. Riley Securities, Inc., A.G.P./Alliance Global Partners, Wedbush Securities Inc. and Maxim Group LLC, as sales agents, to sell shares of Class A Common Stock, from time to time, with aggregate gross sales proceeds of up to \$90.0 million pursuant to the Registration Statement as an “at-the-market” offering under the Securities Act (the “ATM Program”). The ATM Program was the primary source of liquidity for us during the period from September 2023 through December 2023. Under applicable SEC rules and regulations, because we failed to timely file our Form 10-K and the Quarterly Report Form 10-Q for the quarter ended March 31, 2024, we are not eligible to use the S-3 registration process, which restricts our ability to raise capital through that streamlined method of offering securities and cannot access the ATM Program. As such, our current primary source of liquidity is the issuance of various convertible note instruments.

Our ability to issue and sell additional shares of common stock or warrants under the SEPA and ATM Program is constrained by the number of authorized shares of our common stock. We must consider shares issuable under convertible debt, warrants or other obligations with equity rights. In addition, equity issuances can potentially trigger provisions under the SPA Commitments and Junior Secured SPA Notes that increase the number of shares to be issued upon conversion and reduce the strike price of related warrants. This could result in us having inadequate authorized shares to meet our outstanding commitments.

We project that we will require substantial additional funds to continue operations and support production of the FF 91. If we are unable to find additional sources of capital, we will not have sufficient resources to fund our outstanding obligations and continue operations and we will likely have to file for bankruptcy protection and our assets will likely be liquidated. Our equity holders would likely not receive any recovery at all in a bankruptcy scenario.

We continue to explore various funding and financing alternatives to fund our ongoing operations and to ramp up production. The particular funding and financing mechanisms, terms, timing, and amounts depend on our assessment of opportunities available in the marketplace and the circumstances of the business at the relevant time. However, there have been delays in securing additional funding commitments, which have exacerbated supply chain pressures, among other things. If our ongoing capital raising efforts are unsuccessful or significantly delayed, or if we experience prolonged material adverse trends in our business, production will be delayed or decreased, and actual use of cash, production volume and revenue for 2024 will vary from our previously disclosed forecasts, and such variances may be material. While we are actively engaged in negotiations with potential financing sources, we may be unable to raise additional capital on terms acceptable to us or at all. In addition to the risk that our assumptions and analyses may prove incorrect, the projections may underestimate the professional fees and other costs to be incurred related to the pursuit of various financing options currently being considered and ongoing legal risks. Capital needs to fund development of our remaining product portfolio will highly depend on the market success and profitability of the FF 91 and our ability to accurately estimate and control costs. Apart from the FF 91 series, substantial additional capital would be required to fund operations, research, development, and design efforts for future vehicles.

Since April 2023, we have been in default on, and since January 1, 2024, we have been in breach of, our debt agreement with Chongqing Leshi Small Loan Co., Ltd., a related party, with an outstanding principal balance of \$7.7 million and interest payable of \$20.0 million as of September 30, 2024. During 2024, we were also in default on our Unsecured Convertible Note obligations and various related party notes (see Note 7, *Notes Payable* and Note 8, *Related Party Transactions* in the notes to the Unaudited Condensed Consolidated Financial Statements). Due to the cross default provisions of the SPA Notes and Junior Secured SPA Notes, we were and have been in default on the SPA and Junior Secured Commitments and we are presenting the related notes as current.

Sources of Liquidity

As of September 30, 2024, we maintained unrestricted cash on hand totaling \$7.3 million, which was held for working capital and general corporate purposes. We also have access to various sources of additional capital, including the SEPA, the ATM Program, the Secured SPA, the Unsecured SPA, the Unsecured Streeterville SPA, the FFVV Joinder, and the Senyun Joinder (collectively the "SPA Commitments"), the Junior Secured SPA and other unsecured convertible notes. Our current primary source of liquidity is the issuance of various convertible note instruments pursuant to the SPA Commitments and the Junior Secured SPA. Our ability to access these sources of capital and further information on amounts available is discussed in Note 2, *Liquidity and Capital Resources and Going Concern* in the notes to the Unaudited Condensed Consolidated Financial Statements.

Significant Related Party Notes Payable and Notes Payable Facilities

We have been significantly funded by notes payable from related parties and third parties. The related parties include employees as well as affiliates of employees and affiliates and other companies controlled or previously controlled by our founder and Chief Product and User Ecosystem Officer. For more information on the outstanding related party notes payable and notes payable as well as the related schedules of maturities, see Note 7, *Notes Payable*, and Note 8, *Related Party Transactions*, of the notes to the Unaudited Condensed Consolidated Financial Statements.

Related party notes payable consists of the following as of September 30, 2024:

<i>(in thousands)</i>	Contractual Maturity Date	Contractual Interest Rates	Net Carrying Value
Related party notes – Unsecured Convertible	April 8, 2024	0.0427	\$ 1,302
Related party notes – China	December 2023	18.0%	\$ 7,706
Related party notes – China various other	Due on Demand	—%	3,805
Related party notes – Convertible FFGP	May 2024	4.27%	250
Related party notes – FFGP	Various 2024	4.27% - 5.27%	1,576
Related party notes – Other	December 2024	12.0%	75
			14,714
Less: Related party notes payable, current			(14,714)
Total: Related party notes payable, less current			\$ —

We have entered into notes payable agreements with third parties, which consist of the following as of September 30, 2024:

<i>(in thousands)</i>	Contractual Maturity Date	Contractual Interest Rates	Unpaid Principal Balance	Fair Value Measurement Adjustments	Original Issue Discount and Proceeds Allocated to Warrants	Net Carrying Value
Secured SPA Notes	Various	10%-15%	\$ 26,336	\$ (4,146)	\$ (1,976)	\$ 20,214
Unsecured SPA Notes*	Various dates in 2029	10%-15%	22,802	398	(2,350)	20,850
Junior Secured Notes	September 2029	10%	20,769	(11,341)	—	9,428
Collateralized loan	October 2028	28%	4,805	—	(419)	4,386
Notes payable – China other	Due on Demand	—%	4,950	—	—	4,950
Auto loans	October 2026	7%	58	—	—	58
			<u>\$ 79,720</u>	<u>\$ (15,089)</u>	<u>\$ (4,745)</u>	<u>59,886</u>
Less: Notes payable, current portion						(56,086)
Total: Notes payable, less current portion						<u>\$ 3,800</u>

* includes amounts attributed to the Unsecured Streeterville SPA

All notes, except amounts due in greater than 12 months pursuant to the Collateralized Loan, are classified as current as of September 30, 2024.

Cash Flow Analysis

Presented below is a summary of FF's cash flows for the periods indicated:

<i>(in thousands)</i>	Nine Months Ended September 30,	
	2024	2023
Net cash provided by (used in):		
Operating activities	\$ (51,796)	\$ (240,370)
Investing activities	\$ (572)	\$ (10,846)
Financing activities	\$ 55,685	\$ 237,565
Effect of exchange rate changes on cash and restricted cash	\$ 7	\$ 3,704

Operating Activities

We continue to experience negative cash flows from operating activities as we design and develop our vehicles and build our infrastructure in both the United States and China. Cash flows from operating activities are significantly impacted by our capital investments to support business growth, particularly in enhancing the production capabilities of our electric vehicles, corporate planning, and general and administrative functions. Additionally, our operating cash flows are influenced by working capital requirements to support growth, as well as fluctuations in personnel-related expenses, accounts payable, accrued interest, other current liabilities, deposits, and other current assets.

Net cash used in operating activities was \$51.8 million for the nine months ended September 30, 2024 as compared to \$240.4 million for the nine months ended September 30, 2023, representing an improvement of \$188.6 million. This improvement was primarily driven by a \$113.4 million reduction in net loss for the nine months ended September 30, 2024, compared to the prior period.

Significant non-cash adjustments to net loss included a \$61.5 million decrease in fair value adjustments on notes payable and warrant liabilities and a \$25.8 million increase in depreciation and amortization. These were partially offset by an \$87.4 million decrease in losses on the settlement of notes payable and a \$14.9 million gain from the settlement of previously accrued R&D expenses.

Changes in operating assets and liabilities also significantly impacted cash flows from operating activities. Key contributors included a \$37.7 million change in inventory balances, a \$26.9 million change in accrued expenses and other current liabilities, a \$20.4 million change in deposits, and a \$11.0 million change in other current and non-current assets, partially offset by a \$15.6 million change in accounts payable.

Investing Activities

Net cash used in investing activities was \$0.6 million and \$10.8 million for the nine months ended September 30, 2024 and 2023, respectively, representing a decrease of \$10.3 million. This change was driven by a significant decrease in the acquisition of fixed assets due to the reduction of liquidity.

Financing Activities

Given the challenging financing landscape, we continue to pursue strategic opportunities to strengthen our cash position and support our growth objectives, primarily utilizing a mix of convertible loans and non-convertible funding alternatives.

Net cash provided by financing activities was \$55.7 million and \$237.6 million for the nine months ended September 30, 2024 and 2023, respectively, reflecting a decrease of \$181.9 million. Proceeds from notes payable in the nine months ended September 30, 2024 totaled \$54.0 million, down from \$208.7 million in the same period in 2023, a reduction of \$154.6 million. Proceeds from related-party notes payable for the nine months ended September 30, 2024 were \$3.1 million, down from \$19.8 million in the same period in 2023, a reduction of \$16.7 million. Furthermore, cash generated from common stock sales decreased by \$8.5 million for the nine months ended September 30, 2024 compared to the same period in 2023.

Effect of Exchange Rate Changes on Cash and Restricted Cash

The effects of exchange rate changes on cash and restricted cash was immaterial for the nine months ended September 30, 2024 and \$3.7 million for the nine months ended September 30, 2023. The effects of exchange rate changes on cash and restricted cash result from fluctuations in the translation of assets and liabilities denominated in foreign currencies, primarily Chinese currency CNY. Fluctuations in exchange rates against the U.S. Dollar may positively or negatively affect our operating results.

Off-Balance Sheet Arrangements

We did not have any material relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Thus, we did not have any off-balance sheet arrangements as of September 30, 2024 and December 31, 2023.

Critical Accounting Estimates

The preparation of our Unaudited Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities, and the reported amounts of expenses during the reporting period. Management has based its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values that are not readily apparent from other sources.

Actual results may differ from these estimates under different assumptions or conditions. Changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates made by our management. To the extent that there are material differences between these estimates and actual results, future financial statement presentation, financial condition, results of operations, and cash flows will be affected. Given the global economic climate, estimates are subject to additional volatility.

Critical accounting estimates are defined as estimates made in accordance with GAAP that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. For a description of our critical accounting estimates, refer to the section titled "Critical Accounting Estimates" in Management's Discussion and Analysis of Financial Condition and Results of Operations, set forth in Part II, Item 7, of the Form 10-K. As of the date of this report, there have been no changes to our critical accounting estimates described in the Form 10-K that have had a material impact on our Unaudited Condensed Consolidated Financial Statements and related footnotes.

Recent Accounting Pronouncements

See the section titled "Recent Accounting Pronouncements" in Note 1, *Nature of Business and Organization and Basis of Presentation* in our Unaudited Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q for a discussion about recent accounting pronouncements that are determined to be applicable to us.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Pursuant to Item 305(e) of Regulation S-K, FF is not required to provide the information required by this Item as it is a "smaller reporting company."

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

FF's disclosure controls and procedures are designed to ensure that information required to be disclosed by the issuer in the reports that FF files or submits under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including its Global Chief Executive Officer and its Interim Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Based on an evaluation of FF's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act), FF's Global Chief Executive Officer and Interim Chief Financial Officer (its principal executive officer and principal financial and accounting officer, respectively) have concluded that FF's disclosure controls and procedures were not effective as of September 30, 2024, due to the material weaknesses in our internal control over financial reporting described below.

Material Weaknesses in Internal Control Over Financial Reporting

FF's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined under Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of the Company's management, including FF's Global CEO and Interim Chief Financial Officer, we conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, due to the material weaknesses described below, we concluded that the system of internal control over financial reporting was not effective.

FF identified material weaknesses in FF's internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of its annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses are as follows:

- FF did not design and maintain an effective control environment commensurate with its financial reporting requirements. Specifically, FF lacked a sufficient number of professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately. Additionally, management did not establish formal reporting lines in pursuit of its objectives. Further, the lack of a sufficient number of professionals resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of its financial reporting objectives, as demonstrated by, among other things, insufficient segregation of duties in its finance and accounting functions.
- FF did not design and maintain effective controls in response to the risks of material misstatement. Specifically, changes to existing controls or the implementation of new controls were not sufficient to respond to changes to the risks of material misstatement to financial reporting, due to growth in the business.
- FF did not design and maintain effective controls for communicating and sharing information between the legal, capital markets, and accounting and finance departments. Specifically, the accounting and finance departments were not consistently provided the complete and adequate support, documentation, and information including the nature of relationships with certain counterparties to record transactions within the financial statements timely, completely and accurately.
- FF did not design and maintain effective controls to address the identification of and accounting for certain non-routine, unusual or complex transactions, including the proper application of generally accepted accounting principles to such transactions. Specifically, FF did not design and maintain controls to timely identify and account for convertible notes under the fair value option, warrant liabilities, embedded derivatives related to convertible notes, impute interest on related party notes payable with interest rates below market rates, account for failed sale leaseback transactions, and account for warrant instruments.
- FF did not design and maintain formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures, including controls over the period-end financial reporting process addressing areas including financial statement and footnote presentation and disclosures, account reconciliations and journal entries, including segregation of duties, assessing the reliability of reports and spreadsheets used in controls, and the timely identification and accounting for cut-off of expenditures.
- FF did not design and maintain effective controls over information technology ("IT") general controls for information systems that are relevant to the preparation of its financial statements, specifically, with respect to (i) program change management controls to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately; (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate company personnel; and (iii) computer operations controls to ensure that critical batch jobs are monitored and data backups are authorized and monitored. These IT deficiencies did not result in a material misstatement to the consolidated financial statements, however, the deficiencies, when aggregated, could result in material misstatements potentially impacting all financial statement accounts and disclosures.
- FF did not maintain an effective control environment or demonstrate a commitment to maintain integrity and ethical values. Specifically, members management failed to reinforce the need for compliance and internal control awareness with certain of FF's governance, accounting and finance policies and procedures. This resulted in inaccurate and incomplete disclosures of certain relationships, arrangements, and transactions.
- FF did not design and maintain effective controls related to the identification and disclosure of certain arrangements and transactions with related parties.

Each of the material weaknesses described above could result in a material misstatement to substantially all of the Company's accounts or disclosures.

Remediation Plan for Material Weaknesses in Internal Control Over Financial Reporting

Management is actively engaged and committed to taking the steps necessary to remediate the control deficiencies that constituted the material weaknesses. Since identifying the material weaknesses described above, FF made the following enhancements to the Company's internal control over financial reporting:

- FF has added and will continue to add finance and accounting personnel to the organization to strengthen our finance and accounting teams. The additional personnel are expected to provide oversight, structure, reporting lines, and additional review over the Company's disclosures;

- FF has implemented and will continue to develop new accounting policies and procedures, and the Company has installed and continues to configure an IT system relevant to the preparation of the Company's financial statements to improve communication of key areas across the different departments at FF and to provide adequate structure, accountability, and segregation of duties;
- FF has implemented and will continue to develop enhanced controls around FF's related party transactions, including regular attestations; and
- FF adopted an Insider Investment Reporting Policy to enhance internal reporting of related party transactions.

Our remediation activities are continuing during 2024. There have been substantial changes to the composition of the Board as a result of the governance settlement entered into between FF and FF Global, as well as substantial turnover in key management personnel, including accounting, legal and compliance personnel, which could impact our ability to implement the above-described remedial measures. In addition, the Company has engaged various advisory firms to provide consulting services to assist in improving the internal control environment and reviewing the corporate organization on a go-forward basis.

In addition, as of September 30, 2024, certain departments within the Company report to both Mr. Jia (our founder and Chief Product and User Ecosystem Officer) and Mr. Aydt (our Global Chief Executive Officer), including the Company's user ecosystem, capital markets, human resources and administration, and FF China ("FFCN"), subject to processes and controls that have been determined and continue to be developed by the Board after consultation with the Company's management. Further, the Board determined that Mr. Jia is an "officer" of the Company within the meaning of Section 16 of the Exchange Act, and an "executive officer" of the Company under Rule 3b-7 under the Exchange Act. FF has or is planning to put in place processes and controls to mitigate the risks associated with the changes in Mr. Jia's responsibilities as well as to enhance oversight and corporate governance, including but not limited to:

- Continuing to monitor the segregation of responsibilities and duties in the Company's user ecosystem, capital markets, human resources and administration, and FFCN;
- Requiring the Board, or a designated committee of the Board, to approve the signing of financing agreements, the hiring, promotion or termination of vice presidents of the Company and above (including additional Section 16 officers), and the adoption of Company-wide compensation policies;
- While the Company has hired a Compliance Officer with the title of a Deputy General Counsel to support its compliance efforts (hired in March 2023), it will continue to review the need to employ a Chief Compliance Officer who will report on a dotted line to the Chair of the Audit Committee; and
- Re-engaging external consulting resources review compliance activities and perform work in the capacity of an internal audit function, who will report on a dotted line to the Chair of the Audit Committee.

In addition to the above actions and in view of the governance changes that the Company implemented pursuant to the Heads of Agreement and Amended Shareholder Agreement (each as described in Part III, Item 13, Certain Relationships and Related Transactions, and Director Independence, in the Form 10-K) and otherwise, FF expects to engage in additional activities, including, but not limited to:

- Continuing to hire key finance and accounting personnel as FF scales and until FF has sufficient technical accounting resources, combined with engaging external consultants to provide support and to assist in the evaluation of more complex applications of generally accepted accounting principles and to assist with documenting and assessing our accounting policies and procedures;
- Designing and implementing controls in response to the risks of material misstatement to identify and evaluate changes in FF's business and the impact on internal controls;
- Designing and implementing controls for communicating and sharing information between legal, capital markets, and accounting to facilitate transactions being recorded timely and accurately;
- Designing and implementing formal processes, accounting policies, procedures, and controls supporting certain business processes and our financial close process, including creating standard balance sheet reconciliation templates and journal entry controls assessing the reliability of reports and spreadsheets used in controls; and the timely identification and accounting for cut-off of expenditures;
- Designing and implementing controls to address the identification of and accounting for certain non-routine, unusual or complex transactions;

- Designing and implementing controls related to the identification and disclosure of certain arrangements and transactions with related parties;
- Continuing to implement additional IT systems relevant to the preparation of FF's financial statements and controls over financial reporting to improve communication of key areas across the different departments at the Company and to provide adequate structure, accountability, and segregation of duties; and
- Designing and implementing IT general controls, including controls over change management, the review and update of user access controls and controls over critical batch jobs and data backups.

While FF has made progress, the material weaknesses will not be considered remediated until the Company completes the design and implementation of the enhanced controls, the controls operate for a sufficient period of time, and FF has concluded, through testing, that these controls are effective. FF believes that the remediation plan will be sufficient to remediate the identified material weakness and strengthen internal control over financial reporting.

As the Company continues to evaluate and work to improve internal control over financial reporting, FF may determine that additional measures or modifications to the remediation plan are necessary.

FF is working to remediate the material weaknesses as efficiently and effectively as possible and expects full remediation could potentially go beyond December 31, 2024. At this time, the Company cannot provide an estimate of costs expected to be incurred in connection with implementing this remediation plan; however, these remediation measures will be time consuming, will result in FF incurring significant costs, and will place significant demands on the Company's financial and operational resources.

While FF believes these efforts will remediate the material weaknesses, the Company may not be able to complete its evaluation, testing or any required remediation in a timely fashion, or at all. FF cannot assure that the measures that have been taken to date and may be taken in the future will be sufficient to remediate the control deficiencies that led to the material weaknesses in internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. The effectiveness of FF's internal control over financial reporting is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the possibility of human error and the risk of fraud. Further loss and/or turnover in key management personnel, particularly accounting, finance and legal personnel, may negatively impact FF's ability to implement its remediation plan. If FF is unable to remediate its material weaknesses, FF's ability to record, process and report financial information accurately, and to prepare financial statements within the time periods specified by the forms of the SEC, could be adversely affected which, in turn, may adversely affect the Company's reputation and business and the market price of the Class A Common Stock. Any such failures could result in litigation or regulatory actions by the SEC or other regulatory authorities, loss of investor confidence, delisting of FF's securities and harm to FF's reputation and financial condition, or diversion of financial and management resources from the operation of FF's business.

Changes in Internal Control Over Financial Reporting

There have been no changes in internal control over financial reporting during the three months ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, FF's internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, FF may become involved in legal proceedings arising in the ordinary course of business. We are currently a party to various legal or governmental proceedings, the outcome of which, although currently uncertain, if determined adversely to us, could individually or in the aggregate have a material adverse effect on our business, financial condition, and results of operations. See the section titled “Legal Proceedings” in Note 10, *Commitments and Contingencies* to the Unaudited Condensed Consolidated Financial Statements included in this Form 10-Q for further discussion of our legal proceedings.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously described under Item 1A of the December 31, 2023 Form 10-K and the March 31, 2024 Form 10-Q.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

The SPA Notes, the SPA Warrants, the Junior Secured SPA Notes and the Junior SPA Warrants were not registered under the Securities Act, and were issued in reliance on the exemption from registration requirements thereof provided by Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder as a transaction by an issuer not involving a public offering without any form of general solicitation or general advertising.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

No director or Section 16 officer of the Company entered into, modified or terminated a Rule 10b5-1 trading arrangement or any non-Rule 105b-1 trading arrangement during the three months ended September 30, 2024.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibits	Incorporation by Reference
3.1	Third Amended and Restated Certificate of Incorporation of the Company	Exhibit 3.1 to the Current Report on Form 8-K/A filed on August 29, 2023.
3.2	Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of the Company	Exhibit 3.1 to the Current Report on Form 8-K filed on February 7, 2024.
3.3	Second Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of the Company	Exhibit 3.1 to the Current Report on Form 8-K filed on February 26, 2024.
3.4	Certificate of Elimination of Series A Preferred Stock	Exhibit 3.2 to the Current Report on Form 8-K filed on August 1, 2024.
3.5	Third Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of the Company	Exhibit 3.1 to the Current Report on Form 8-K filed on August 1, 2024.
3.6	Fourth Certificate of Amendment to Third Amended and Restated Certificate of Incorporation of Faraday Future Intelligent Electric Inc.	Exhibit 3.2 to the Current Report on Form 8-K filed on August 15, 2024.
3.7	Amended and Restated Bylaws of the Company	Exhibit 3.2 to the Current Report on Form 8-K filed on June 16, 2023.
4.1	Form of Warrant	Exhibit 4.1 to the Current Report on Form 8-K filed on September 6, 2024.
4.2	Form of Incremental Warrant	Exhibit 4.2 to the Current Report on Form 8-K filed on September 6, 2024.
4.3	Form of Placement Agent Warrant	Exhibit 4.3 to the Current Report on Form 8-K filed on September 6, 2024.
4.4	Form of Secured Convertible Note	Exhibit 4.4 to the Current Report on Form 8-K filed on September 6, 2024.
10.1	Master Lease Agreement, dated July 11, 2024, between Faraday&Future Inc. and Utica Leaseco, LLC ***	Exhibit 10.1 to the Current Report on Form 8-K filed on July 13, 2024.
10.2	Rider No. 1 to Master Lease Agreement, dated July 11, 2024, by and between Faraday&Future Inc. and Utica Leaseco, LLC	Exhibit 10.2 to the Current Report on Form 8-K filed on July 13, 2024.
10.3	Rider No. 2 to Master Lease Agreement, dated July 11, 2024, by and between Faraday&Future Inc. and Utica Leaseco, LLC	Exhibit 10.3 to the Current Report on Form 8-K filed on July 13, 2024.
10.4	Master Lease Guaranty, dated July 11, 2024, by and between Faraday Future Intelligent Electric Inc. and Utica Leaseco, LLC	Exhibit 10.4 to the Current Report on Form 8-K filed on July 13, 2024.
10.5	Equipment Schedule to the Master Lease Agreement ***	Exhibit 10.5 to the Current Report on Form 8-K filed on July 13, 2024.
10.6	Rider No. 1 to Equipment Schedule, dated July 11, 2024	Exhibit 10.6 to the Current Report on Form 8-K filed on July 13, 2024.
10.7	Post-Closing Agreement, dated July 11, 2024, by and between Faraday&Future Inc. and Utica Leaseco, LLC	Exhibit 10.7 to the Current Report on Form 8-K filed on July 13, 2024.
10.8	Amendment No. 11 to the Securities Purchase Agreement, dated July 11, 2024, by and among Faraday Future Intelligent Electric Inc. and FF Vitality Ventures LLC	Exhibit 10.8 to the Current Report on Form 8-K filed on July 13, 2024.
10.9	Amendment No. 12 to the Securities Purchase Agreement, dated July 11, 2024, by and among Faraday Future Intelligent Electric Inc. and Senyun International Ltd.	Exhibit 10.9 to the Current Report on Form 8-K filed on July 13, 2024.
10.10+	Faraday Future Intelligent Electric Inc. Amended and Restated 2021 Stock Incentive Plan, effective June 20, 2024	Exhibit 10.1 to the Current Report on Form 8-K filed on August 1, 2024.
10.11	Form of Waiver Agreement, dated August 2, 2024, by and between the Company and the holders party thereto	Exhibit 10.1 to the Current Report on Form 8-K filed on August 5, 2024.
10.12	Securities Purchase Agreement, dated September 5, 2024, by and between the Company and parties thereto	Exhibit 10.1 to the Current Report on Form 8-K filed on September 6, 2024.
10.13	Form of Security Agreement	Exhibit 10.2 to the Current Report on Form 8-K filed on September 6, 2024
10.14	Subordination and Intercreditor Agreement, dated September 5, 2024, by and among Faraday Future Intelligent Electric Inc. and the parties thereto	Exhibit 10.3 to the Current Report on Form 8-K filed on September 6, 2024
10.15+	Offer Letter with Koti Meka, dated September 17, 2024	Exhibit 10.1 to the Current Report on Form 8-K filed on September 18, 2024
10.16*	Letter Amendment to Settlement Agreement dated August 9, 2024, by and between Faraday&Future, Inc. and Palantir Technologies, Inc.	

10.17*	<u>First Amendment to Lease Agreement, dated March 14, 2024, by and between 10701 Idaho Owner, LLC and Faraday&Future Inc.</u>
10.18*	<u>Second Amendment to Lease Agreement, dated August 27, 2024, by and between 10701 Idaho Owner, LLC and Faraday&Future Inc.</u>
31.1*	<u>Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1**	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2**	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101	Inline XBRL Document Set for the Unaudited Condensed Consolidated Financial Statements and accompanying notes to Unaudited Condensed Consolidated Financial Statements
104	Cover Page Interactive Data File - formatted in Inline XBRL and included in Exhibit 101

* Filed herewith.

** Furnished herewith.

*** Schedules and certain portions of this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K.

+ Designates a management compensation plan, contract or arrangement.

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.

Faraday Future Intelligent Electric Inc.

Date: November 7, 2024

By: /s/ Matthias Aydt
Name: Matthias Aydt
Global Chief
Title: Executive Officer
(Principal Executive Officer)

By: /s/ Koti Meka
Name: Koti Meka
Chief Financial
Title: Officer
(Principal Financial and Accounting Officer)

PALANTIR TECHNOLOGIES INC.

1200 17th Street, Floor 15
Denver, Colorado 80202

August 9, 2024

Matthias Ayt, CEO
Faraday & Future, Inc. 18455 S. Figueroa St.
Gardena, CA 90248

Confidential Letter Amendment

Ladies and Gentlemen:

We refer to that certain Confidential Settlement and Release Agreement dated as of March 11, 2024 (the “ **Settlement Agreement**”), by and between Faraday & Future, Inc., (“**Faraday**”), and Palantir Technologies Inc. (“**Palantir**”), as further amended by this Confidential Letter Amendment (“ **Letter Amendment**”) effective as of the date first written above. All capitalized terms used but not defined herein shall have the meanings given to them in the Settlement Agreement, as the context requires.

1. Further Amendment to Settlement Agreement: Palantir and Faraday hereby agree that Section 1.1 of the Settlement Agreement is hereby amended and restated in its entirety and replaced with the following:

“1.1 Monetary Consideration. In consideration for the terms and conditions herein, Faraday, via its affiliated entity Faraday Future Intelligent Electric Inc. (“**FFIE**”), shall issue to Palantir a total of \$4,750,000 in FFIE Class A common stock, as detailed below and pursuant to the terms and conditions of the Share Issuance Agreement, to be mutually executed by the applicable parties in substantially the form attached hereto as Exhibit A (“**Settlement Fees**”). Payment shall be in the following installments:

- a. \$2,375,000 in FFIE Class A common stock (“ **Acquired Shares**”) due upon the signing of this Letter Amendment and no later than August 9, 2024; and
- b. \$2,375,000 in FFIE Class A common stock (“ **Acquired Shares**”) due on October 1, 2024.

Subject to Palantir's receipt of each of the Settlement Fees in full in accordance with Sections 1.1(a) and 1.1(b), Order Form #1 and the MSA shall be deemed terminated by the Parties effective as of, and contingent upon the occurrence of, the date that all of the Settlement Fees are paid in full by Faraday (“**Termination Date**”). Effective as of the Termination Date, neither Party shall have any further rights or obligations under Order Form #1 and the MSA, except for any obligations which explicitly survive termination as set forth in Order Form #1 or the MSA.

Faraday's failure to pay the Settlement Fees in accordance to Sections 1.1(a) and/or 1.1(b) shall automatically be deemed to be in default (“**Default**”). In the event of Default, Palantir shall be entitled to recommence the Arbitration Proceeding, including but not limited to seeking payment for amounts due thereunder, in the form of cash, as in effect immediately prior to the effectiveness of this Agreement.

For the avoidance of doubt, Palantir shall have no obligation to perform any obligation pursuant to the MSA and/or Order Form #1 from the Effective Date until the Termination Date. Faraday shall have no obligation to perform any obligation pursuant to the MSA or Order Form #1 from the Effective Date until the Termination Date, unless it Defaults.

Notwithstanding anything to the contrary in this Agreement, to the extent any proposed payment in the form of Acquired Shares or issuance of Acquired Shares to Palantir would, after giving effect to such

proposed payment or issuance, result in Palantir beneficially owning over 18.50% of the Faraday's then-outstanding shares of Class A common stock or other applicable class or series of securities as the Acquired Shares (as publicly disclosed in Faraday's then-current filings with the SEC or as set forth in a written or emailed notice to Palantir from the Company or its transfer agent as of the proposed date of issuance of such Acquired Shares), as calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations thereunder, the Faraday shall not issue and may not make such payment in the form of Acquired Shares and, instead, such payment shall instead be immediately due and payable only in the form of cash.

2. Effect of Amendments and Modifications

Any amendments or modifications to the Settlement Agreement shall be deemed fully incorporated in that agreement. Collectively, this Letter Amendment to the Settlement Agreement and the Settlement Agreement shall be referred to as the "Agreement."

Except as modified by this Letter Amendment, the Settlement Agreement is incorporated herein and made a part hereof.

To the extent there is a conflict between this Letter Amendment and the Settlement Agreement, this Letter Amendment controls.

3. General

This letter amendment shall become effective as of the date hereof upon receipt by Palantir of duly executed and delivered counterparts hereof from Faraday and Palantir. Except as expressly provided herein, the Settlement Agreement shall continue in full force and effect and, except as set forth herein, this letter amendment shall not be deemed to be a waiver or amendment of, or a consent to departure from, any other provision of the Settlement Agreement.

The Parties agree to keep this letter amendment strictly confidential pursuant to the restrictions and obligations set forth in Section 4 of the Settlement Agreement.

This letter amendment shall be binding upon and inure to the benefit of the Parties, their respective successors, successors-in-title, and assigns. This letter amendment sets forth the entire understanding of the Parties with respect to the matters set forth herein, and shall supersede any prior negotiations or agreements, whether written or oral, with respect hereto.

This letter amendment may be executed in counterparts (and by different Parties in different counterparts), each of which constitutes an original, but all of which when taken together constitute a single contract. Delivery of an executed counterpart of a signature page of this letter amendment by electronic transmission is as effective as delivery of a manually executed counterpart of this letter amendment.

[Signature pages follow]

Very truly yours,

PALANTIR TECHNOLOGIES INC.

By: /s/ Dave Glazer
Name: Dave Glazer
Title: Chief Financial Officer

ACKNOWLEDGED AND AGREED:

FARADAY & FUTURE, INC.

By: /s/ Matthias Ayt
Name: Matthias Ayt
Title: Global Chief Executive Officer

[Signature Page to Letter Amendment to Settlement Agreement]

Exhibit A

[intentionally omitted]

FIRST AMENDMENT TO LEASE AGREEMENT

This **FIRST AMENDMENT TO LEASE AGREEMENT** (this "Amendment") is entered into as of March 14, 2024 ("Effective Date"), by and between 10701 Idaho Owner, LLC, a Delaware limited liability company ("Landlord") and Faraday&Future Inc., a California corporation ("Tenant").

RECITALS:

- A. Landlord and Tenant are parties to that certain Lease Agreement dated as of October 19, 2023 (the "Lease"), under which Tenant currently leases from Landlord the Premises as more particularly set forth in the Lease. Performance of the obligations under the Lease are guaranteed by Faraday Future Intelligent Electric Inc., a Delaware corporation (the "Guarantor").
- B. As of the date hereof, Tenant is in Default in respect of payments of Rent to Landlord in an aggregate amount not less than \$1,117,700.36 (which amount includes a credit for Tenant's partial payment of \$125,000 made on January 26, 2024) (the "Past Due Rent") plus late fees, charges and default interest in respect of the Past Due Rent of \$158,770.98 (the "Late Fees").
- C. On account of the Past Due Rent and Late Fees, Landlord properly made application to draw the Letter of Credit in full. Pursuant to the Lease, Tenant is required to replenish or provide a new Letter of Credit in the amount of \$600,000.00.
- D. Landlord and Tenant desire to amend certain provisions of the Lease, as more particularly set forth in this Amendment.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

- 1. **Recitals Incorporated**. The recitals set forth above are incorporated by this reference and shall be deemed terms and provisions hereof with the same force and effect as if fully set forth in this Section 1.
- 2. **Defined Terms**. Capitalized terms that are used but not defined in this Amendment shall be deemed to have the meanings given to such terms in the Lease.
- 3. **Payment of Past Due Rent**. In addition to all other amounts payable under the Lease, including Paragraph 3.1.B thereof, Tenant hereby agrees to make the following payments on the dates set forth below in respect of the Past Due Rent and Rent for the month of March 2024 (collectively, the "First Amendment Rent Payments").

Date	Amount
March 25, 2024	\$1,017,700.36
March 31, 2024	\$720,140.17

To the extent that Tenant (i) timely pays in full and in cash the First Amendment Rent Payments pursuant to the schedule set forth above, Landlord covenants and agrees to, at its option and upon written notice to Tenant, either (x) replenish or provide a substitute Letter of Credit for Tenant in the amount of \$600,000.00 or (y) utilize \$600,000.00 of the First Amendment Rent Payments as an additional Security Deposit (the "Increase Security Deposit Election") in which case Tenant shall not be required to replenish or otherwise provide a replacement Letter of Credit other

than on account of any SD Application and (ii) timely pays in full and in cash the First Amendment Rent Payments pursuant to the schedule set forth above and all other amounts due and payable under the Lease (including those amounts that are first payable from and after the Effective Date), Landlord shall automatically be deemed to have waived any right to collect the Late Fees. To the extent that the Landlord exercises the Increase Security Deposit Election, notwithstanding anything in the Lease to the contrary, in no event shall the amount of the Security Deposit ever be less than \$1,100,000.00 including on account of any SD Applications. Landlord and Tenant acknowledge and agree that in no event or circumstance shall the letter of credit or any renewal thereof or any proceeds thereof be (i) deemed to be or treated as a "security deposit" within the meaning of California Civil Code Section 1950.7, (ii) subject to the terms of such Section 1950.7, or (iii) intended to serve as a "security deposit" within the meaning of such Section 1950.7. The parties hereto (1) recite that the Letter of Credit is not intended to serve as a security deposit and such Section 1950. 7 and any and all other laws, rules and regulations applicable to security deposits in the commercial context ("Security Deposit Laws") shall have no applicability or relevancy thereto and (2) waive any and all rights, duties and obligations either party may now or, in the future, will have relating to or arising from the Security Deposit Laws.

4. **Letter of Credit.** If Landlord requests in writing that Tenant provide a substitute Letter of Credit instead of the Increase Security Deposit Election, within 2 days thereafter, Tenant shall provide evidence that it has repaid all obligations to the Letter of Credit provider on account of Landlord having drawn such Letter of Credit or that it has secured a substitute Letter of Credit in the amount of \$600,000.00.
 5. **Acknowledgment of Prior Defaults.** Tenant hereby acknowledges that Tenant failed to pay timely Base Rent and Additional Rent for the months of December 2023-February 2024. As of the date hereof, Tenant owes the sum of \$1,117,700.36 (which amounts exclude late fees, interest, and attorneys' fees and costs). Tenant hereby acknowledges that Landlord does not waive any rights to seek the full amount of the First Amendment Rent Payments as well as any other amounts due and owing under the Lease. Landlord reserves all rights to exercise its remedies should Tenant fail to make the payments hereunder or any other payment due and owing under the Lease, including without limitation by filing an unlawful detainer action against Tenant and/or a breach of Lease and Guaranty action against Tenant and Guarantor. Tenant hereby waives all defenses to an unlawful detainer action regarding the First Amendment Rent Payments and acknowledges that such waiver of defenses may be presented to a court of competent jurisdiction if Tenant fails to pay the First Amendment Rent Payments as set forth herein or any other amount due and owing under the Lease.
 6. **Release of Landlord.** Tenant and its employees, agents, officers, directors, affiliates, members, and/or managers hereby release Landlord from any claims, disputes, crossclaims, counterclaims, right of setoff related to or arising out of the Lease as of the Effective Date, whether known or unknown. In entering into this Amendment, Tenant hereby acknowledges that it has read and understands Section 1542 of the California Civil Code, which states: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR." Tenant hereby expressly waives and relinquishes all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to the releases granted herein, including but not limited to the release of unknown and unsuspected claims.
 7. **Counterparts; Electronic Signatures.** This Amendment may be executed in counterparts, each of which shall constitute an original, and all of which, when taken together, shall constitute one and the same instrument. This Amendment may be signed electronically (such as via DocuSign or similar software), and delivery by email of pdf copies of signatures will be deemed delivery of original signatures.
 8. **Entire Agreement.** This Amendment and the Lease contain the entire agreement between Landlord and Tenant with respect to Tenant's leasing of the Premises. Except for the Lease and this Amendment, no prior agreements or understandings with respect to the Premises shall be valid or of any force or effect.
-

9. **Lease In Full Force and Effect.** Except as modified by this Amendment, all of the terms, conditions, agreements, covenants, representations, warranties and indemnities contained in the Lease remain in full force and effect. This Amendment and the Lease shall be deemed to be, for all purposes, one instrument. In the event of any conflict between the terms and provisions of this Amendment and the terms and provisions of the Lease, the terms and provisions of this Amendment shall, in all instances, control and prevail.

(EXECUTION PAGE FOLLOWS)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date first set forth above.

“LANDLORD”

10701 IDAHO OWNER, LLC
10701 IDAHO OWNER, LLC
By: Hanford REIT Associates, LLC, its sole member
By: Hanford REIT Investors, LLC, its managing member
By: Maritime Management, LLC, its Manager

By: /s/ Richard. B Fried
Name: Richard. B Fried
Title: Authorized Signatory
Date of Signature: March 14, 2024

“TENANT”

FARADAY & FUTURE, INC.

By: /s/ Matthias Aydt
Name: Matthias Aydt
Title: Global Chief Executive Officer
Date of Signature:

APPROVED AND ACKNOWLEDGED BY:

“GUARANTOR”

FARADAY FUTURE INTELLIGENT ELECTRIC INC.

By: /s/ Matthias Aydt
Name: Matthias Aydt
Title: Global Chief Executive Officer
Date of Signature:

SECOND AMENDMENT TO LEASE AGREEMENT

This **SECOND AMENDMENT TO LEASE AGREEMENT** (this "Amendment") is entered into as of August [], 2024 ("Effective Date"), by and between 10701 Idaho Owner, LLC, a Delaware limited liability company ("Landlord") and Faraday&Future Inc., a California corporation ("Tenant").

RECITALS:

A. Landlord and Tenant are parties to that certain Lease Agreement dated as of October 19, 2023 (as amended, the "Lease"), under which Tenant currently leases from Landlord the Premises as more particularly set forth in the Lease. Performance of the obligations under the Lease are guaranteed by Faraday Future Intelligent Electric Inc., a Delaware corporation (the "Guarantor").

B. Tenant has requested that Landlord treat and pay for 100% of certain Category 2 Improvements, rather than the 33.33% thereof as set forth in the Lease.

C. Landlord and Tenant desire to amend certain provisions of the Lease, as more particularly set forth in this Amendment.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Recitals Incorporated**. The recitals set forth above are incorporated by this reference and shall be deemed terms and provisions hereof with the same force and effect as if fully set forth in this Section 1.

2. **Defined Terms**. Capitalized terms that are used but not defined in this Amendment shall be deemed to have the meanings given to such terms in the Lease.

3. **Amendment to Paragraph 26.1**. Paragraph 26.1 of the Lease is hereby amended and restated to read as follows:

"Subject to the terms and conditions hereof, Tenant (a) shall (subject to Landlord funding the Category 1 Improvements as and to the extent required below) cause the completion of the "**Category 1 Improvements**" (as defined in the "**Work Letter**" attached as Exhibit "B") with Landlord agreeing to fund the cost of the roof replacement in an amount not to exceed Ten Million and No/100 Dollars (\$10,000,000.00); and (b) may undertake the "**Category 2 Improvements**" (as defined in the Work Letter) with Landlord agreeing to fund up to a maximum amount of Twelve Million and No/100 Dollars (\$12,00,000.00) less the actual cost of the Category 1 Improvements (the "**Category 2 Landlord Improvement Amount**") in respect thereof (for the avoidance of doubt, Landlord's funding obligations in respect of any Category 1 Improvements or Category 2 Improvements shall not exceed, without consent of Landlord, \$12,000,000 in the aggregate); provided, however, that (i) with respect to such Category 2 Improvements, to the extent that Tenant has not commenced the same within a reasonable period of time following the commencement of the Term, Landlord may commence the same, (ii) with respect to such Category 2 Improvements, Landlord shall be under no obligation to fund any Category 2 Landlord

Improvement Amounts unless and until Tenant provides evidence that it has funded SixtySix and Two-Thirds percent (66.67%) of the required funding for any applicable Category 2 Improvements prior to or simultaneous with Landlord's payment (which Tenant's funding may have occurred prior to the Effective Date), and (iii) to the extent that Landlord funds amounts for a Category 1 Improvement in excess of its obligations therefor, the amount (and percentage) that Landlord must fund in respect of a Category 2

Improvement shall decrease on a dollar for dollar basis (and vice versa), with Tenant responsible for any additional amounts. The amounts to be funded by Landlord pursuant to this Paragraph 26.1 are referred to as the "Tenant Improvement Costs", and shall be funded pursuant to, and subject to all the conditions contained in, the Work Letter. Notwithstanding anything herein to the contrary, Landlord shall have no obligation to fund (I) any Category 1 Improvements if a Material Default, Bankruptcy Default, or Event of Default under this Lease then exists and is continuing (but Landlord shall be obligated to fund such Category 1 Improvements, in accordance with the provisions of this Lease, if any default (other than an Event of Default, Material Default or a Bankruptcy Default) under this Lease then exists and is continuing and Tenant has provided Landlord notice thereof and the actions that Tenant has taken or proposes to take with respect thereto), and (II) any Category 2

Improvements if any default or Event of Default (including without limitation a Material Default or Bankruptcy Default) under this Lease then exists and is continuing; provided, however, that, notwithstanding any default by Tenant hereunder (including, without limitation, any Material Default) other than a Bankruptcy Default, solely to the extent that Landlord funding such Category 1 Improvements or Category 2 Improvements would cure such default, Landlord shall be obligated to cure the same. As used solely in this Paragraph 26.1, (1) "**Material Default**" means a default by Tenant under this Lease that (i) would require the expenditure of an amount greater than the then-current amount of monthly Base Rent to cure, or (ii) is a default by Tenant of its obligation to pay Base Rent or Project Expenses under this Lease, and (2) "**Bankruptcy Default**" means (i) the filing of an involuntary bankruptcy petition against Tenant or any legal action is commenced against Tenant which would constitute a default under Paragraph 21 of the Lease if not dismissed or vacated or (ii) a default by Tenant under Paragraph 21 of this Lease (including, without limitation, the filing of a voluntary bankruptcy petition by Tenant)."

4. **Amendment to Schedule 1 of Exhibit "B"**. Schedule 1 of Exhibit "B" is hereby replaced in its entirety with Schedule 1 attached hereto.

5. **Release of Landlord**. Tenant and its employees, agents, officers, directors, affiliates, members, and/or managers hereby release Landlord from any claims, disputes, crossclaims, counterclaims, right of setoff related to or arising out of the Lease as of the Effective Date, whether known or unknown. In entering into this Amendment, Tenant hereby acknowledges that it has read and understands Section 1542 of the California Civil Code, which states: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR." Tenant hereby expressly waives and relinquishes all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to the releases granted herein, including but not limited to the release of unknown and unsuspected claims.

6. **Counterparts; Electronic Signatures**. This Amendment may be executed in counterparts, each of which shall constitute an original, and all of which, when taken together, shall constitute one and the same instrument. This Amendment may be signed electronically (such as via DocuSign or similar software), and delivery by email of pdf copies of signatures will be deemed delivery of original signatures.

7. **Entire Agreement**. This Amendment and the Lease contain the entire agreement between Landlord and Tenant with respect to Tenant's leasing of the Premises. Except for the Lease and this Amendment, no prior agreements or understandings with respect to the Premises shall be valid or of any force or effect.

8. **Lease In Full Force and Effect**. Except as modified by this Amendment, all of the terms, conditions, agreements, covenants, representations, warranties and indemnities contained in the Lease remain in full force and effect. This Amendment and the Lease shall be deemed to be, for all purposes, one instrument. In the event of any conflict between the terms and provisions of this Amendment and the terms and provisions of the Lease, the terms and provisions of this Amendment shall, in all instances, control and prevail.

(EXECUTION PAGE FOLLOWS)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date first set forth above.

“LANDLORD”

10701 IDAHO OWNER, LLC
10701 IDAHO OWNER, LLC
By: Hanford REIT Associates, LLC, its sole member
By: Hanford REIT Investors, LLC, its managing member
By: Maritime Management, LLC, its Manager

By: /s/ Richard. B Fried
Name: Richard. B Fried
Title: Authorized Signatory
Date of Signature: September 4, 2024

“TENANT”

FARADAY & FUTURE, INC.

By: /s/ Matthias Ayd
Name: Matthias Ayd
Title: Global Chief Executive Officer
Date of Signature: August 27, 2024

APPROVED AND ACKNOWLEDGED BY:

“GUARANTOR”

FARADAY FUTURE INTELLIGENT ELECTRIC INC.

By: /s/ Matthias Ayd
Name: Matthias Ayd
Title: Global Chief Executive Officer
Date of Signature: August 27, 2024

SCHEDULE 1

TENANT IMPROVEMENTS AND CATEGORIES

Description		Cost
<i>Category 2</i>		
Smoke and Heat Vents		\$121,461
Storm Drain		\$97,975
Sanitary Installation		\$584,627
Provide Corrections to Lift Station		\$150,000
Rooms	BK Line Sanitary Re-Routh for Sink West of Conference	\$20,000
	RFI 129 Slopes WH to Paint and VA	\$50,000
	Exterior Sanitary Corrections and Grade Work	\$524,319
	Fire Alarm Procurement and Installation Body, WH, VA	\$4,500,000
	Electrical for Lights Warehouse, Vehicle Assembly, Water Test, Emergency Lights, Concrete Bumpout, Min Restrooms According to Code	\$1,500,000
City Offsite Improvements (Idaho Road) – Bond		\$7,000,000
<i>Category 1</i>		
Roof		\$10,000,000

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthias Aydt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Faraday Future Intelligent Electric Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Matthias Aydt

Matthias Aydt

Global Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Koti Meka, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Faraday Future Intelligent Electric Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Koti Meka

Koti Meka

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Faraday Future Intelligent Electric Inc. (the "Company") for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthias Aydt, Global Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report.

Date: November 7, 2024

/s/ Matthias Aydt

Matthias Aydt

Global Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Faraday Future Intelligent Electric Inc. (the "Company") for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Koti Meka, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report.

Date: November 7, 2024

/s/ Koti Meka

Koti Meka

Chief Financial Officer

(Principal Financial and Accounting Officer)